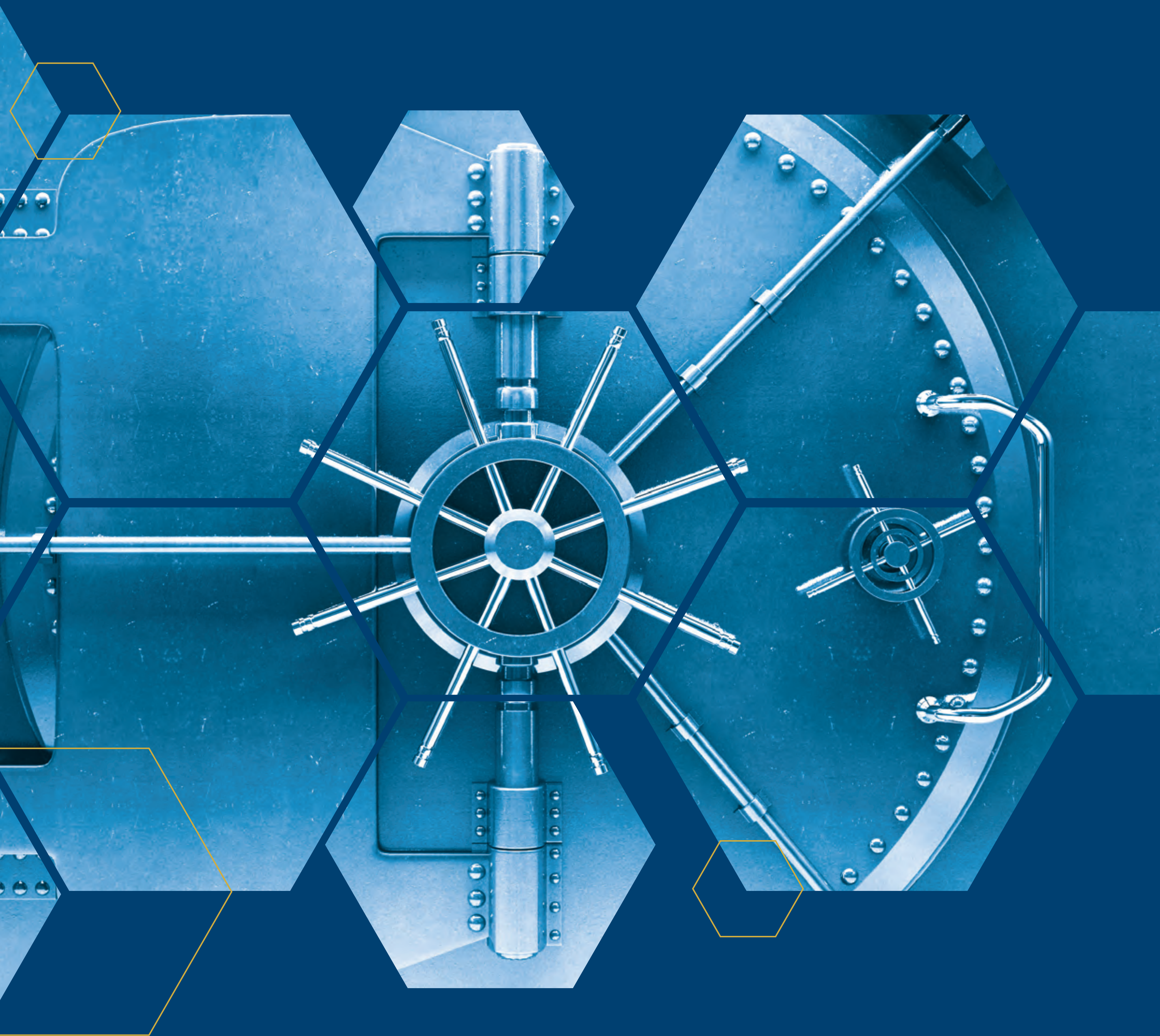
Polar Capital Global Financials Trust plc

Annual Report and Financial Statements for the year ended 30 November 2020



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Polar Capital Global Financials Trust plc (the Company) is a UK investment trust launched in July 2013. The Company was initially launched with a fixed term life but in April 2020, with shareholder approval, moved to five-yearly tender offers with no fixed end of life.

The Company is managed by Polar Capital, a specialist investment-led, active fund manager. Since its foundation in 2001, Polar Capital has grown steadily and currently has 13 autonomous investment teams managing specialist, active and capacity constrained portfolios, with a collegiate and meritocratic culture where capacity of investment strategies is managed to enhance and protect performance.

See more at:
polarcapitalglobalfinancialstrust.com

Your Company at a glance

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 subsectors. The portfolio is diversified by factors including geography, industry sub-sector and stock market capitalisation. Full details of the investment policy are set out on page 28 of the Strategic Report.

Benchmark

In April 2020, following the reconstruction of the Company, the benchmark was changed to the MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested) in recognition of the Company's level of portfolio exposure to emerging market financials equities and its limited portfolio exposure to real estate equities. Prior to this, the Company was benchmarked against the MSCI World Financials + Real Estate Net Total Return Index. See page 29 for more information.

Management

The Company operates as an investment trust with an independent Board and third-party investment manager.

The Investment Manager and AIFM is Polar Capital LLP and Mr Nick Brind and Mr John Yakas have managed the portfolio since launch on 1 July 2013. The Company recently announced the appointment of George Barrow as Joint Fund Manager with effect from 1 December 2020, joining Nick Brind and John Yakas.

Details of the fees payable to the Investment Manager can be found on pages 7, 35 and 83. The Management Fee is charged 80% to capital and 20% to revenue; the Performance Fee, when payable, is charged 100% to capital.

Capital Structure

As at 30 November 2020, the Company had 202,775,000 ordinary shares of 5 pence each in issue of which 79,724,900 were held in treasury. Since the year end and up to 22 February 2021, the Company had issued 14,074,900 ordinary shares out of treasury, taking the voting capital to 137,125,000.

Life of the Company – Tender Offer/ Reconstruction

The Company was launched in July 2013 with a fixed seven-year life. Shareholders approved changes to the Company's Articles of Association to make a tender offer to all shareholders and to extend the Company's life indefinitely at the Company's General Meeting held on 7 April 2020 (the Reconstruction). The new Articles of Association removed the fixed life and now require the Company to make tender offers at five-yearly intervals, with the first to commence on or before 30 June 2025.

Gearing and use of Derivatives

Following changes to the Articles of Association as part of the reconstruction, the Board implemented a revised gearing policy to reflect a new overall maximum leverage limit of 20 per cent. (previously 15 per cent.) of NAV at the time at which the relevant borrowing is taken out or increased.

In July 2020, the Company entered into new contracts with ING Luxembourg SA for a one-year revolving credit facility ("RCF") of up to £12.5m and a one-year term loan of £10m. At the year end, £15m in sterling and £5m in US dollars had been drawn down under these facilities. Subsequent to the year end, the remaining £2.5m of the RCF was drawn down in US dollars.

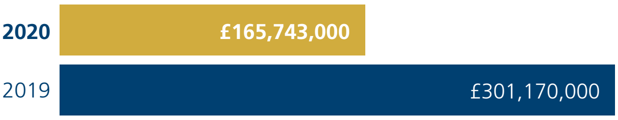
Due to the improvement in sentiment towards the financials sector and the increase in the Company's market capitalisation as a result of share issuances following its year-end, the Company increased the size of the RCF with ING Luxembourg SA by £10m to £22.5m. At 18 February 2021, the Company had drawn down a total of £24.6m across the term loan and RCF, equating to 9.6% net gearing.

Further details of how the borrowings may be utilised are given in the Strategic Report on page 28.

Highlights

Financial Highlights as at 30 November

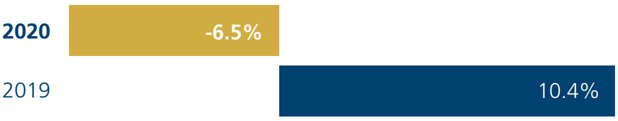
Total net assets



Ordinary share price

Net gearing*

Net asset value per ordinary share (total return)*



Net asset value per ordinary share

Premium/(discount) per ordinary share*

Ordinary share price (total return)*

Total dividend per ordinary share paid or declared for the year

Financials	As at 30 November 2020	As at 30 November 2019	% Change
Total net assets	£165,743,000	£301,170,000	-45.0
Net asset value per ordinary share	134.7p	148.5p	-9.3
Ordinary share price	136.5p	143.8p	-5.1
Premium/(discount) per ordinary share*	1.3%	-3.2%	
Net gearing*	12.7%	4.4%	
Ordinary shares in issue (excluding those held in treasury)	123,050,100	202,775,000	-39.3
Ordinary shares held in treasury	79,724,900	-	-
Total dividend per ordinary share	4.40p	4.40p	-

* See Alternative Performance Measure on pages 101 to 104.

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

Performance Highlights

Performance (Sterling total return)	For the year ended 30 November 2020 %	Since Inception %
Net asset value (NAV) per ordinary share[(1)*]	-6.5	73.4
Ordinary share price[(2)*]	-1.6	69.3
Ordinary share price including subscription share value[(3)*]	-	73.0

Benchmark	For the year ended 30 November 2020 %	Since Inception %
MSCI World Financials + Real Estate / MSCI ACWI Financials (in Sterling)[4]	-6.4	73.3
Other Indices and peer group (in Sterling)		
MSCI World Index	10.9	134.4
FTSE All Share Index	-10.3	38.6
Lipper Financial Sector[(5)]	-2.9	56.4

Performance since Restructuring on 22 April 2020 (Sterling total return)	Since Restructuring %
Net asset value per ordinary share[(6)*]	33.3
Benchmark[(4)]	23.3

Earnings per Ordinary share	For the year ended 30 November 2020	For the year ended 30 November 2019
Revenue Return	3.01p	4.89p
Capital Return	(33.01p)	9.36p
Total	(30.00p)	14.25p

Expenses	For the year ended 30 November 2020	For the year ended 30 November 2019
Ongoing Charges[(7)*]	1.09%	1.04%
Ongoing charges including performance fee[(7)*]	1.74%	1.04%

Dividends

The Company has paid or declared the following dividends relating to the financial year ended 30 November 2020:

Pay date	Amount per Ordinary share	Record Date	Ex-Date	Declared date
First interim: 28 August 2020	2.40p	7 August 2020	6 August 2020	30 June 2020
Second interim: 26 February 2021	2.00p	29 January 2021	28 January 2021	20 January 2021
Total (2019: 4.40p)	**4.40p**			

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 30 November 2020. 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 to the closing price on 30 November 2020.

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 one for every five Ordinary shares and assumes such were held throughout the period from launch to the final 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 30 November 2020.

Note 4 The benchmark changed on 23 April 2020 to MSCI ACWI Financials Net Total Return Index (in Sterling) due to the Company's exposure to emerging market financials equities and its limited exposure to real estate equities. Prior to this the Company's benchmark was MSCI World Financials + Real Estate Net Total Return Index. Preceding 31 August 2016, the Company's benchmark was the MSCI World Financials Index, which included Real Estate as a constituent until its removal that year. The benchmark performance above illustrates linked performance of these benchmarks.

Note 5 Dynamic average of open ended funds in the Lipper Financial Sector Universe which comprised 51 open ended funds in the year under review.

Note 6 The total return NAV performance for the year is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. The new performance fee period runs from the date of the reconstruction of the Company on 22 April 2020. The opening NAV for the performance fee of 102.8p is the closing NAV the night before the tender offer was completed.

Note 7 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. 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 charges calculation.

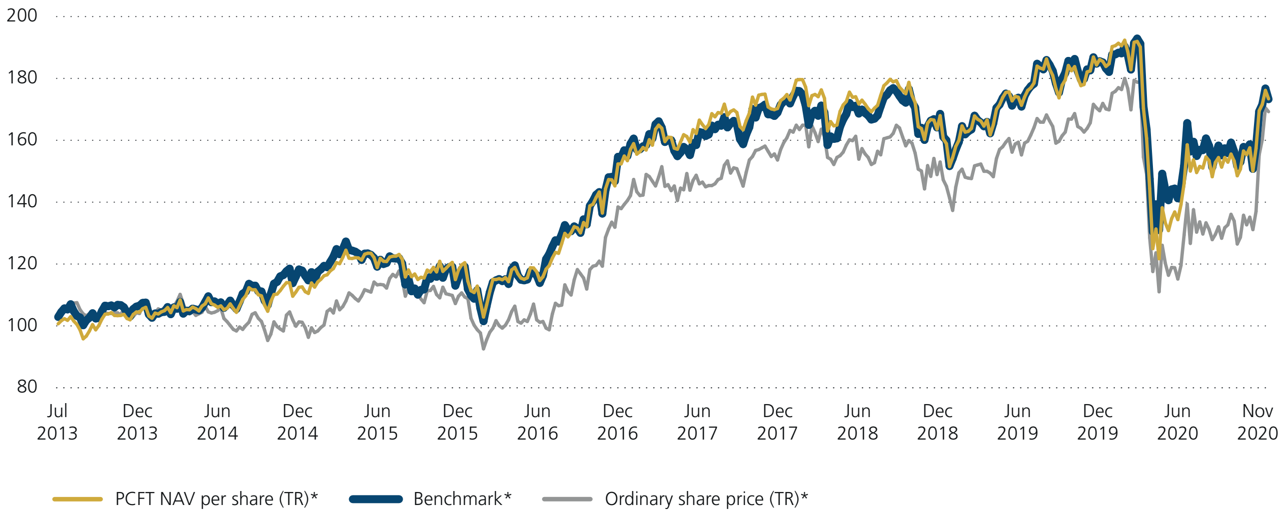
* See Alternative Performance Measure on pages 101 to 104.

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

Performance

Performance Since Inception

Rebased to 100 at 1 July 2013



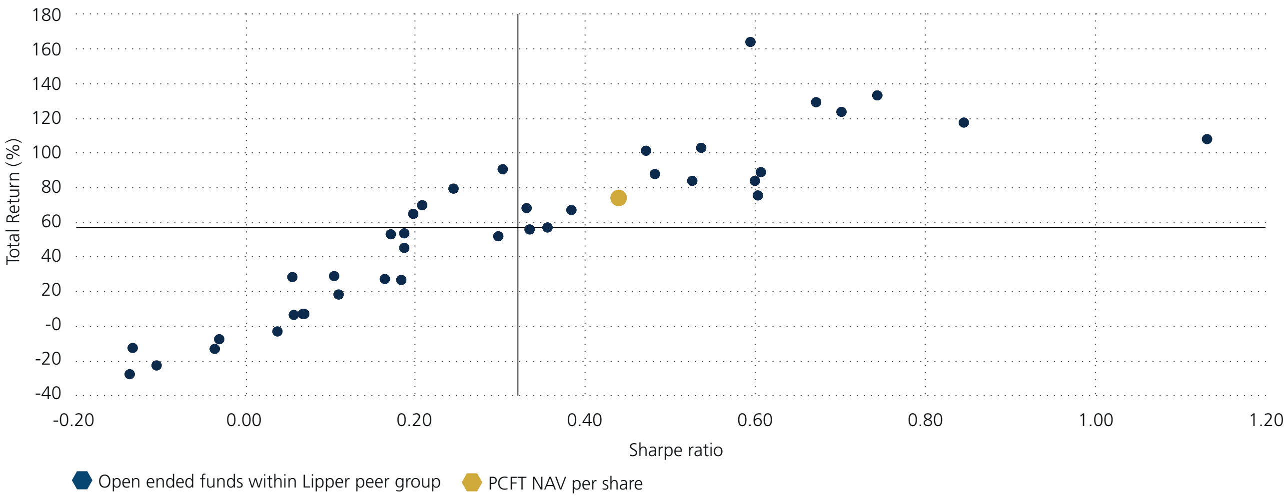
Discrete Performance (%)

For the year ended 30 November

	2013~	2014	2015	2016	2017	2018	2019	2020
NAV per Share (TR)*	3.7	9.8	5.3	22.2	16.4	-1.5	10.4	-6.5
Ordinary share price (TR)*	5.8	-2.2	6.2	21.4	16.7	-1.7	12.4	-1.6
Benchmark*	6.4	11.0	0.9	24.5	14.2	-0.1	9.9	-6.4

* See page 3 note 1 and note 2 for NAV and share price total return (TR) calculation respectively and note 4 for a definition of the Benchmark.
~ Performance total return (TR) for the period was from inception date of 1 July 2013 to 30 November 2013.
Source: Polar Capital

NAV per Share Total Return (TR) Performance Since Inception within Lipper Peer Group



Note Source Lipper: Data quoted from 1 July 2013 through 30 November 2020. The Lipper peer group includes open ended funds and had an average Sharpe ratio of 0.32, the Company's Sharpe ratio over the same period was 0.44. Performance is based on the Company's NAV per share, net of fees in GBP terms. Sharpe ratio based on monthly frequency. The Sharpe ratio is a measure of risk adjusted return. It is the excess portfolio return over the risk-free rate relative to its standard deviation.

Chairman's Statement

Robert Kyprianou Chairman

"It would be difficult to exaggerate when I describe the period on which I report as extraordinary."

Dear Shareholders

In the space of a year we have witnessed a lethal viral pandemic take a grip on lives and livelihoods globally; an economic depression on a scale not seen in our lifetimes; unimaginable levels of monetary and fiscal life support from policy makers around the world; the appearance of negative interest rates challenging traditional financial and investment models; a seemingly endless US election drama that has raised the spectre of civil disobedience in a world superpower; and a whole new way of living, working and communicating.

At the time of writing last year's Chairman's Statement these were barely imaginable possibilities. It was in the eye of the subsequent tempest that shareholders were asked to support a restructuring of the Company as its seven-year fixed term life came to an end. Shareholders unanimously approved the Board's proposal to replace the seven-year fixed life of the Company with a rolling five year full tender offer despite the very adverse background for Financials through the spring and summer which significantly impaired sentiment towards the sector. This resulted in a 39.1% take up of the tender offer at the time of the Company's reconstruction and the need for the Company to subsequently support the market in its shares on a number of occasions through share buy backs.

Despite these most severe headwinds, I am pleased to report that the Company has been able to maintain its dividend, partly through the use of revenue reserves. In a very encouraging sign for the future, the end of the financial year witnessed a positive swing in sentiment towards the financials sector. This not only brought about a sharp rise in the Company's NAV, but also a strong rally in the Company's share price to the point that it began to trade at a premium to the underlying NAV. On a positive endnote to an otherwise challenging year under review, demand for the Company's stock at the end of November was such that the Board authorised the reissue of shares from treasury at a premium to NAV. Further reissues have continued into the first three months of the new financial year.

Restructuring of the Company

For the Company the most significant development during the financial year was its reconstruction. With the end of the seven-year fixed life term approaching in May 2020 and following discussions with a number of large shareholders, the Board drew up proposals for a 100% tender offer and the replacement of the fixed end-of-life with five-yearly tender offers that would give shareholders the periodic opportunity to tender their shares at close to net asset value.

Despite the fact that these proposals were put to shareholders at a time of maximum negative sentiment that over shadowed the financials sector following the COVID-19 outbreak, the proposals were passed by 100% of the votes cast at a General Meeting in April 2020. In addition shareholders representing 60.9% of the issued share capital chose to remain invested. The tender closed on 22 April 2020 at a tender share price of 102.02p with 79,159,235 shares, representing 39.1% of the issued share capital, bought and placed into treasury by the Company.

Performance

The investment environment in 2020 presented unique and profound challenges. Not only did investors have to evaluate a black swan event in the form of a global pandemic, they also had to react to radical and fundamental changes in the conduct of public policy and in the very way of life. The hospitality and travel sectors were at times shut down; working from home replaced the daily commute; virtual conferencing replaced handshakes and face-to-face meetings; digital transactions replaced cash, and crypto began to look like a credible alternative to traditional currencies.

Against this background, the overall direction of market indices was no longer a good guide to understanding investment performance. Global equity markets exhibited a schizophrenic response to the impact of COVID-19. What primarily drove absolute returns was whether you held 'COVID winners' or 'COVID losers'.

Chairman's Statement continued

Much of the financials sector appeared to be placed in the latter category. Sentiment, in particular towards banks – already fragile before the pandemic – quickly sunk to depressed levels. It was feared that the appearance of negative interest rates and the expected impact on the ability to repay loans would tax the earnings and capital buffers of the banks; other sectors, such as asset managers and insurers, would have to deal with the expected impact of a global recession on asset values and claims for losses.

At the time of the restructuring, the Company's performance benchmark was changed from the MSCI World Financials + Real Estate Net Total Return Index to the MSCI ACWI Financials Net Total Return Index. This change was made in order to adopt a benchmark that represented more closely the Company's investment strategy which included exposure to emerging markets, and reflected the fact that real estate presented a tactical not strategic opportunity for the Company. For this reason the performance of the portfolio is measured against a "chain linked" benchmark for the year under review, reflecting both the former and the new benchmark on a time-weighted basis.

Over the financial year, while the MSCI World Index rose by 10.9% in sterling terms, the Company's chain linked benchmark fell by 6.4%, mirroring the decline in the portfolio's total return NAV. As the Manager's report highlights, this headline number understates the wild swings in sentiment the sector experienced over the year. The Company's former benchmark fell by over 30% from the start of the financial year to late March, before recovering more than 35% to the end of the financial year, most of which came in the year's last few weeks.

These were indeed treacherous waters to navigate as an investment manager, with potential traps and pitfalls that tested the skills and temperament of the very best. Unsurprisingly, as the black swan event unfolded - by definition difficult to predict and difficult to analyse as they follow no known template - the portfolio underperformed during the initial heavy market sell-off. However, the Manager responded very well, positioning the portfolio to benefit from a recovery in sentiment and to exploit depressed valuations. This has included increasing exposure to Asia, which has been resilient to the pandemic and its economic consequences, and by using the Manager's discretion to leverage the portfolio.

Over the life of the Company the Manager has shown a consistent ability to add value through stock selection and this again contributed positively to this year's performance. Payments companies, stock exchanges and asset managers were some of the portfolio's strongest performers, while holdings of banks and non-life insurers were hit by pandemic concerns over their business models but enjoyed a late rally as the recovery in market sentiment took hold. The Board wishes to thank the Manager for their excellent management of the portfolio through the tender offer, acting in the interests of both departing and remaining shareholders in what was a highly volatile period.

Since the restructuring of the Company, the portfolio's total return had outperformed that of the new benchmark by 10% by the end of the financial year. As a result, and as approved at the General Meeting in April 2020 as part of the reconstruction proposals, the Manager had accrued a performance fee of £1,269,000 by the financial year end. The approved performance fee is calculated at 10% of the excess return over the performance fee hurdle of 1.5% per annum compounded annually. However, performance fees continue to be calculated daily based on cumulative relative performance and are not paid until the next tender offer. See page 35 for more details.

The sharp improvement in sentiment towards the financial sector late in the year contributed to a strong recovery in the Company's ordinary share price. The Company's persistent share price discount to NAV disappeared by the end of the year, with the Company's shares moving to a small premium to NAV which has continued into the early part of the new financial year. As a result, for the year as a whole the ordinary share price total return fell by only 1.6% compared to a fall of 6.5% in NAV on a total return basis. The actions taken by the Company in response to the changing fortunes of its share price discount to NAV are discussed below.

Finally, as I announced at the very end of the financial year, the Board is pleased to welcome George Barrow as joint fund manager on the Company's portfolio, joining Nick Brind and John Yakas who have worked on the portfolio since the Company's inception. George has been with the Polar Capital Financials team since 2010 and the Board looks forward to George's dedicated focus as joint fund manager on the Trust.

Dividends

Since the launch of the Company seven years ago the Company has been able to grow or maintain dividend pay-outs each year. At the same time the Company has built up income reserves in order to meet its objective of growing dividends even through difficult times. 2020 has certainly been one of those difficult times. The portfolio's ability to generate income from its investments has been impaired by the economic downturn and restrictions placed by regulators on the payment of dividends by certain financial institutions in Europe and the US in particular.

In the financial year under review the income generated by the portfolio fell by 48% from the preceding year following the decision by the regulators to make banks and some investee companies reduce or cancel dividends due to COVID-19. In addition, as part of the response to the dislocation caused by the COVID pandemic, the Manager repositioned the portfolio towards lower yielding stocks.

One of the advantages of the Company's Investment Trust structure is that it is able to smooth out the payment of dividends relative to the underlying portfolios earnings experiences. In July the Board announced a first dividend for the financial year of 2.4p paid on 28 August 2020. The Board has approved a further dividend payment for the financial year of 2.00p to be paid on 26 February 2021 to shareholders on the register as of 29 January 2021. This brings the total dividend for the year to 4.4p, the same level as that paid in the previous financial year, honouring the Board's commitment, made in an announcement on 4 May 2020, to maintain the Company's dividend in the 2020 financial year.

The Company has an income and growth mandate and the Board is aware of the importance of income to some shareholders as part of their total return. The Board will be careful to balance its objective of growing dividends for shareholders with sustainable earnings prospects and the availability of distributable reserves to support dividend payments. At the time of writing the financial and economic outlook remains highly uncertain. The Board, together with the Manager, will continue to assess the likely income capability of the portfolio in a post COVID environment to determine the appropriate longer-term distribution level.

Share Capital Changes Following the Reconstruction

At the beginning of the financial year the number of ordinary shares in issue was 202,775,000. Following the closure of the tender offer in April 2020, 79,159,235 shares were bought back from shareholders and placed into treasury.

In accordance with the Board's commitment made at the time of the restructuring in April 2020 to provide support to the trading of the Company's shares if and when required, the Board stepped into the market on several occasions during the spring and summer to buy back shares. In total 670,000 shares were bought and placed into treasury between 16 March 2020 and 3 November 2020, at an average discount to the live NAV at the time of transaction of 11.6%. This was a period of poor sentiment towards the financials sector which caused the Company's share price to trade at a persistent discount to NAV, reaching 12.6% at its widest in late August.

The announcement in November of successful vaccine trials against COVID-19 triggered a sharp and dramatic positive change in sentiment towards 'COVID losers'. The financial sector was one of the principal beneficiaries of this change in mood. With many investors underweight in respect of financial stocks, investor interest in the Company's shares at first narrowed the discount sharply and eventually, towards the close of the financial year, a small share price premium to NAV appeared.

I stated at the time of the appointment of Stifel as our corporate broker in April, that together our focus would be on rebuilding the size of the Company and widening the breadth of the investor base by the re-issue of shares held in our treasury account as and when opportunities arise. To do so the Company's shares must be trading at a premium to NAV, such that NAV per share is enhanced.

The first such opportunity came on the very last day of the financial year when, in order to satisfy demand, the Company issued 104,335 ordinary shares from treasury at a premium of 1.3% to NAV. The impact of share buy backs and share issuance throughout the year meant that the Company closed its financial year with 123,050,100 ordinary shares in issue. All of the share buybacks and issuances have been NAV accretive for ordinary shareholders.

Given the recent strong interest in the financials sector and with most institutional and retail investors remaining significantly underweight, the Board was aware that investor appetite for its shares could exceed its remaining authority to allot new shares or reissue shares from treasury on a non-pre-emptive basis. The Board announced on 18 December 2020 it was considering asking shareholders for further issuance authority in view of its objective stated at the time of the restructuring to grow the Company when opportunities arose. Subsequent to this, a shareholder circular was published on 14 January 2021, and a General Meeting was held on 1 February. At the General Meeting, shareholders approved the resolution and the Company was given authority to re-issue all shares held in the treasury account, being 68,100,000 at the date of the meeting, into the market without applying pre-emption rights. Such authority will expire at the conclusion of the AGM to be held in 2022. Any such issues will be at a premium to NAV after costs.

In the weeks since the close of the financial year a total of 14,074,900 shares have been issued from treasury at a premium to NAV in order to satisfy demand for the Company's stock. Following these issuances 65,650,000 ordinary shares remain in treasury as at 22 February 2021.

Costs

The fixed implementation costs associated with the corporate action were absorbed by both the exiting and continuing shareholders with exit-only expenses being borne by the former. As a result of the corporate action the overall size of the Company is smaller. However, certain ongoing fixed expenses of the Company remain unchanged.

These expenses have been partly offset by the Manager agreeing to a reduction in their base fee from 0.85% per annum of the lower of the Company's market capitalisation and NAV to 0.70% per annum of Company's NAV. The Board has also worked with the Manager to ensure that any discretionary spending represents value for money for shareholders and the Board seeks to minimise ongoing expenses wherever possible.

Despite the management of expenses, the smaller size of the Company following the tender has led to a small rise in the ongoing charges ratio (OCR) from 1.04% in the 2018-19 financial year to 1.09% in 2019-20. This is the same level of costs incurred in the Company's first full financial year, 2013-14. It should be noted that the 2013-14 OCR did not include research costs charged through transaction commissions. These research costs are now charged separately and are fully reflected in the 2019-20 OCR and the charges to the capital account reduced accordingly through lower commission rates on transactions.

Given strong investment performance subsequent to the restructuring in April 2020 the Manager had accrued a performance fee by the financial year end which was reflected in the Net Asset Value. As a result the OCR including the accrued performance fee for the 2019-20 financial year was 1.74%. Any performance fee accrual can be reduced by any subsequent underperformance of the benchmark plus hurdle rate.

Environmental, Social and Governance (ESG)

The Board recognises that sustainability and good governance are now not only priorities for successful societies going forward, but are also drivers of successful investing. The Board has been working with the Manager to ensure that it incorporates ESG considerations in the way the Company behaves and operates. The Manager incorporates ESG factors into its investment process which is described in greater detail in the Manager's Report on pages 18 and 19.

Board succession

The Board continues to believe that retaining Directors with sufficient experience of the Company, industry and financial markets is of benefit to shareholders while recognising that regular refreshment is equally of benefit and importance. Following shareholder approval to extend the Company's life indefinitely (subject to regular tender offers), the Board adopted a succession plan to refresh the Board. A managed programme of recruitment, appointment and retirement, including my role as Chairman, will be carried out from Spring 2021 with the expectation that such process will conclude by early 2023. Phase one of the refresh will begin with the appointment of a new Audit Committee Chair to replace Joanne Elliot as she comes to the end of her nine-year tenure on the Board. It is anticipated that the Audit Chair elect will be in place by November 2021, ahead of the Company's next audit to allow for an orderly and efficient handover process with the current Audit Chair.

Outlook

As the global pandemic unfolded, markets at times feared the worst. For much of 2020 this was reflected in poor sentiment towards the financials sector, and in particular in the absolute and relative valuations of banks which reached levels last seen following the 2008 financial crisis.

The actual impact on the sector appears to be significantly less than these initial dire expectations. In addition certain sub-sectors and regions have benefitted from structural factors, for example the impact of the accelerated move to the digital economy on Fintech and payments services; or the economic resilience to, and recovery from the pandemic demonstrated by Asian economies.

The extraordinary global support response from monetary and fiscal policy makers to the pandemic has undoubtedly helped mitigate the impact on economies in general. Questions remain over the true underlying economic and financial damage that will be revealed once policy support is scaled back. However, for the key banking sector this support has also distracted attention from the significant and sustained underlying improvements made in balance sheet resilience and business models since the 2008 financial crisis.

The tightening of regulation on banks following the 2008 financial crisis has been a long term one-way trend that has helped strengthen balance sheets if not bottom lines. Capital resources and the quality of assets in banking systems in general are now in far better shape to withstand the impact of adverse scenarios than for many decades. 2020 presented a far worse adverse scenario than run in any stress tests and recovery plans. At first the market anticipated the worst in terms of the impact on loan losses, profitability and the adequacy of provisions.

However, pragmatic regulators have cushioned the impact by relaxing capital requirements and supporting profitability through, for example, Targeted Longer-term Refinancing Operations ("TLTROs"). In addition, the performance of loans themselves has been helped by targeted stimulus measures from policy makers. Restricted from paying dividends in many cases, banks have taken the opportunity to boost very significantly protection from loan losses by diverting profits to loan loss provisions. More recently regulators themselves have been sufficiently impressed by the resilience of their banking communities to the downturn and to further stress testing of balance sheets, to begin removing restrictions on dividend payments and share buybacks.

The near term outlook for the financials sector is in large part a banking story. The release of excess capital trapped by regulators; long term improvements in asset quality temporarily hidden by loan deferrals and other government lending support programmes; very conservative loan loss provisioning that will turn into profits and dividends in better times; and the shift in business models from risk-based activities to more fee based and transaction services are yet to be recognised in valuations. The structural factors which support other financial sub-sectors are likely to persist on a return to normality, providing further opportunities for the Company's investment team to add value.

The scale of the policy response to the pandemic has been and continues to be extraordinary. The rule books on governmental fiscal discipline and monetary responsibility have been torn up, buoying equity prices and 'COVID winners' as well as all fixed income markets. Commentators and analysts speculate about the long term consequences but the way the financials sector responded to the announcement in November of the first successful vaccine trials clearly indicates that a return to some kind of normality will benefit sentiment towards an undervalued and largely ignored sector in general, and banks in particular.

As shareholders will be aware the government restrictions in relation to COVID-19 continue and, at the time of writing, we are unsure of how the situation will change over the coming months. For this reason we are again considering the safety of our shareholders as the primary concern and will be holding a closed-door AGM. The AGM will be held at 11am on Tuesday, 30 March 2021. Shareholders will not be permitted entry to the meeting. However, should the restrictions be lifted and we are able to hold an open-door meeting we will release a regulatory announcement and add details to the website.

We are conscious of the importance of shareholder engagement and would like to encourage shareholders to engage with the Board and the Investment Manager. As such, the Board invites shareholders to submit questions in writing to which we will respond, as far as possible, ahead of the AGM date. Please send your questions to **cosec@polarcapital.co.uk** with the subject heading **PCFT AGM**. Ahead of the AGM we will also be uploading a short video from myself addressing the circumstances that have faced the Company over the year, how we managed the Company through the reconstruction and a note on performance and status up to the present day; the video will also encompass a presentation from the Investment Manager on the year under review and the outlook for the future. We will release an RNS announcement once the video is available.

Finally, on a personal note, I would l like to thank my fellow Directors and the many at Polar Capital who support the Company for their unwavering energy, commitment and dedication in rising to a set of challenges that none of us could have imagined or planned for. And to our shareholders I would like to extend the Board's appreciation for their support during a period in which the Company was tried and tested to the extreme, and extend our hopes that you may enjoy a healthy and rewarding year ahead.

Robert Kyprianou
Chairman
22 February 2021

"Despite the recent rebound, the financials sector remains significantly undervalued on a relative and absolute basis in the Board's opinion."

Send your AGM questions to cosec@polarcapital.co.uk

Board of Directors

Robert Kyprianou Independent Non-executive Chairman

Skills and Experience
Robert was formerly the CEO of AXA Framlington until his retirement in September 2009. Previous appointments include: independent non-executive director of Gartmore Group Limited and Aviva Investors; Global Head of Fixed Income, and later Deputy CEO and Global Head of Securities at AXA Investment Managers SA; Business Head and Global Head of Fixed Income at ABN AMRO Asset Management Ltd and Head of Portfolio Management at Salomon Brothers Asset Management Ltd.

Committee Memberships
Chairman of the Board, Nomination and Remuneration Committees.

Member of the Audit and Management Engagement Committees.

Other Appointments
Robert is a director of Eurobank Cyprus Ltd and an independent non-executive director of Pimco Europe Limited.

Date appointed
7 June 2013

Share Interests
91,025 shares

Annual Remuneration
£37,000

Board Rationale for supporting re-election
Robert brings a wealth of investment and strategic experience to the Board along with detailed and effective leadership skills, most recently demonstrated through the completion of the Company's tender offer and reconstruction during the COVID-19 pandemic. The Board has and continues to value the contribution made by Robert to the running of the Company. Since the COVID-19 restrictions have been in force, Robert has rallied the Board and Managers to meet multiple times outside of formal Board meetings to ensure communication was effective and current.

Joanne Elliott ACA Independent Non-executive Director

Skills and Experience
Joanne is currently CFO of the property team at Thames River Capital LLP and has been the finance manager for TR Property Investment Trust plc since 1995. Joanne previously held the position of Director of Property, Finance and Operations Europe at Henderson Global Investors. Previously she was Corporate Finance Manager with London and Edinburgh Trust plc and prior to that was an investment/treasury analyst with Heron Corporation plc.

Committee Memberships
Chair of the Audit Committee.

Member of the Nomination, Remuneration and Management Engagement Committees.

Other Appointments
Whilst Joanne is a director of a number of private companies in connection with her role at Thames River Capital, she holds no other active external appointments.

Date appointed
7 June 2013

Share Interests
30,000 shares

Annual Remuneration
£31,500*

* Ms Elliott's remuneration is paid to Thames River Capital LLP in respect of her services as a Director.

Board Rationale for supporting re-election
Joanne has recent and relevant financial and investment expertise with a strong accounting background which enables her to perform in-depth analyses of the Company's financial statements in conjunction with the external service providers. In addition to her financial expertise, Joanne has a wealth of experience in the investment and property sector through her role at Thames River Capital and brings to the Board current and active knowledge of the industry.

Katrina Hart Independent Non-executive Director

Skills and Experience
Katrina spent her executive career in investment banking, advising, analysing and commentating on a broad range of businesses. Initially working in corporate finance at ING Barings and Hawkpoint Partners, Katrina then moved into equities research at HSBC, covering the General Financials sector. Latterly, she headed up the Financials research teams at Bridgewell Group plc and Canaccord Genuity, specialising in wealth and asset managers. Katrina was a non-executive Director of Premier Miton Group Plc, the AIM listed asset management group, from 2011 to 2020.

Committee Memberships
Chair of the Management Engagement Committee.

Member of the Audit, Nomination and Remuneration Committees.

Other Appointments
Katrina is a non-executive director of Keystone Investment Trust plc, Blackrock Frontiers Investment Trust plc and AEW UK REIT plc, each listed on the main market.

Date appointed
7 June 2013

Share Interests
51,700 shares

Annual Remuneration
£26,500

Board Rationale for supporting re-election
Katrina has extensive knowledge of the investment sector and serves on the boards of several investment companies, enabling her to bring a wider understanding and breadth of knowledge to the Company from across the investment industry. Katrina also brings corporate finance and broking experience to the Board having spent many years analysing and commentating on a broad range of businesses operating in the financial sectors.

Simon Cordery FCSI Independent Non-executive Director

Skills and Experience
Simon has over 40 years' experience working within financial services of which nearly 30 years have been focused on the wealth management industry. Most recently he was Head of Investor Relations and Sales at BMO Global Asset Management, where he spent almost 25 years in senior roles, and previously he held roles with Invesco Fund Managers, Jefferies & Co, Kleinwort Benson Securities and Rea Bros Merchant Bank. Simon has considerable and detailed knowledge of the investment trust industry and remains actively involved with the AIC.

Committee Memberships
Member of the Audit, Nomination, Remuneration and Management Engagement Committees.

Other Appointments
No other current appointments.

Date appointed
1 July 2019

Share Interests
34,920 shares

Annual Remuneration
£26,500

Board Rationale for supporting re-election
On appointment to the Board in 2019, Simon brought his extensive wealth management and marketing experience and detailed knowledge of the investment trust market having previously held the position of Head of Investor Relations & Sales for BMO Global's Investment Trust business. Simon actively participates in meetings and brings a new approach to investor and shareholder engagement with the ability to share expertise with the sales and marketing team of Polar Capital.

Investment Managers

Nick Brind Co-Fund Manager

Date appointed
Nick joined Polar Capital following the acquisition of HIM Capital in September 2010.

Skills and Experience
Nick is also the manager of the Polar Capital Income Opportunities Fund. He has over 25 years' investment experience across a wide range of asset classes. Prior to joining HIM Capital, Nick worked at New Star Asset Management. While there, he managed the New Star Financial Opportunities Fund, a high-income financials fund investing in the equity and fixed-income securities of European financial companies. Previously he worked at Exeter Asset Management and Capel-Cure Myers. Nick has a Masters in Finance from London Business School.

John Yakas Co-Fund Manager

Date appointed
John joined Polar Capital following the acquisition of HIM Capital in September 2010.

Skills and Experience
John is also the manager of the Polar Capital Asian Opportunities Fund and Polar Capital Financial Opportunities Fund. He has over 30 years' experience in the financial services industry having worked for HSBC as a commercial banker in Hong Kong and Fitch IBCA in London covering European Financials. He was head of Asian research at Fox-Pitt, Kelton establishing their office in Hong Kong. In 2003 he joined Hiscox Investment Management which later became HIM Capital. He has an MBA from London Business School and studied at the London School of Economics (BSc Econ).

George Barrow Co-Fund Manager

Date appointed
George joined Polar Capital following the acquisition of HIM Capital in September 2010.

Skills and Experience
George works closely with John Yakas on the Polar Capital Asian Opportunities Fund and is a co-manager on the Polar Capital Financial Opportunities Fund with John. He has over 10 years' experience analysing Europe, Asia and emerging markets. Prior to joining Polar Capital, he was an analyst at HIM Capital from 2008 where he completed his IMC. George has a Masters in International Studies and an Advanced Certificate in Equity & Fixed Income Investment.

Expert Knowledge

Investment Manager's Report

Nick Brind
Co-Fund Manager

John Yakas
Co-Fund Manager

George Barrow
Co-Fund Manager

Performance

The period covered by this report was an extraordinary one for financial markets and the sector, reflecting the onset of COVID-19 and the response by governments and central banks to counteract its effects. Furthermore, the Company undertook a meaningful corporate action during the height of stock market turmoil. Against this background the Company's net asset value total return for the period was a loss of 6.5%, against a loss of 6.4% for the chain-linked benchmark. For comparison, our new benchmark index, the MSCI ACWI Financials Index fell by 8.2% while our old benchmark index, the MSCI World Financials Index + Real Estate Index fell by 8.0% over the financial year.

Following the reconstruction in April 2020, the benchmark index was changed to the MSCI ACWI Financials Index, to more closely reflect the strategy since IPO in 2013 of investing in emerging market financials, (which were not included in the old benchmark index), and the very limited exposure to real-estate securities, (which comprised 20% of the old benchmark index). The chain-linked benchmark outperformed both the new and old benchmark indices and although the out turns for the year for both indices are very similar the underlying performance does not align over the period. The old benchmark index performed better in the run up to the corporate action, reflecting its lower weighting in banks. From the date of change, the new benchmark performed more strongly up to the end of November 2020, due to its higher weighting in banks. The investment review which follows explains how we positioned the portfolio to produce the outperformance in the latter period.

Performance of the Company vs benchmark indices over the year and since inception

	22 April 2020 to 30 November 2020*	30 November 2019 to 22 April 2020**	1 year	Since inception
NAV Total Return	33.3%	-29.8%	-6.5%	73.4%
Chain-linked benchmark TR	23.3%	-24.1%	-6.4%	73.3%
MSCI ACWI Financials Index TR	23.3%	-25.6%	-8.2%	64.8%
MSCI World Financials + Real Estate Index TR	21.2%	-24.1%	-8.0%	70.3%

* Restructuring to year end
** Prior year end to corporate action

Figures are sterling total return calculated with dividends reinvested on ex-dividend dates. MSCI ACWI Financials Index is adjusted to exclude real estate securities prior to August 2016.

As illustrated by our new benchmark, Financials fell 32.3% from the end of November 2019 to their lowest level on 23 March 2020 before rallying 35.9% over the remainder of the financial year. The portfolio underperformed during the sell-off, but outperformed as equity markets and the sector recovered due in large part to the higher weighting in bank shares relative to our benchmark index but also the decision to reposition the portfolio. As in previous years, performance benefited from strong positive stock selection, partly offset by negative sector allocation. However, this year, regional allocation was a small positive contributor to performance as well.

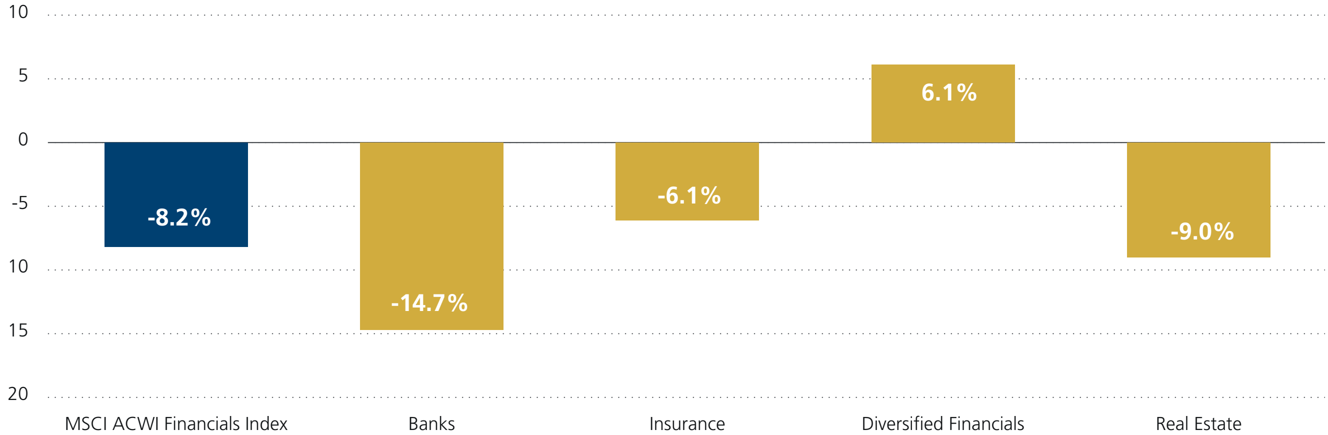
Attribution analysis for year ended 30 November 2020

	Allocation effect	Stock Selection effect	Currency effect	Total attribution effect
Subsector	-1.00%	4.03%	-1.28%	1.75%
Geographical	0.21%	2.82%	-1.28%	1.75%

Analysis is compared to the chain-linked benchmark index.

Our bank holdings were the biggest drag on both the absolute and relative performance of the Company, with US and European banks being the hardest hit initially, as lockdowns were expected to have a significant impact on their earnings. The non-life insurance sector was also surprisingly weak despite its perceived defensive qualities. In particular, concerns around its exposure to business interruption and event cancellation insurance policies resulted in shares in the sector falling quite sharply.

Total return (£) of MSCI ACWI Financials Index and underlying sectors plus real estate
For the year ended 30 November 2020



Source: Bloomberg 29 November 2019 to 30 November 2020

Conversely stock exchanges, payment companies and some asset managers performed well as the former have been a beneficiary of the volatility in financial markets while lockdowns have benefited payments companies on the back of an acceleration of the growth in e-commerce. On a relative basis the biggest positive contributors to performance were all payments companies (Adyen, MasterCard and PayPal Holdings), while the biggest negative contributors to performance were American Tower Group (which was not held at year end), ING Groep and Arch Capital.

Investment Review

Markets

Despite the promising start to the financial year with equity markets rising in December 2019 on the back of optimism around trade talks between the US and China, financial markets fell in January 2020. The fall was initially due to rising tensions in the Middle East, following the assassination of Qasem Soleimani, the head of Iran's Revolutionary Guard. However, the assassination was quickly overshadowed by concern that the rapid spread of COVID-19 in China could have a significant impact on global growth.

While containment policies in China and elsewhere in Asia quickly appeared to be containing the virus, its spread to other countries led to a domino of lockdowns globally as governments tried to reduce the impact of COVID-19 on healthcare systems. As a result, financial markets suffered a brutal sell-off towards the end of February 2020 into the middle of March 2020, exacerbated by a sharp fall in the oil price following the breakdown of talks between Saudi Arabia and Russia which also knocked sentiment.

The response by central banks was very swift in cutting interest rates and injecting significant amounts of liquidity into financial markets. Governments also acted with surprising speed and announced various stimulus programmes of unprecedented sizes including providing guaranteed loans to companies, payments to cover employees on furlough, direct payments to unemployed workers etc. all to dampen the impact of lockdowns on businesses and individuals.

Against this background equity markets bounced sharply, led initially by the US and technology shares, which hit all-time highs. Credit markets recovered even more swiftly, benefiting from the Federal Reserve announcement that it would buy Exchange Traded Funds ("ETFs") that invested in corporate bonds, with investment grade bonds recovering all their losses by the end of May. High yield bonds also saw a strong recovery and ended the financial year almost unchanged overall.

While US equity markets led the recovery, the performance of Asia ex Japan markets were stronger over the financial year reflecting their better handling of the crisis and therefore stronger recovery. Conversely European and Japanese equity markets lagged the rally, albeit driven more by their lower weightings in those sectors, such as technology, that have been the biggest beneficiaries of the crisis.

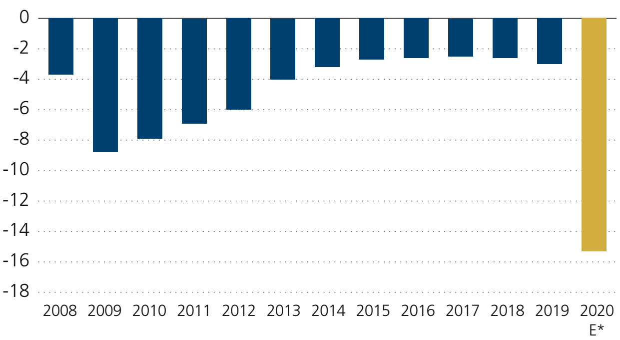
In November, equity markets posted further significant gains on the back of the positive news on the efficacy of Pfizer's coronavirus vaccine, in collaboration with BioNTech, as well as those being developed by others. Furthermore, the result of the US election, with Joe Biden winning the White House, was seen as decisive enough to remove the risks of months of legal wrangling over the outcome and helped to underpin the rally in equity markets.

Sector

Despite the discount at which the sector was trading relative to underlying equity markets at the beginning of the year, the onset of COVID-19 led to material underperformance. Banks initially suffered very large falls in share prices as the combination of falling interest rates, which for most banks reduces net interest margins, rising provisions for loan losses brought on by lockdowns and behavioural changes around spending, had a significant impact on profitability.

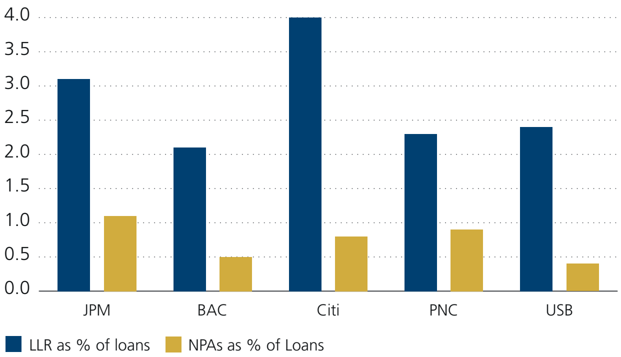
Globally banks raised loan loss reserves against future losses significantly, particularly in the US and Asia, but to a smaller extent in Europe, in part driven by a change in accounting rules that means banks have to recognise potential losses earlier in a downturn than they would have previously. These estimates assumed significant falls in GDP and real estate prices as well as a sharp rise in unemployment.

G4 General Government Headline Fiscal Balance (% GDP)



Source: Haver Analytics, CEIC, IMF, National Sources, Morgan Stanley Research Forecasts; Note: G4 aggregate is the PPP-based GDP weighted average

US Bank Loan Loss Reserves ("LLRs") vs Non-Performing Assets ("NPAs")



Source: 3Q20 company filings, Polar Capital

There was a strong pick up in loan growth at the start of the crisis as corporate customers drew down on facilities, which offset some of the headwind of falling net interest margins, although the vast majority was quickly repaid over the ensuing months as companies were able to tap capital markets. Larger banks benefited from strong trading and investment banking revenues, resulting from the volatility in financial markets, which was a significant offset to weaker retail and commercial banking revenues.

Regulators in the UK and Europe were quick to react to the crisis, telling banks to suspend dividend payments and buybacks. Regulators elsewhere took a more pragmatic approach. In the US restrictions were limited to a ban on buybacks and a cap on dividends not to exceed earnings over the previous four quarters while in other markets regulators put some limited restrictions on the level of dividends banks could pay.

Conversely, regulators also lowered capital requirements, reducing counter-cyclical buffers to zero while also reducing other buffers, giving banks more flexibility to take loan losses but still support borrowers. They also told banks to not automatically treat borrowers who asked for loan payment holidays as likely to default as they would have had to do under the new accounting rules.

Insurance companies also suffered large falls in share prices. Life assurance companies, which are highly geared to credit markets and to a lesser extent equity markets, corrected sharply. Counterintuitively, non-life insurance companies, which historically have acted very defensively in market corrections as earnings are driven by claims which are largely accident or weather related, also suffered large share price falls, driven by concerns over their exposure to COVID-19 insured losses due in part to poor policy wording.

Consequently, a number of insurance companies raised capital to either repair their weaker balance sheets and/or to take advantage of the more positive pricing environment going forward. The one exception has been those insurers primarily focused on auto or home insurance which have benefited from lower frequency of claims brought on by the significant increase in people working from home and thus much reduced road traffic. Some of these savings were returned to policyholders as rebates but the lower claims have also resulted in a fall in car insurance rates.

The share prices of payment companies were very resilient over the financial year and hit all-time highs. While not immune to the downturn which has reduced revenues from the travel industry, their business models have remained resilient as they have little or no balance sheet risk. They have also been seen as beneficiaries of lockdowns, as it has accelerated the shift of consumers using cash to cards and led to faster growth of e-commerce.

Stock exchanges have also proved very resilient, benefiting from their reliance on data revenues but also higher trading volumes on the back of volatility in financial markets. A number similarly hit all-time highs during the year. The share prices of asset managers, not surprisingly, also fell sharply but rallied along with financial markets, with alternative asset managers and those traditional asset managers with large passive fund businesses continuing to outperform their peers focused primarily on actively managed fund mandates.

Investment Activity

Reflecting the volatility in financial markets there was significant investment activity over the 12 months. Following the fall in equity markets we reduced some of our European bank exposure and holdings in smaller US regional banks which we saw as more vulnerable to a deep recession. These included selling holdings in Banco Santander, BNP Paribas, Comerica, ING Groep, KeyCorp and Lloyds Bank while decreasing a number of others.

New holdings purchased include Adyen, American Express, Berkshire Hathaway, Hong Kong Exchanges & Clearing Limited, Hiscox, Prosperity Bancshares and Ping An Insurance, all businesses which we saw as more resilient to the fallout of the COVID-19 crisis. We also purchased bonds issued by Pension Insurance Corporation, ING Groep, Natwest and Jupiter Fund Management, the latter which were issued to facilitate its purchase of Merian Global Investors.

As a result of the corporate action, we raised the cash needed to meet the tender offer on the day it was effective with no impact on performance. The portfolio was reduced pro-rata with the sole exception of our holding in Atom Bank. Atom Bank is unquoted and therefore not readily realisable. The carrying value already reflected the illiquidity plus the sharp fall in valuations of its listed UK bank peers.

In the second half of the financial year we took advantage of the strength in share prices of payment companies to reduce holdings in Adyen, MasterCard and PayPal Holdings as well as some our non-life insurance holdings, for example Marsh & McLennan, Chubb and Progressive. Other holdings that were reduced included Toronto Dominion, SVB Financial and E. Sun Financial Holding which had all performed relatively well. A holding in Alternative Credit Investments was also sold.

Against these the opportunity was taken to increase our bank holdings which had lagged the recovery in equity markets including EastWest Bancorp, Signature Bank, Tisco Financial and Wells Fargo while starting new holdings in Chailease Holding, China Merchant Bank, Kasikorn Bank and Webster Financial. A new holding was also purchased in Riverstone Credit Opportunities which had fallen to a significant discount to its net asset value.

Investment Review continued

Over the year, exposure to emerging markets was increased significantly, in particular to India, adding to our holding in HDFC Bank while starting a new holding in HDFC Corp and Axis Bank among others. We also increased our exposure to China through the purchase of China Merchant Bank, mentioned above, but also Ping An Insurance Group.

Gearing started the financial year at 4.4% and over the summer months this was increased to take advantage of depressed valuations, ending the year at 12.7%.

Dividends

The decision by UK and European regulators to make banks and some insurance companies under their jurisdiction suspend dividend payments at the onset of the crisis has reduced dividend payments in the short-term and as such the revenue generated from the portfolio. We have also reduced the Company's exposure to some of the higher-yielding stocks in the sector over the last year, which has had an impact on income, countered by positive capital performance.

There had been some expectation that regulators would push back the decision to reinstate dividends until March or April 2021 when there would be more visibility about the outlook for economic growth. However, in November 2020, the Bank of Thailand lifted restrictions on banks under its jurisdiction paying dividends and this was followed in December by regulators in Europe, the UK and the US similarly reducing restrictions on the banks under their jurisdiction returning capital to shareholders.

Regulators in the US have taken a more pragmatic approach and have allowed buybacks to restart in January 2021, albeit the combination of buybacks and dividends cannot exceed the last four quarters of net income. This will mean the potential for higher capital returns in the second half of 2021 as weaker first-half 2020 earnings drop out of the calculation. In the UK and Europe regulators have made it unnecessarily complicated by limiting capital return to the higher of 25% of earnings or 20bps of risk-weighted capital in the UK, while in the Eurozone to the lower of 15% of earnings or 20bps of risk-weighted capital.

Looking forward, assuming global growth picks up as expected over the course of 2021 and 2022 we would expect dividend growth to be in the order of high single-digit to low double-digit per cent annually. Nevertheless, on its own, this will be insufficient to cover the Company's current level of dividend without positioning the portfolio back towards holding more higher income stocks. We aim to maximise the portfolio's total return while balancing the need to provide a reasonable level of income, so this will be borne in mind.

Environmental, Social and Governance (ESG)

In the last couple of years ESG factors have become an important yardstick in measuring how an individual company approaches its responsibilities to its different stakeholders. The global financials sector was already a very highly regulated sector due to its importance for financial stability, payments, providing credit, savings products etc. and it has rightly become even more so over the past 10 or so years.

Historically our focus has been almost exclusively on governance and risk management. For example, failures to underwrite risk adequately rarely ends well and can indicate weak controls and/or poor incentives. Meeting management teams is an important part of the investment process in understanding how risk is managed. We like businesses that have competitive advantages, are good underwriters of risk and have higher profitability so that they are more resilient over an economic cycle and therefore more likely to outperform their peers.

Going forward we expect the focus on financial inclusion during a period of rapid technological change will become increasingly important especially where it potentially excludes certain demographics. Longer-term environmental factors will also become increasingly important given the societal benefits and governments' focus on the transition to a sustainable economy. The financial sector will be an important vehicle for facilitating these changes.

We source data from third-party providers such as MSCI on ESG scores and Institutional Shareholder Services ("ISS") for voting at general meetings. While we have used both to highlight any issues around individual portfolio holdings in the past, we now also blend the MSCI data we receive with our own internal risk assessment, which takes into account a forward-looking view, to produce an ESG score for an individual company which is integrated into our quantitative scoring system.

We expect the process to continue to evolve but we believe qualitative inputs will always remain important as well. For example, we see an opportunity in some smaller or mid-cap companies that are often scored poorly by ESG data providers due to poor disclosure or where ratings are backward looking. Over time as greater resources are put to meeting disclosure requirements or companies make the changes necessary to meet the higher bar expected of them their ratings will increase and that should support share prices.

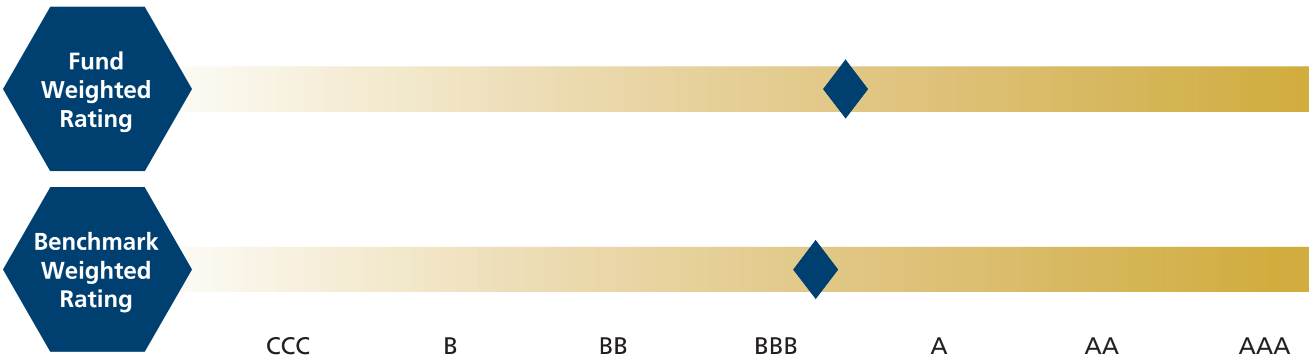
MSCI ESG Coverage

	Fund	Benchmark
Number of Securities	77	488
Number Rated	65	486
Number Unrated	12	2
Coverage %	84.4	99.6

Weighted Scores

	Fund	Benchmark
Environmental	5.7	6.4
Social	4.7	4.7
Governance	5.8	5.4

Portfolio ESG scores



Top 5 Rated Holdings

Security	Rating	Change
KBC Groep	AAA	→
Allianz	AAA	→
Intesa Sanpaolo	AAA	→
Jupiter Fund Management	AAA	→
HDFC Bank	AA	↑

Bottom 5 Rated Holdings

Security	Rating	Change
Wells Fargo*	CCC	→
JPMorgan	BB	→
Bank of America	BB	→
Signature Bank	BB	→
US Bancorp	BB	→

*MSCI has subsequently upgraded Wells Fargo to BB

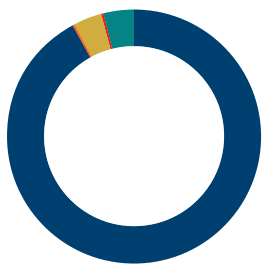
Source: MSCI 30 November 2020

Portfolio voting record

Number of votable meetings	71
Number of meetings voted	67
Number of meetings with at least 1 vote against, withheld or abstain	20

Vote cast statistics

Votes for	92.14%
Votes abstained	0.11%
Votes management say on pay	3.82%
Votes withheld	0.22%
Votes against	3.71%



Source: ISS

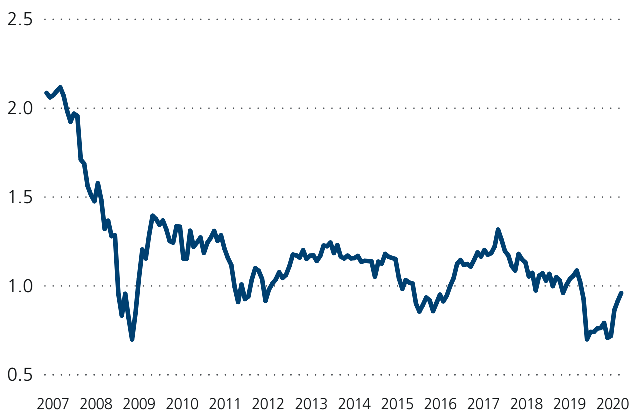
Outlook

The significant underperformance of the financial sector over the past year has been exacerbated by the difficulty investors have found in quantifying the impact on it, given the size of the exogenous shock to economic activity and lack of historical comparisons. We consistently believed that the downturn brought on by COVID-19 would be an earnings event for the sector given its underlying profitability and capital buffers, not a capital one, and therefore the fall in valuations was not justified by the fundamentals.

We continue to hold sizeable investments in a number of payment companies and emerging market financials among others, which continue to exhibit good earnings growth, as they are benefiting from structural growth trends, which we expect to remain resilient even if there is further volatility in financial markets. While valuations for some of these companies are very high by historical standards, along with some of our fixed-income and other more defensive holdings they counterbalance the more cyclical parts of the Company's portfolio.

Nevertheless, the majority of the Company's assets are invested in banks and non-life insurance stocks. The valuation of non-life insurance stocks has fallen quite sharply over concerns that the sector will suffer a significant hit to earnings. However, banks have seen the sharpest falls in share prices, taking their valuations, earlier in the year, down to levels only previously seen during the global financial crisis when, unlike today, the solvency of the banking sector was in question.

MSCI ACWI Price to Book Ratio



Source: Bloomberg

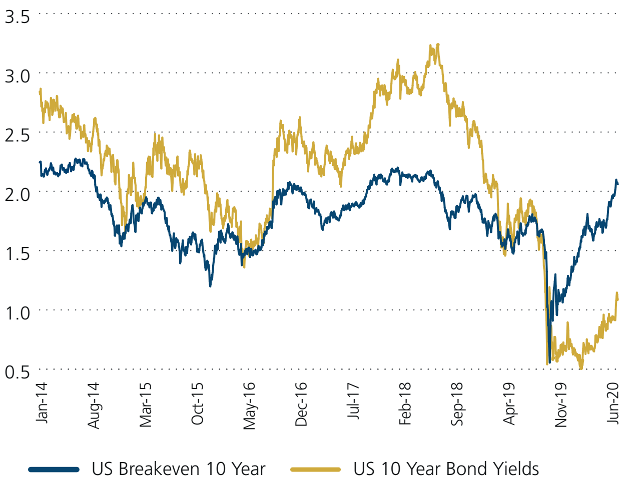
While the sector rallied from the lows in March it was not until November 2020, on the back of the announcement of positive test results for a number of vaccines that markets saw a very sharp rotation back into financials, in particular bank stocks. Despite the rally, the underperformance of the sector versus underlying equity markets since the onset of COVID-19 remains material at close to 20% for the 2020 calendar year. However, if the distribution of vaccines allows governments to pivot and reduce restrictions more quickly, it is likely that growth will surprise in 2021 and 2022 and the sector will continue its recent outperformance.

Certainty about loan losses will be critical to the performance of bank stocks and therefore the sector. Evidence so far is that companies and individuals who have taken up payment holidays have by a significant majority returned to paying interest and principal as normal. The reality is that the size of loan losses will not be known until the second half of 2021 and by then the sector will have rallied further if economic growth is as strong as currently forecast. The recent pick-up in M&A activity would suggest management teams are increasingly confident about the outlook and therefore balance sheet risks.

Governments and central banks continue to provide significant fiscal and monetary stimulus. Against this background banks have taken provisions for a deeper downturn, for higher unemployment and for a fall in house prices that is yet to be borne out. As a result, it is likely that some of the loan loss reserves they have taken will have to be written back which will boost earnings. Any pick-up in loan growth and fee income growth where expectations are muted will further boost earnings.

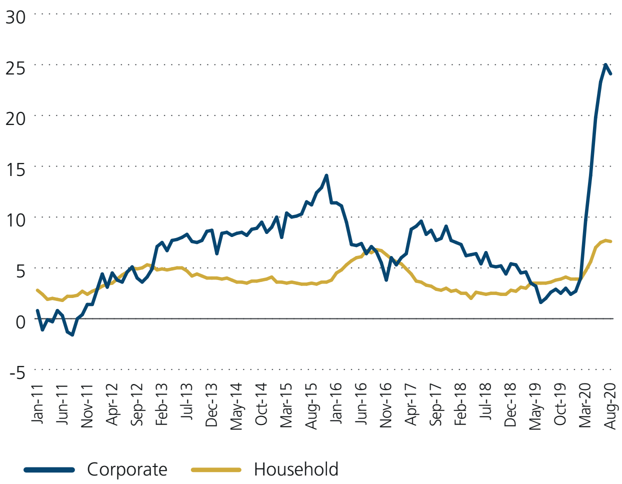
In that vein one of the biggest headwinds for the banking sector in recent years has been the decline in interest rates. Part of the reason for this is that central banks have had to do most of the heavy lifting in stimulating demand by keeping interest rates low as governments have run tight fiscal budgets. The steps that governments have taken this year, as a consequence of COVID-19 induced lockdowns, has led to broad money growth in the OECD hitting at a 30-year high and its highest in the US since the Second World War. The implications of this are unclear but may well lead to a less disinflationary/more inflationary environment looking forward which should materially benefit the sector.

US 10 Year Yields vs Inflation Expectations



Source: Bloomberg, January 2021

UK – Y/Y Growth of Broad Money, M4



Source: Bank of England, October 2020

The financial sector operationally has performed well during the crisis, and unexpectedly incumbents have for the most part been a bigger beneficiary of lockdowns than some of their smaller digital competitors. It has also facilitated government guaranteed lending to businesses through the likes of the Coronavirus Business Interruption Loan Scheme in the UK and Paycheck Protection Programme in the US. Balance sheets remain robust, earnings will recover sharply over the next few years and capital trapped by regulators will inevitably be released. While the discount at which the sector trades relative to the underlying equity markets has narrowed from the lows of March, it remains high historically, offering significant further upside.

Nick Brind, John Yakas & George Barrow

22 February 2021

We would draw shareholders attention to

www.polarcapitalglobalfinancialstrust.com

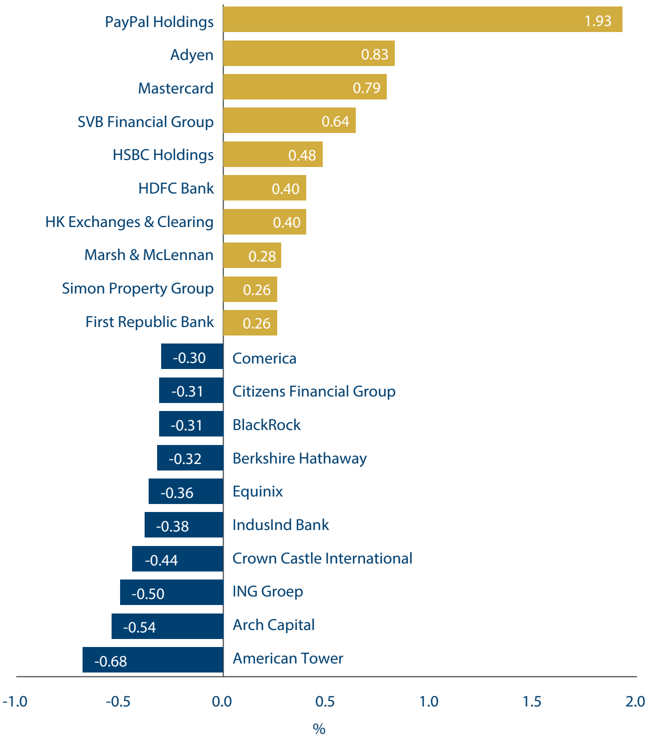
for regular monthly portfolio updates and commentary.

*index performance figures are total return in Sterling

Attribution Analysis

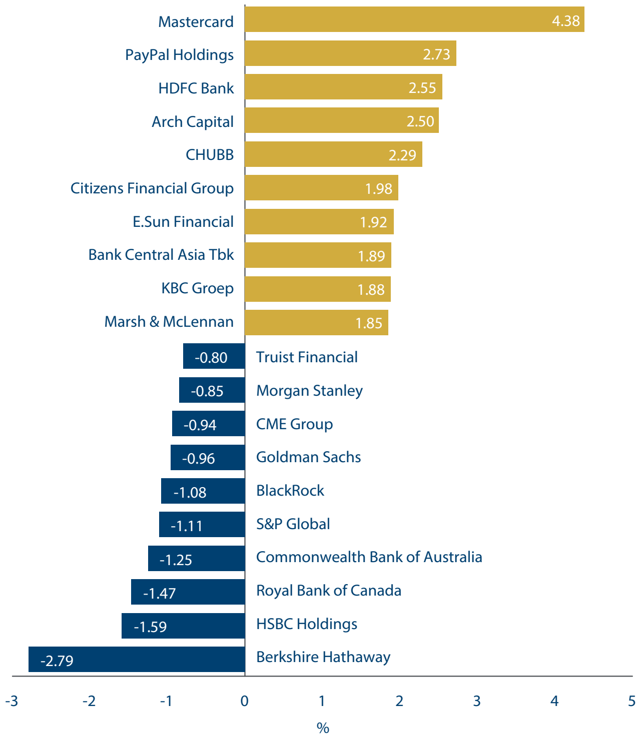
The top ten relative contributors to and the bottom ten relative detractors from performance versus the benchmark

For the year ended 30 November 2020



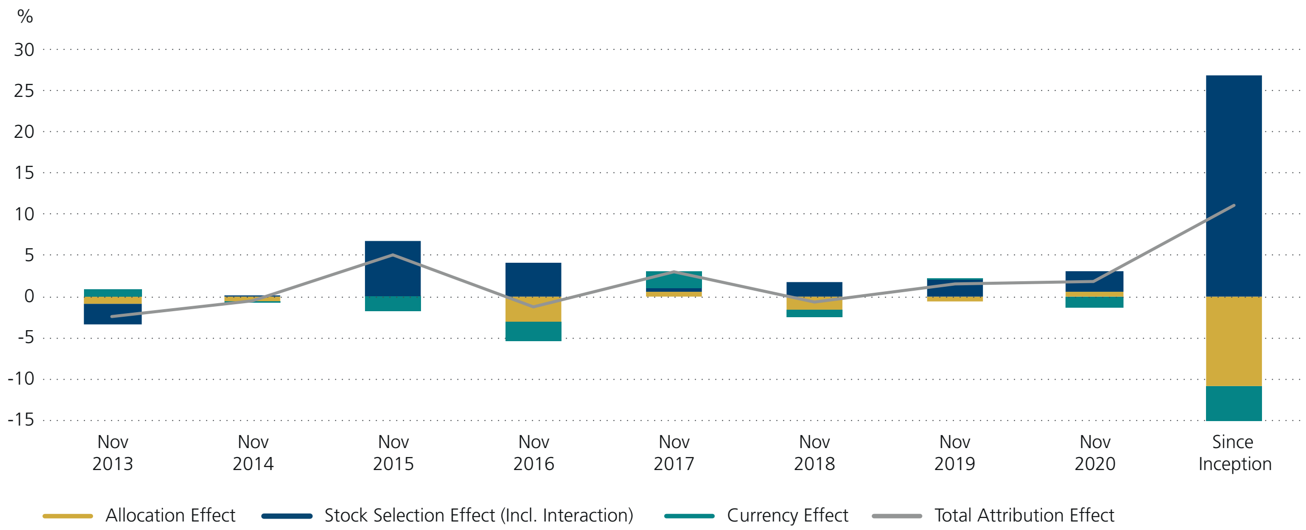
Active positions – top ten and bottom ten active positions

For the year ended 30 November 2020



Note: The Attribution Analysis of the relative and active positions represents the gross return of the Company's portfolio minus the benchmark return.

Since Inception to 30 November 2020



Note This represents the gross return of the Company's portfolio minus the benchmark return. This reflects the attribution effect where the Company's gross return is compared to the benchmark return. Total Attribution Effect is derived from the Relative Attribution Analysis, which decomposes the Excess Return (Gross) into the Allocation Effect and stock Selection Effect (Inc. Interaction). Allocation Effect refers to the portion of the Company's overall performance attributable to the Portfolio Manager's decision on taking different asset categories weights. Stock Selection Effect refers to the portion of the Company's overall performance attributable to the Portfolio Manager's decision on selecting individual securities. Interaction Effect refers to the performance attributable to the combination of allocation effect and stock selection effect.

Ten Largest Investments

As at 30 November 2020

Ranking 2020	Ranking 2019	Stock	Sector	Country	Market Value £'000 2020	Market Value £'000 2019	% of total net assets 2020	% of total net assets 2019
1	(1)	**JP Morgan Chase**	Banks	North America	9,190	19,842	5.5%	6.6%
JP Morgan Chase is the largest bank in the US, with a market capitalisation of US$400bn, and a presence in over 100 markets. It is the result of a combination of several banks including JP Morgan, Chase Manhattan, Bank One, Chemical Bank and Manufacturers Hanover. During the financial crisis the company also acquired Bear Stearns, one of the largest investment banks in the US and Washington Mutual, which at the time was the largest savings and loans bank in the US.								
2	(2)	**Bank of America**	Banks	North America	5,658	13,844	3.4%	4.6%
Bank of America is the 2nd largest bank in the US with a market capitalisation of US$264bn. The bank's history dates to 1904 when it was founded as the Bank of Italy to service Italian immigrants in California. It was acquired by Nations Bank in 1998 and its name changed to Bank of America. During the financial crisis the bank acquired Merrill Lynch, one of the largest investment banks in the US.								
3	(3)	**Mastercard**	Software & Services	North America	5,657	10,847	3.4%	3.6%
Mastercard is the 2nd largest payments company in the world with a market capitalisation of US$325bn. Its principal business is to process payments between the banks of merchants and individuals or corporations who use the Mastercard branded debit, credit and prepaid cards to make purchases. It was founded in 1966 by a number of Californian banks as a competitor to what is today Visa.								
4	(13)	**HDFC Bank**	Banks	Asia (ex-Japan)	5,317	7,013	3.2%	2.3%
HDFC Bank is the largest private sector bank in India with a market capitalisation of US$105bn. It was incorporated in 1994 in Mumbai before commencing operations the following year. It has a banking network of 5,430 branches and 15,292 ATMs spread across 2,848 cities and towns.								
5	(4)	**CHUBB**	Insurance	Europe	4,629	9,966	2.8%	3.3%
CHUBB, incorporated in Switzerland, has a market capitalisation of US$67bn and is the largest commercial insurer in the United States and the world's largest publicly traded property and casualty insurer. It operates in 54 countries as a global provider of insurance products which also include accident and health, reinsurance and life insurance. It was formed from the acquisition of CHUBB by ACE in 2016 which then adopted the CHUBB name.								
6	(11)	**AIA Group**	Insurance	Asia (ex-Japan)	4,425	7,198	2.7%	2.4%
AIA Group has a market capitalisation of $150bn and is the largest independent publicly listed pan-Asian life insurance group with a presence in 18 markets across the Asia-Pacific region. The company principally engages in the provision of life insurance, accident and health insurance and savings plans, as well as employee benefits, credit insurance and pension services to corporate clients.								
7	(45)	**PayPal**	Software & Services	North America	4,205	3,023	2.5%	1.0%
PayPal has a market capitalisation of $281bn and is a technology platform and digital payments company that enables digital and mobile payments on behalf of consumers and merchants. It operates a two-sided global technology platform that links its customers, both merchants and consumers, around the globe to facilitate the processing of payment transactions.								
8	(22)	**Bank Central Asia**	Banks	Asia (ex-Japan)	3,846	5,134	2.3%	1.7%
Bank Central Asia was founded in 1955 as NV Perseroan Dagang Dan Industrie Semarang Knitting Factory and is Indonesia's largest bank with a market capitalisation of US$60bn. It commenced operations in 1957. In 1998 during the Asian financial crisis it was recapitalised by the Indonesian government and IPO'd in 2000. It operates through more than 1,100 branches and some 16,700 ATMs across Indonesia.								
9	(14)	**KBC Groep**	Banks	Europe	3,795	6,868	2.3%	2.3%
KBC Groep is Belgium's largest bank with a market capitalisation of US$30bn. It was formed by the merger of two Belgian banks (Kreditbank and CERA Bank) and a Belgian insurance company (ABB) in 1998. Following a series of acquisition including CSOB (in the Czech Republic and Slovakia) in 1999 it now operates also across the Czech Republic, Slovakia, Hungary, Poland and Romania.								
10	(9)	**PNC Financial Services**	Banks	North America	3,717	7,728	2.3%	2.6%
PNC Financial Services is the 7th largest bank in the United States with a market capitalisation of US$63bn and operations in 19 states. The name originates from two of its predecessor banks, Pittsburgh National Corporation and Provident National Corporation which merged in 1983. In November 2020 it announced the acquisition of BBVA USA for $11.6bn acquiring a network of 637 branches across Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico.								
Top 10 investments					**50,439**		**30.4%**	

Full Investment Portfolio

As at 30 November 2020

Ranking					Market Value £'000		% of total net assets	
2020	**2019**	**Stock**	**Sector**	**Country**	**2020**	**2019**	**2020**	**2019**
1	(1)	JP Morgan Chase	Banks	North America	9,190	19,842	5.5%	6.6%
2	(2)	Bank of America	Banks	North America	5,658	13,844	3.4%	4.6%
3	(3)	Mastercard	Software & Services	North America	5,657	10,847	3.4%	3.6%
4	(13)	HDFC Bank	Banks	Asia (ex-Japan)	5,317	7,013	3.2%	2.3%
5	(4)	CHUBB	Insurance	Europe	4,629	9,966	2.8%	3.3%
6	(11)	AIA Group	Insurance	Asia (ex-Japan)	4,425	7,198	2.7%	2.4%
7	(45)	PayPal	Software & Services	North America	4,205	3,023	2.5%	1.0%
8	(22)	Bank Central Asia	Banks	Asia (ex-Japan)	3,846	5,134	2.3%	1.7%
9	(14)	KBC Groep	Banks	Europe	3,795	6,868	2.3%	2.3%
10	(9)	PNC Financial Services	Banks	North America	3,717	7,728	2.3%	2.6%
Top 10 investments					**50,439**		**30.4%**	
11	(5)	Arch Capital	Insurance	North America	3,489	9,576	2.1%	3.2%
12	(12)	Toronto-Dominion Bank	Banks	North America	3,422	7,178	2.1%	2.4%
13	(6)	Citizens Financial Group	Banks	North America	3,421	8,349	2.1%	2.8%
14	(-)	Housing Development Finance	Banks	Asia (ex-Japan)	3,414	-	2.1%	-
15	(-)	Ping An Insurance	Insurance	Asia (ex-Japan)	3,406	-	2.1%	-
16	(20)	Blackstone	Diversified Financials	North America	3,171	5,453	1.9%	1.8%
17	(27)	SVB Financial	Banks	North America	3,152	4,936	1.9%	1.6%
18	(-)	Hong Kong Exchange	Diversified Financials	Asia (ex-Japan)	3,148	-	1.9%	-
19	(18)	DNB	Banks	Europe	3,050	5,582	1.8%	1.9%
20	(33)	BNP Paribas	Banks	Europe	2,982	3,923	1.8%	1.3%
Top 20 investments					**83,094**		**50.2%**	
21	(30)	OSB Group	Banks	United Kingdom	2,961	4,276	1.8%	1.4%
22	(-)	Signature Bank	Banks	North America	2,922	-	1.8%	-
23	(-)	American Express	Diversified Financials	North America	2,888	-	1.7%	-
24	(7)	US Bancorp	Banks	North America	2,886	7,801	1.7%	2.6%
25	(52)	UBS Group	Banks	Europe	2,849	2,421	1.7%	0.8%
26	(-)	Berkshire Hathaway	Diversified Financials	North America	2,673	-	1.6%	-
27	(-)	Prosperity Bancshares	Banks	North America	2,632	-	1.6%	-
28	(8)	Wells Fargo	Banks	North America	2,480	7,786	1.5%	2.6%
29	(-)	China Merchants Bank	Banks	Asia (ex-Japan)	2,476	-	1.5%	-
30	(-)	Axis Bank	Banks	Asia (ex-Japan)	2,446	-	1.5%	-
Top 30 investments					**110,307**		**66.6%**	
31	(23)	East West Bancorp	Banks	North America	2,411	5,102	1.5%	1.7%
32	(16)	First Republic Bank	Banks	North America	2,392	5,660	1.4%	1.9%
33	(29)	Sampo	Insurance	Europe	2,371	4,347	1.4%	1.4%
34	(17)	Allianz	Insurance	Europe	2,370	5,590	1.4%	1.9%
35	(42)	Tisco Financial	Banks	Asia (ex-Japan)	2,300	3,113	1.4%	1.0%
36	(25)	E. Sun Financial	Banks	Asia (ex-Japan)	2,283	4,994	1.4%	1.7%
37	(-)	Prudential	Insurance	United Kingdom	2,274	-	1.4%	-
38	(-)	Chailease	Diversified Financials	Asia (ex-Japan)	2,270	-	1.4%	-
39	(-)	Webster Financial	Banks	North America	2,211	-	1.3%	-
40	(24)	Enterprise Financial Services	Banks	North America	2,209	5,081	1.3%	1.7%
Top 40 investments					**133,398**		**80.5%**	

Ranking					Market Value £'000		% of total net assets	
2020	2019	Stock	Sector	Country	2020	2019	2020	2019
41	(10)	Marsh & McLennan	Insurance	North America	2,182	7,487	1.3%	2.4%
42	(-)	Hiscox	Insurance	North America	2,173	-	1.3%	-
43	(-)	Keppel DC REIT	Real Estate	Asia (ex-Japan)	2,134	-	1.3%	-
44	(41)	Atom Bank (unquoted)	Banks	United Kingdom	2,120	3,191	1.3%	1.1%
45	(36)	VPC Specialty Lending Investments	Fixed Income	Fixed Income	2,103	3,737	1.3%	1.2%
46	(43)	Intact Financial Corporation	Insurance	North America	2,070	3,041	1.3%	1.0%
47	(-)	Bajaj Finance	Diversified Financials	Asia (ex-Japan)	2,020	-	1.2%	-
48	(37)	Bank of the Philippine Islands	Banks	Asia (ex-Japan)	2,010	3,555	1.2%	1.2%
49	(39)	Oversea-Chinese Banking	Banks	Asia (ex-Japan)	1,985	3,441	1.2%	1.2%
50	(-)	Manappuram Finance	Diversified Financials	Asia (ex-Japan)	1,946	-	1.2%	-
Top 50 investments					**154,141**		**93.1%**	
51	(-)	Adyen	Software & Services	Europe	1,846	-	1.1%	-
52	(34)	Solar Capital	Diversified Financials	North America	1,841	3,793	1.1%	1.2%
53	(48)	Itaú Unibanco	Banks	Latin America	1,769	2,775	1.1%	0.9%
54	(56)	Grupo Financiero Banorte	Banks	Latin America	1,758	2,206	1.1%	0.7%
55	(31)	Ares Capital	Diversified Financials	North America	1,728	4,127	1.0%	1.4%
56	(46)	Direct Line Insurance	Insurance	United Kingdom	1,688	2,858	1.0%	1.0%
57	(51)	Sparebank SMN	Banks	Europe	1,667	2,470	1.0%	0.8%
58	(-)	Kasikornbank	Banks	Asia (ex-Japan)	1,656	-	1.0%	-
59	(-)	International Personal Finance 9.75% Bond	Fixed Income	Fixed Income	1,546	-	0.9%	-
60	(40)	Nationwide Building Society 10.25% CCDS	Fixed Income	Fixed Income	1,542	3,267	0.9%	1.1%
Top 60 investments					**171,182**		**103.3%**	
61	(-)	Intesa Sanpaolo	Banks	Europe	1,520	-	0.9%	-
62	(-)	Lancashire	Insurance	United Kingdom	1,490	-	0.9%	-
63	(49)	City of London Investment Group	Diversified Financials	United Kingdom	1,486	2,622	0.9%	0.9%
64	(-)	Alibaba	Software & Services	Asia (ex-Japan)	1,371	-	0.8%	-
65	(-)	Banca Generali	Diversified Financials	Europe	1,174	-	0.7%	-
66	(26)	Lloyds Banking Group	Banks	United Kingdom	1,157	4,952	0.7%	1.6%
67	(-)	Progressive Corporation	Insurance	North America	1,117	-	0.7%	-
68	(67)	Augmentum Fintech	Diversified Financials	United Kingdom	1,043	1,050	0.6%	0.3%
69	(57)	Aldermore Group 8.5% Bond	Fixed Income	Fixed Income	979	2,151	0.6%	0.7%
70	(63)	International Personal Finance 7.75% Bond	Fixed Income	Fixed Income	940	1,626	0.6%	0.5%
Top 70 investments					**183,459**		**110.7%**	
71	(-)	Riverstone Credit Opportunities	Fixed Income	Fixed Income	781	-	0.5%	-
72	(-)	Finecobank Banca Fineco	Banks	Europe	726	-	0.4%	-
73	(-)	National Westminster Bank Floating Rate Bond	Fixed Income	Fixed Income	693	-	0.4%	-
74	(-)	National Westminster Bank Floating Rate Bond	Fixed Income	Fixed Income	688	-	0.4%	-
75	(-)	Stichting AK Rabobank 6.5% Bond	Fixed Income	Fixed Income	596	-	0.4%	-
76	(-)	ING Groep Floating Rate Bond	Fixed Income	Fixed Income	582	-	0.3%	-
77	(-)	Jupiter 8.875% Bond	Fixed Income	Fixed Income	486	-	0.3%	-
Total investments					**188,011**		**113.4%**	
Other net liabilities					**(22,268)**		**(13.4%)**	
Total net assets					**165,743**		**100.0%**	

Note Figures in brackets denote comparative rankings as at 30 November 2019.

Portfolio Review

As at 30 November 2020

Geographical Exposure*	New Benchmark: MSCI ACWI Financials weighting as at 30 November 2020**	30 November 2020	Old Benchmark: MSCI World Financials + Real Estate weighting as at 30 November 2019**	30 November 2019
North America	48.3%	49.3%	60.0%	52.2%
Asia (ex-Japan)	20.1%	29.4%	10.4%	16.8%
Europe	16.4%	17.3%	15.9%	16.3%
United Kingdom	6.0%	8.6%	6.9%	8.3%
Fixed Income	-	6.6%	-	7.2%
Latin America	1.9%	2.2%	-	1.6%
Japan	4.3%	-	6.5%	1.5%
Eastern Europe	-	-	-	0.2%
Other net liabilities	-	(13.4%)	-	(4.1%)
Total		**100.0%**		**100.0%**

Sector Exposure*	New Benchmark: MSCI ACWI Financials weighting as at 30 November 2020**	30 November 2020	Old Benchmark: MSCI World Financials + Real Estate weighting as at 30 November 2019**	30 November 2019
Banks	47.8%	62.1%	40.1%	64.6%
Insurance	23.0%	20.4%	19.9%	16.6%
Diversified Financials	29.1%	15.2%	22.7%	7.1%
Software & Services	-	7.8%	-	4.6%
Fixed Income	-	6.6%	-	7.2%
Real Estate	-	1.3%	17.4%	4.0%
Other net liabilities	-	(13.4%)	-	(4.1%)
Total		**100.0%**		**100.0%**

Market Cap*	New Benchmark: MSCI ACWI Financials weighting as at 30 November 2020**	30 November 2020	Old Benchmark: MSCI World Financials + Real Estate weighting as at 30 November 2019**	30 November 2019
Large (>US$5bn)	98.0%	97.6%	99.1%	90.1%
Medium (US$0.5bn - US$5bn)	2.0%	12.8%	0.9%	10.7%
Small (<US$0.5bn)	-	3.0%	-	3.3%
Other net liabilities	-	(13.4%)	-	(4.1%)
Total		**100.0%**		**100.0%**

* Based on the net assets as at 30 November 2020 of £165.7m (2019: £301.2m)

** The benchmark changed on 23 April 2020 to MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested) prior to this the Company's benchmark was MSCI World Financials + Real Estate Net Total Return Index. Classifications derived from the Benchmark Index as far as possible. Not all geographical areas or sectors of the Benchmark are shown, only those in which the Company had an investment at the year end.

Governance

A system of rules, processes and practices by which the Company is governed.

Strategic Report

The Strategic Report section of this Annual Report comprises the Chairman's Statement, the Investment Manager's Report, including information on the portfolio, and this Strategic Report.

This Report has been prepared to provide information to shareholders on the Company's strategy and the potential for those strategies to succeed, including a fair review of the Company's performance during the year ended 30 November 2020, the position of the Company at the year end and a description of the principal risks and uncertainties. Throughout the Strategic Report there are certain forward-looking statements made by the Directors in good faith based on the information available to them at the time of their approval of this Report. Such statements should be treated with caution due to inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Business Model and Regulatory Arrangements

The Company's business model follows that of an externally managed investment trust, and its investment objective is set out below. Its shares are listed on the main market of the London Stock Exchange.

The Company is designated an Alternative Investment Fund ('AIF') under the Alternative Investment Fund Management Directive ('AIFMD') and, as required by the Directive, has contracted with Polar Capital LLP to act as the Alternative Investment Fund Manager ('AIFM') and HSBC Bank Plc to act as the Depositary.

Both the AIFM and the Depositary have responsibilities under AIFMD for ensuring that the assets of the Company are managed in accordance with the investment policy and are held in safe custody. The Board remains responsible for setting the investment strategy and operational guidelines as well as meeting the requirements of the Financial Conduct Authority ('FCA') Listing Rules and the Companies Act 2006.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. Investor Disclosure Documents, which set out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information are available on the Company's website.

There have been no material changes to the information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider. Statements from the Depositary and the AIFM can be found on the Company's website.

The Company seeks to manage its portfolio in such a way as to meet the tests in Section 1158 and 1159 of the Corporation Tax Act 2010 (as amended by Section 49(2) of the Finance Act 2011) and continue to qualify as an investment trust. This qualification permits the accumulation of capital within the portfolio without any liability to UK Capital Gains Tax. Further information is provided in the Directors' Report. The Company has no employees or premises and the Board is comprised of Non-executive Directors. The day to day operations and functions have all been delegated to third parties.

Investment Objective and Policy

The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation. 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 banking, insurance, property and other sub-sectors. The portfolio is diversified by geography, industry sub-sector and stock market capitalisation.

The Company may have a small exposure to unlisted and unquoted companies, but in aggregate, this is not expected to exceed 10% of total assets at the time of investment. The Company will not invest more than 10% of total assets, at the time of investment, in other listed closed-ended investment companies and no single investment will normally account for more than 10% of the portfolio at the time of investment.

The Company may employ levels of borrowing from time to time with the aim of enhancing returns, currently subject to an overall maximum of 20% (maximum level was increased from 15% at the time of the reconstruction in April 2020) of net assets at the time the relevant borrowing is taken out. Actual levels of borrowing may change from time to time based on the Investment Manager's assessment of risk and reward.

The Company may invest through equities, index-linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other instruments including derivatives. Forward transactions, derivatives (including put and call options on individual positions or 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. Any use of derivatives for investment purposes is made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments. The Company may hedge exposure to foreign currencies if considered appropriate for efficient portfolio management.

The Board

As the day to day management of the Company is outsourced to service providers the Board's focus at each meeting is on investment performance, including the outlook and strategy. The Board also considers the management and provision of services received from third-party service providers and the risks inherent in the various matters reviewed and discussed.

Life of the Company – Tender Offer/ Reconstruction

The Company was originally launched with a fixed life of seven-years ending in April 2020; proposals were made to shareholders for a 100% tender offer and replacement of the fixed life with subsequent five-yearly tender offers. Such proposals were passed at the General Meeting held on 7 April 2020; the first tender offer as a result of the proposals will be made to shareholders on or before 30 June 2025.

Strategy and Investment Approach

The Investment Manager's investment process is a six-stage process primarily driven by a bottom-up fundamental analysis of individual companies, albeit with macroeconomic inputs. The Investment Manager regularly uses both quantitative and qualitative screens to rank companies on a risk-adjusted basis, since the fundamental view is that long-term returns in most financial stocks are driven by their success in writing risk, rather than short-term growth trends. The approach involves undertaking a detailed income statement and balance sheet analysis and values a company based on the Capital Asset Pricing Model that compares a company's return on equity versus its cost of capital (the latter taking account of both stock and country risk) to provide a fair price/book valuation. This valuation (coupled with other more standard valuation systems) is then ranked across the global universe and added to scores focused on other variables such as profitability, risk, ESG and growth metrics to provide a model portfolio and so a focus for additional stock-specific research. When permitted, the Investment Manager undertakes regular trips to the US, Europe and Asia to meet companies as well as those they meet in London, leveraging off the combined experience of the Investment Manager's team of seven fund managers and analysts who focus on the global financials sector.

There are no limits on the exposure of the investment portfolio to either smaller or mid-cap companies but the majority of the portfolio is invested in companies with a market capitalisation of above US$5bn. The Investment Manager has discretion to invest up to 10% of the portfolio in debt securities.

The vast majority of the investment portfolio is invested in companies that not only offer capital appreciation but pay dividends, which are expected to rise over time, so as to meet the necessary income required to facilitate the payment of a rising level of dividends to shareholders. However, as a result of COVID-19, a number of regulators restricted or limited dividends reducing the earnings capability of the portfolio. Although some of these restrictions are now being relaxed, at the time of writing the financial and economic outlook remains highly uncertain. The Board, together with the Manager will continue to assess the likely income capability of the portfolio in a post COVID environment to determine the appropriate longer-term distribution level.

Service Providers

Polar Capital LLP has been appointed to act as the Investment Manager and AIFM as well as to provide or procure company secretarial, marketing and administrative services, including accounting, portfolio valuation and trade settlement which it has arranged to deliver through HSBC Securities Services.

The Company also contracts directly, on terms agreed periodically, with a number of third parties for the provision of specialist services:

- HSBC Securities Services as Custodian and Depositary;
- Stifel Nicolaus Europe Limited* as Corporate Broker;
- Equiniti Limited as Share Registrars;
- PricewaterhouseCoopers LLP as Independent Auditors;
- RD:IR for investor relations and shareholder analysis;
- Marten & Co as third-party research providers;
- Perivan as Designers and Printers for shareholder communications; and
- Huguenot Limited as Website Designers and internet hosting services.

* Investec Bank plc resigned as the Company's corporate broker and the Board appointed Stifel Nicolaus Europe Limited as sole corporate broker to the Company on 29 April 2020.

Benchmark

The Company will measure the Investment Manager's performance against the MSCI ACWI Financials Net Total Return Index, in Sterling with dividends reinvested ('the Benchmark'). This is used to measure the performance of the Company from 23 April 2020, which does not seek to replicate the index in constructing its portfolio. The portfolio may, therefore, diverge substantially from the constituents of this Benchmark. Prior to the proposals made to shareholders in April 2020, the Company measured performance against the MSCI World Financials + Real Estate Net Total Return Index, in Sterling with dividends reinvested. The utilisation of the adopted benchmarks before and after the April 2020 change is detailed within the Manager's Report on pages 14 to 21.

Although the Company has a Benchmark, this is neither a target nor a determinant of investment strategy. The purpose of the Benchmark is to set out a reasonable measure of performance for shareholders and an appropriate base which, together with an additional hurdle, forms the level above which the Investment Manager earns a share of any outperformance it has delivered.

Strategic Report continued

Performance and Key Performance Objectives

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against key performance indicators ('KPIs'). The objectives of the KPIs comprise both specific financial and shareholder related measures.

Objective	Control Process	KPI / Outcome
The provision of investment returns to shareholders measured by long-term NAV total return relative to the Benchmark and a comparator group.	The Board reviews at each meeting the performance of the portfolio and considers the views of the Investment Manager and the value delivered to shareholders through NAV growth and dividends paid.	The Company's NAV total return, over the year ended 30 November 2020, was -6.5%* while the Benchmark delivered -6.4% over the same period.
	The Board also receives monthly reports on performance against both the Benchmark and a comparator group of open-ended investment funds.	The Company ranked 16 out of 40 open ended funds within the Lipper Financial Sector universe since inception and 5 out of 7 within the short comparator group of funds regularly considered by the Board as at the year ended 30 November 2020.
The achievement of a progressive dividend policy.	Financial forecasts are reviewed to track income and distributions.	A total of two interim dividends amounting to 4.40p (2019: 4.40p) per ordinary share have been paid or declared in respect of the financial year ended 30 November 2020. As referenced within the Chairman's Statement, due to the highly uncertain financial and economic outlook the Company has maintained the dividend at the level paid in 2019. While the aim to achieve dividend growth remains there is no guarantee that this can be achieved.
Monitoring and reacting to issues created by the discount or premium of the ordinary share price to the NAV per ordinary share with the aim of reducing volatility for shareholders.	The Board receives regular information on the composition of the share register including trading patterns and discount/premium levels of the Company's ordinary shares. The Board discusses and authorises the issue or buy back of shares when appropriate.	The premium of the ordinary share price to the NAV per ordinary share at the year end was 1.3%* compared with the widest discount over the year ended 30 November 2020 of 12.6%, reached on 24 August 2020.
	The Board is aware of the vulnerability of a sector specialist investment trust to a change in investor sentiment towards that sector. While there is no formal discount policy the Board discusses the market factors giving rise to any discount or premium, the long or short-term nature of those factors and the overall benefit to shareholders of any mitigating actions. The market liquidity is also considered when authorising the issue or buy back of shares when appropriate market conditions prevail. A daily NAV per share, calculated in accordance with the AIC guidelines is issued to the London Stock Exchange.	In the year ended 30 November 2020, the Company bought back 79,159,235 ordinary shares as part of the tender offer to shareholders in April 2020 and 670,000 ordinary shares in a series of small purchases. The Company also issued 104,335 ordinary shares during the year under review. All shares bought back in the year under review and as part of the tender offer were placed into treasury for reissue when suitable market conditions prevailed.
To qualify and continue to meet the requirements for Sections 1158 and 1159 of the Corporation Tax Act 2010 ('investment trust status').	The Board receives regular financial information which discloses the current and projected financial position of the Company against each of the tests set out in Sections 1158 and 1159.	The Company has been granted investment trust status annually since its launch on 1 July 2013 and is deemed to be granted such status for each subsequent year subject to the Company continuing to satisfy the conditions of Section 1158 of the Corporation Tax Act 2010 and other associated ongoing requirements. The Directors believe that the tests have been met in the financial year ended 30 November 2020 and will continue to be met.

*See Alternative Performance Measures on pages 101 to 104

Performance and Key Performance Objectives continued

Objective	Control Process	KPI / Outcome
Efficient operation of the Company with appropriate investment management resources and services from third party suppliers within a stable and risk controlled environment.	The Board considers annually the services provided by the Investment Manager, both investment and administrative, and reviews on a cycle the provision of services from third parties including the costs of their services.	The Board, through the Audit Committee has received and considered satisfactory the internal controls report of the Investment Manager and other key suppliers including contingency arrangements to facilitate the ongoing operations of the Company in the event of withdrawal or failure of services. The Committee has also reviewed the operational resilience of its various service providers in connection with mitigation of the business risks posed by COVID-19. The external service providers have, without exception, demonstrated their ability to continue to provide services to the expected level, whilst doing so remotely.
	The annual operating expenses are reviewed and any non-recurring project related expenditure approved by the Board.	The ongoing charges for the year ended 30 November 2020 excluding the performance fee were 1.09% of net assets (2019: 1.04%)*. The ongoing charges including the performance fee payable were 1.74% (2019: 1.04%)*.

*See Alternative Performance Measures on pages 101 to 104

Principal Risks and Uncertainties

The Board is responsible for the management of risks faced by the Company in delivering long-term returns to shareholders. The Board believes identification, monitoring and appraisal of the risks, any mitigating factors and control systems is crucial. Through delegation to the Audit Committee, it has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Board through the Audit Committee carries out, at least annually, a robust assessment of the principal risks and uncertainties with the assistance of the Investment Manager, continually monitors identified risks and meets to discuss both long-term and emerging risks outside of the normal cycle of Audit Committee meetings. A Risk Map is maintained which seeks to identify and allocate risks to four main risk categories: Business, Portfolio Management, Infrastructure and External.

A risk management process has been established to identify and assess various risks, their likelihood and the possible severity of impact. After considering both internal and external controls and factors that could provide mitigation, a post mitigation risk impact score is determined. The Board, with the assistance of the Audit Committee, believes it has identified the key risks faced by the Company.

The Audit Committee, in conjunction with the Board and the Investment Manager, has undertaken a full review of the Company's Risk Map including the mitigating factors and controls to reduce the impact of the risks identified. A number of amendments have been made including the introduction of a Heat Map providing a visual reflection of the Company's identified risks.

The key risks, being those classified as having the highest risk impact score post mitigation, are detailed below with a high-level summary of the management through mitigation any change in assessment over the past financial year. Within the categories, the risk level of some items has been elevated in the financial year to reflect the impact of various market conditions.

The Audit Committee has also considered the risks posed by COVID-19, which has been considered as a Black Swan event. Further information on how the Committee has considered COVID-19 when assessing its effect on the Company's ability to operate as a going concern and the Company's longer-term viability can be found on pages 61 and 62 of the Report of the Audit Committee.

Strategic Report continued

Principal Risks and Uncertainties continued

Business	Increase*
Principal Business Risks and Uncertainties	**Management of Risks through Mitigation & Controls**
Failure to achieve investment objective, investment performance below agreed benchmark objective or market/industry average.	The Board seeks to manage the impact of such risks through regular reporting and monitoring of investment performance against a comparator group of open-ended funds, the Benchmark and other agreed indicators of relative performance. In months when the Board is not scheduled to meet, it receives a monthly report containing financial information on the Company including gearing and cash balances. Performance and strategy are reviewed throughout the year at regular Board meetings where the Board can challenge the Investment Manager. The Board also receives a monthly commentary from the Investment Manager in the form of factsheets for all the specialist financial sector funds managed by Polar Capital. The Board is committed to a clear communication programme to ensure shareholders understand the investment strategy. This is maintained through the use of monthly factsheets which have a market commentary from the Investment Manager as well as portfolio data, an informative website as well as annual and half year reports. The Management Engagement Committee considers the suitability of the Investment Manager on the basis of performance and other services provided.
Loss of portfolio manager or other key staff	Key personnel are incentivised by equity participation in the investment management company. The team directly responsible for managing the portfolio of the Company was increased from two to three in December 2020.
*Persistent excessive share price premium/discount to NAV.	In consultation with its advisors, including the corporate broker, the Board regularly considers the level of the share price premium/discount to the NAV and the Board reviews ways to enhance shareholder value including share issuance and buy backs.

Portfolio Management	Increase*
Principal Business Risks and Uncertainties	**Management of Risks through Mitigation & Controls**
While the portfolio is diversified across a number of stock markets worldwide, the investment mandate is focused on financials and thus the portfolio is more sensitive to investor sentiment and the commercial acceptance of the sector than a general investment portfolio. The Company's portfolio is exposed to risks such as market price, credit, liquidity, foreign currency and interest rates. The portfolio is actively managed. The Investment Manager's style focuses primarily on the investment opportunity of individual stocks and, accordingly, may not follow the makeup of the Benchmark. This may result in returns which are not in line with the Benchmark. The degree of risk which the Investment Manager incurs in order to generate the investment returns and the effect of gearing on the portfolio by borrowed funds can magnify the portfolio returns per share positively or negatively.	The Board has set appropriate investment limits and monitors the position of the portfolio against such. These include guidelines on exposures to certain investment markets and sectors. The Board discusses with the Investment Manager at each Board meeting its views on the sector. At each Board meeting the composition and diversification of the portfolio by geographies, sectors and capitalisations are considered along with sales and purchases of investments. Individual investments are discussed with the Investment Manager as well as the Investment Manager's general views on the various investment markets and the financials sector in particular. Analytical performance data and attribution analysis is presented by the Investment Manager. The policies for managing the risks posed by exposure to market prices, interest rates, foreign currency exchange rates, credit and liquidity are set out in Note 26 to the financial statements. Investors have sight of the entire portfolio and geographic exposure of investments.

Principal Risks and Uncertainties continued

Portfolio Management continued — Increase*

Principal Business Risks and Uncertainties	Management of Risks through Mitigation & Controls
Gearing, either through bank debt or the use of derivatives may be utilised from time to time. Whilst the use of gearing is intended to enhance the NAV total return, it will have the opposite effect when the return on the Company's investment portfolio is negative.	The arrangement of any new banking facilities and gearing limits under such arrangements are controlled by the Board. Derivatives are considered as being a form of gearing and their use has been agreed by the Board. The deployment of borrowed funds (if any) is based on the Investment Manager's assessment of risk and reward. At 30 November 2020 the Company was 12.7% geared (2019: 4.4%).
*The ability to continue the dividend policy may be compromised due to lower income, either as a result of changes in underlying companies policies or changes in the portfolio construction, regulatory intervention, or as a result of the currency exposure underlying the portfolio. This could result in a lower level of dividend being paid than intended or previously paid.	The Board monitors income and currency exposure through monthly management accounts and discussion. In the event of there being insufficient income during the financial year the Company has built up revenue reserves on which to draw to pay dividends. Equally, in the event of the revenue reserves being fully utilised the Company may use other distributable reserves. See notes 21 to 23 on page 92.

Infrastructure — Unchanged

Principal Business Risks and Uncertainties	Management of Risks through Mitigation & Controls
There are risks from the failure of, or disruption to, operational and accounting systems and processes provided by the Investment Manager including any subcontractors to which the Investment Manager has delegated a task as well as directly appointed suppliers. The mis-valuation of investments or the loss of assets from the custodian or sub custodians could affect the NAV per share or lead to a loss of shareholder value. There is taxation risk that the Company may fail to continue as an investment trust and suffer capital gains tax or fail to recover as fully as possible withholding taxes on overseas investments. The legal and regulatory risks include failure to comply with the FCA's Prospectus Rules, Listing Rules and Disclosure Guidance and Transparency Rules; not meeting the provisions of the Companies Act 2006 and other UK and overseas legislation affecting UK companies and not complying with accounting standards. Further risks arise from not keeping abreast of changes in legislation and regulations which have in recent years been substantial.	At each Board meeting the Board receive an administration report that provides details on general corporate matters including legislative and regulatory developments and changes. The Board conducts an annual review of suppliers and their internal control reports, which includes the disaster recovery procedures of the Investment Manager. Regular reporting from the Depositary on the safe custody of the Company's assets and the operation of control systems related to the portfolio reconciliation is monitored. Specialist advice is sought on taxation issues as and when required. The Audit Committee has oversight of such work. Information and guidance on legal and regulatory risks is managed by using the Investment Manager or professional advisers where necessary and the submission of reports to the Board for discussion and, if required, any remedial action or changes considered necessary. The Board monitors new developments and changes in the regulatory environment. Whilst it has no control over such changes, the Board seeks to ensure that their impact on the Company is understood and complied with.

Strategic Report continued

Principal Risks and Uncertainties continued

External	Increase*
Principal Business Risks and Uncertainties	**Management of risks through Mitigation & Controls**
*There is significant exposure to the economic cycles of the markets in which the underlying investments conduct their business operations as well as the economic impact on investment markets where such investments are listed. *The fluctuations of exchange rates can also have a material impact on shareholder returns.	The Board regularly discusses general economic conditions and developments. The effect on the portfolio from Brexit continues to be considered. Whilst it is difficult to quantify the impact of such a change, it is not believed to fundamentally impact the business of the Company or to make the financials sector any less attractive as an investment. At the year-end over 80.9% of the portfolio was invested outside of the EEA. In early 2020, the COVID-19 pandemic affected economies and businesses globally and prompted regulator intervention. The Board acknowledge the short-term impact this has had on underlying companies' ability to pay dividends and share price volatility. The Board continue to monitor the effects of COVID-19 in order to establish any potential longer term impact which is yet to occur. Note 26 describes the risks posed by changes in foreign exchange rates. The Investment Manager has the ability to hedge foreign currency if it is thought appropriate at the time.

Investment Management Company and Management of the Portfolio

As the Company is an investment vehicle for shareholders, the Directors have sought to ensure that the business of the Company is managed by a leading specialist investment management team and that the investment strategy is attractive to shareholders. The Directors believe that a strong working relationship with the Investment Manager will achieve the optimum return for shareholders. As such, the Board and the Investment Manager operate in a supportive, co-operative and open environment.

The Company has an Investment Management Agreement (IMA) with Polar Capital LLP (the Investment Manager), which is authorised and regulated by the Financial Conduct Authority, to act as Investment Manager and AIFM of the Company with sole responsibility for the discretionary management of the Company's assets (including uninvested cash) and sole responsibility to take decisions as to the purchase and sale of individual investments. The Investment Manager also has responsibility for asset allocation within the limits of the investment policy and guidelines established and regularly reviewed by the Board, all subject to the overall control and supervision of the Board.

Polar Capital provides a team of financial specialists and the portfolio is jointly managed by Mr Nick Brind, Mr John Yakas and Mr George Barrow, supported by other financials specialists within the team.

The Investment Manager has other investment resources which support the investment team and has experience in administering and managing other investment companies.

The Investment Manager also procures or provides accountancy services, company secretarial, marketing and day to day administrative services, including the monitoring of third-party suppliers, which are directly appointed by the Company. The Investment Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to HSBC Securities Services and to Polar Capital Secretarial Services Limited. The fees of HSBC Securities Services are paid by the Company.

Information is provided to the Directors on a timely basis, covering all aspects of relevant management, regulatory and financial information. The Board receives a report from the Investment Manager at each Board meeting and may ask representatives of the Investment Manager to attend Board meetings enabling Directors to probe further on matters of concern or seek clarification as appropriate.

While the Board reviews the performance of the Investment Manager at each Board meeting, and the Company's performance against Benchmark and a peer group of funds with similar objectives, the Management Engagement Committee formally carries out an annual review of the Investment Manager's and other suppliers' performance during the year.

Termination Arrangements

The IMA may be terminated by either party giving 12 months' notice. The IMA may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the Investment Manager; (ii) if the Investment Manager ceases or threatens to cease to carry on its business; (iii) where the Company is required to do so by a relevant regulatory authority; (iv) on the liquidation of the Company; or (v) subject to certain conditions, where the Investment Manager commits a material breach of the IMA.

In the event the IMA is terminated by the Company, except in the event of termination by the Company for certain specified causes, the base fee and the performance fee will be calculated pro rata for the period up to and including the date of termination.

Fee Arrangements

Management Fee

Under the terms of the IMA, the Investment Manager will be entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. Following shareholder approval of the Amended and Restated IMA, effective from 7 April 2020, the Investment Manager is entitled to a reduced base fee rate of 0.70% per annum of the Company's NAV (previously 0.85% per annum of the lower of the Company's market capitalisation and NAV).

In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 80% of the management fee payable is charged to capital and the remaining 20% to revenue.

Performance Fee

The Investment Manager may be entitled to a performance fee equal to 10% of the excess of the performance fee hurdle and payable at the end of each five-year period, the first period being from 23 April 2020 to 30 June 2025 and at five-yearly intervals thereafter.

For the purposes of calculating the performance fee, the Company's NAV (adjusted to reflect dividends paid, and any performance impact caused by the issue or buyback of ordinary shares) at 30 June 2025, being the end of the relevant Performance Period, will be used. As at 30 November 2020, a £1,269,000 performance fee had been accrued. Where a performance fee becomes payable it will be charged 100% to capital.

Corporate Responsibility

Environment, Social and Governance (ESG)

The Company's core activities are undertaken by its Investment Manager which seeks to limit the use of non-renewable resources and reduce waste where possible. The Investment Manager has a corporate ESG policy and wherever possible and appropriate the parameters of such are considered and adopted by the investment team in relation to the Company's management and portfolio construction. As detailed further within the Investment Manager's Report, the Investment Managers consider ESG factors when reviewing new, continuing or exiting investments but they do not make an investment decision solely on the basis of ESG factors. The Board monitors the Investment Manager's approach to ESG and they themselves take into account ESG factors in the management of the Company.

The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas ('GHG') emissions and the Task Force on Climate-related Financial Disclosures for which they are responsible. The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, it has no GHG emissions or climate disclosures to report from its operations nor does it have responsibility for any other emissions.

Diversity and gender reporting

The Company has no employees and the Board comprises two female and two male Non-executive Directors.

The Board has adopted a succession plan based on the recommended nine-year tenure of Directors with allowance for an extended period for the role of the Chairman should it be needed to undertake recruitment or practical handover period. The Board will continue to have regard to the benefits of diversity throughout any recruitment process, especially during compiling a shortlist of candidates and selecting individuals for interview, but will ultimately seek to ensure directors appointed to the Board are chosen on merit.

Whilst the Company has not adopted formal policies on human rights or diversity as it has no employees or operational control of its assets, the Board will always give regard to diversity when recruiting.

Modern Slavery Act

As an investment company, the Company does not provide goods or services in the normal course of business and does not have any customers. Accordingly, it is considered that the Company is not required to make any slavery or human trafficking statements under the Modern Slavery Act 2015.

Anti-bribery, Corruption and Tax Evasion

The Board has adopted a zero-tolerance policy (available on the Company's website) to bribery, corruption and the facilitation of tax evasion in its business activities. The Board uses the principles formulated and implemented by the Investment Manager and expects the same standard of zero-tolerance to be adopted by third party service providers.

The Company has implemented a Conflicts of Interest policy to which the Directors must adhere. In the event of divergence between the Investment Manager's policy and the Company's policy the Company's policy shall prevail. The Company is committed to acting with integrity and in the interests of all stakeholders.

Strategic Report continued

Section 172 Statement

The statutory duties of the Directors are listed in s171-177 of the Companies Act 2006. Under s172, Directors have a duty to promote the success of the Company for the benefit of its members (our shareholders) as a whole and in doing so have regard to the consequences of any decision in the long term, as well as having regard to the Company's stakeholders amongst other considerations. The fulfilment of this duty not only helps the Company achieve its Investment Objective but ensures decisions are made in a responsible and sustainable way for shareholders.

To ensure that the Directors are aware of, and understand, their duties, they are provided with an induction, including details of all relevant regulatory and legal duties as a Director when they first join the Board, and continue to receive regular updates on relevant legislative and regulatory developments. They also have ongoing access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can seek independent professional advice. The Schedule of Matters Reserved for the Board, as well as the Terms of Reference of its committees are reviewed annually and further describe Directors' responsibilities and obligations and include any statutory and regulatory duties.

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all of its discussions and as part of its decision-making. As an externally managed investment company, the Company does not have any employees or customers, however the key stakeholders and a summary of the Board's consideration and actions where possible in relation to each group of stakeholders are described in the table below.

Stakeholder Group | **How we engage with them**

Shareholders

The Directors have considered this duty when making strategic decisions during the year that affect shareholders. Most notably, the proposals made to shareholders in April 2020 in relation to the tender offer and removal of the fixed seven-year end of life in favour of five-yearly tender offers. The proposals were approved by representation of over 60% of the total issued share capital and 100% of the votes cast at the General Meeting on 7 April 2020. The Directors have also taken account of shareholders' interests during the year when considering the continued appointment of the Investment Manager and the recommendation that shareholders vote in favour of the resolutions for the Company to continue and to renew the allotment and buy back authorities at the AGM.

Shortly before the year end, market sentiment towards the financials sector improved and the Company's shares started trading at a small premium to NAV. As a result, regular share issues out of the shares held in treasury were conducted. To enable the Company to continue issuing shares expeditiously, shareholder soundings were taken and a shareholder circular was sent out on 14 January 2021 to put forward a proposal to disapply pre-emption rights over all shares within the treasury account at the date of the meeting. A General Meeting was held on 1 February 2021, 65.3% of the issued share capital was voted on the resolution to disapply pre-emption rights over the shares held in treasury, 68.1m shares at the date of the meeting, of those votes cast, 96.9% were cast on favour.

Given the continued measures in place in relation to social distancing and COVID-19, the Directors have carefully considered the viability of an open forum AGM. The safety and wellbeing of shareholders is of the highest priority and it has therefore been decided that a closed AGM will be held again this year. In the event that restrictions are lifted the Company will make a regulatory announcement detailing any changes to the arrangements for the meeting.

The Board believes that shareholder engagement remains important, especially in the current market conditions, and to facilitate shareholder engagement, shareholders are encouraged to submit any specific questions on the business of the AGM and Resolutions being proposed by e-mail in advance of the Meeting to **cosec@polarcapital.co.uk** (subject marked '**PCFT AGM**'). Questions deemed appropriate and relevant will be responded to by email as soon as possible following receipt and where possible ahead of the AGM.

Should any significant votes be cast against a resolution, the Board will engage with shareholders and explain in its announcement of the results of the AGM the actions it intends to take to consult shareholders in order to understand the reasons behind the votes against. Following the consultation, an update will be published no later than six months after the AGM and the Annual Report will detail the impact the Shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.

Relations with shareholders

The Board and the Manager consider maintaining good communications and engaging with shareholders through meetings and presentations a key priority. The Board regularly considers the share register of the Company and receives regular reports from the Manager and the Corporate Broker on meetings attended with shareholders and any concerns that are raised in those meetings. The Board also reviews any correspondence from shareholders and may attend investor presentations.

Shareholders are able to raise any concerns directly with the Board without using the Manager or Company Secretary as a conduit. The Chairman or other Directors are available to shareholders who wish to raise matters either in person or in writing. The Chairman and Directors may be contacted through the registered office of the Company.

Shareholders are kept informed by the publication of annual and half year reports, monthly fact sheets, access to commentary from the Investment Manager published on the Company's website and attendance at events at which the Investment Manager presents.

The Company, through the sales and marketing efforts of the Investment Manager, encourages retail investment platforms to engage with underlying shareholders in relation to Company communications and enable those shareholders to cast their votes on Shareholder resolutions; the Company however has no responsibility over such platforms. The Board therefore encourage shareholders invested via platforms to regularly visit the Company's website or to make contact with the Company directly to obtain copies of Shareholder communications.

The Company has also made arrangements with its registrar for shareholders, who own their shares directly rather than through a nominee or share scheme, to view their account online at www.shareview.co.uk. Other services are also available via this website.

Stakeholder Group | **How we engage with them**

Investment Manager

Through the Board meeting cycle, regular updates and the work of the Management Engagement Committee in reviewing the services of the Investment Manager annually, the Board is able to safeguard Shareholder interests by:

- Ensuring adherence to the Investment Policy;
- Ensuring excessive risk is not undertaken in the pursuit of investment performance;
- Ensuring adherence to the Investment Management Policy and reviewing the agreed management and performance fees; and
- Reviewing the Investment Manager's decision making and consistency of its investment process.

Maintaining a close and constructive working relationship with the Manager is crucial as the Board and the Investment Manager both aim to continue to deliver consistent, long-term returns in line with the Investment Objective. The culture which the Board maintains to achieve this involves encouraging open discussion with the Investment Manager, ensuring that the interests of shareholders and the Investment Manager are aligned, providing constructive challenge and making Directors' experience available to support the Investment Manager. This culture is aligned with the collegiate and meritocratic culture which Polar Capital has developed and maintains.

Outcomes and strategic decisions during the year

The Board in its capacity as the Management Engagement Committee has recommended the continued appointment of the Investment Manager on the terms agreed within the Investment Management Agreement.

The proposals put forward in April 2020, to continue the Company and remove the fixed life element, were made with and in support of the Investment Manager continuing to manage the assets of the Company.

Investee Companies

The Board has instructed the Investment Manager to take into account the published corporate governance policies of the companies in which they invest.

The Board has also considered the Investment Manager's Stewardship Code and Proxy Voting Policy. The Proxy Voting Policy directs the Investment Manager to vote at all general meetings of companies in line with Institutional Shareholder Services ("ISS") policy. However, in exceptional cases, where the Investment Manager believes that a resolution would be detrimental to the interests of shareholders or the financial performance of the Company, appropriate notification will be given and abstentions or a vote against will be lodged. This Policy changed during the financial year, as the prior default instruction had been for the Investment Manager to vote at all general meetings of companies in favour of management's recommendation.

The Investment Manager voted at 67 company meetings over the year ended November 2020, with 4% of all votes being against management and 28% of meetings having at least one against or withheld vote.

The Investment Manager reports to the Board, when requested, on the application of the Stewardship Code and Voting Policy. The Investment Manager's Stewardship Code and Voting Policy can be found on the Investment Manager's website in the Corporate Governance section (www.polarcapital.co.uk).

Further information on how the Investment Manager considers ESG in its engagement with investee companies can be found in the Investment Manager's report on pages 18 and 19.

Outcomes and strategic decisions during the year

During the year, the Board discussed the impact of ESG and how the Investment Manager incorporated ESG into their strategy and investment process.

Service Providers

The Directors have frequent engagement with the Company's service providers through the annual cycle of reporting and due diligence meetings or site visits. This engagement is undertaken with the aim of having effective oversight of delegated services, seeking to improve the processes for the benefit of the Company and to understand the needs and views of the Company's service providers, as stakeholders in the Company. Further information on the Board's engagement with service providers is included in the Corporate Governance Statement and the Report of the Audit Committee. Due to the ongoing restrictions in connection with COVID-19, due diligence meetings have, in the year under review, been undertaken by the Investment Manager in a virtual fashion and where possible, service providers have joined video conference meetings to present their reports directly to the Board or the Audit Committee as appropriate.

Outcomes and strategic decisions during the year

The reviews of the Company's service providers have been positive and the Directors believe their continued appointment is in the best interests of shareholders. The accounting and administration services of HSBC Securities Services (HSS) are contracted through Polar Capital and provided to the Company under the terms of the IMA. However, the Board continue to conduct due diligence service reviews in conjunction with the Company Secretary and is satisfied that the service received continues to be of a high standard. The contractual relationship with the corporate broker was changed during the year under review, Investec Bank plc resigned and Stifel Nicolaus Europe were appointed as sole corporate broker to the Company.

Strategic Report continued

Section 172 Statement continued

Stakeholder Group	How we engage with them
Proxy Advisors	The support of the major institutional investors and proxy adviser agencies is important to the Directors, as the Company seeks to retain a reputation for high standards of corporate governance, which the Directors believe contributes to the long-term sustainable success of the Company. The Directors consider the recommendations of these various proxy voting agencies when contemplating decisions that will affect shareholders and also when reporting to shareholders through the Half Year and Annual Reports. Recognising the principles of stewardship, as promoted by the UK Stewardship Code, the Board welcomes engagement with all of its investors. The Board recognises that the questions from and the views and recommendations of many institutional investors and proxy adviser agencies provide a valuable feedback mechanism and play a part in highlighting evolving shareholder expectations and concerns. Prior to AGMs, the Company engages with these agencies to fact check their advisory reports and clarify any areas or topics that the agency requests. This ensures that whilst the proxy advisory reports provided to shareholders are objective and independent, the Company's actions and intentions are represented as clearly as possible to assist with shareholders' decision making when considering the resolutions proposed at the AGM. **Outcomes and strategic decisions during the year** The Nomination Committee considers the time commitment required of Directors and the Board considers each Director's independence on an ongoing basis. The Board has confirmed that all Directors remain independent and able to commit sufficient time to fulfilling their duties, including those listed on s172 of the Companies Act. Accordingly, all Directors are standing for re-election at the Company's AGM. When undertaking recruitment, the Board will have regard to all forms of diversity, although the aim will always be to ensure there are appropriately qualified individuals to manage the Company in the interests of shareholders.
The AIC aic	The Company is a member of the AIC and has supported lobbying activities such as the consultation on the 2019 AIC Code. The Directors also cast votes in the AIC Board Elections each year and regularly attend AIC events.

Approved by the Board on 22 February 2021

By order of the Board

Tracey Lago, FCG
Polar Capital Secretarial Services Limited
Company Secretary

Report of the Directors

The Directors, who are listed on page 10 and 11 present their Report including the Report on Corporate Governance, together with the Audited Financial Statements for the year ended 30 November 2020 prepared in accordance with international accounting standards (IAS) in conformity with the requirements, including the legal requirements, of the Companies Act 2006 (the Act). On the conclusion of the BREXIT transition period, on 31 December 2020, the EU-adopted International Financial Reporting Standards (EU-IFRS) against which the Company has previously reported, were frozen and companies preparing financial statements under IAS but with a filing process straddling the end of the transition period, are required to prepare financial statements with reference to the frozen on-shored IFRS standards within IAS under the Act. The changes to presentation do not represent a change in the basis of accounting and do not necessitate a prior year restatement. Future years' financial statements will be prepared under the equivalent UK adopted standards.

The attention of shareholders is drawn to the Strategic Report Section which includes information on the Regulatory Arrangements, Service Providers, Investment Policy, Objective and Strategy, Benchmark and Key Performance Objectives, Principal Risks and Uncertainties, Management Company, and Corporate Responsibilities of the Company along with commentary on the activities and outlook for the Company, including future arrangements and dividends.

Introduction and Status

The Company is incorporated in England and Wales as a public limited company and is domiciled in the United Kingdom. It is an investment company as defined in section 833 of the Companies Act 2006 (the 'Act') and its ordinary shares are listed and traded on the main market of the London Stock Exchange.

The Company seeks to continue to operate as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010 (as amended by section 42(2) of the Finance Act 2011). As an approved investment trust the close company provisions do not apply. The Directors, under advice, expect the affairs of the Company to continue to satisfy the conditions of an investment trust.

As an investment trust the Company's ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to do so for the foreseeable future so that the exclusion continues to apply. The Company's ordinary shares are eligible for inclusion in a stocks and shares ISA.

Purpose

The business of the Company is to generate for shareholders a growing dividend income and capital appreciation. The Investment Policy seeks to achieve the Company's objective through access to a discretionary managed diversified global portfolio consisting primarily of listed or quoted equities issued by companies in the financials sector operating in the banking, insurance, property and other subsectors. The portfolio is diversified by factors including geography, industry sub-sector and stock market capitalisation of the investee companies.

The portfolio is managed within a framework of investment limits, restrictions and guidelines determined by the Board which seek to meet the investment objective while spreading and mitigating risk.

The Company is registered under the United States' FATCA legislation and its Global Intermediary Identification Number (GIIN) is 8KP5BT.99999.SL.826. The Company's Legal Entity Identifier (LEI) code is 549300G5SWN8EP2P4U41.

Life of the Company

At the Company's General Meeting held on 7 April 2020, shareholders approved changes to the Company's Articles of Association to remove the fixed end of life and extend the Company's life indefinitely. The revised Articles of Association require the Company to make future tender offers at five-yearly intervals, with the first to commence on or before 30 June 2025.

Annual General Meeting

The Annual General Meeting ("AGM") will be held as a closed door meeting at 11am on Tuesday 30 March 2021 at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. The separate Notice of AGM contains the full text of the resolutions and an explanation of each of them. Resolutions are being proposed to receive the Report of the Directors and Annual Financial Report, approve the Directors' Remuneration Implementation Report, re-appoint the auditors and authorise the Directors to set their fees and to approve the dividend policy. The Directors will also seek to renew their powers to allot ordinary shares for cash and to buy back ordinary shares for holding in treasury.

The health and welfare of the Company's shareholders and wider stakeholders continues to be our number one priority. Due to the extended nature of the UK Government's social distancing measures in connection with the COVID-19 pandemic, the Company continues to monitor the situation in respect of gatherings of individuals and the restrictions placed on the movements of any and all individuals.

The AGM ordinarily provides an opportunity for the Directors to meet with shareholders, to provide a presentation from the investment managers and to answer questions. However, due to the restrictions, it will not be possible to provide this level of interaction this year. Under the terms of the restrictions in place at the time of writing, the AGM will be held as a 'closed door' meeting.

Report of the Directors continued

We continue to value Shareholder engagement, and to facilitate such, any questions on the business of the AGM and Resolutions being proposed can be submitted by e-mail in advance of the Meeting to **cosec@polarcapital.co.uk** (subject marked '**PCFT AGM**'). Questions deemed appropriate and relevant will be responded to by email as soon as possible following receipt.

In the event that restrictions are lifted the Company will make a regulatory announcement detailing any changes to the arrangements for the meeting.

Dividends

The Company has an income and growth mandate and the Board is aware of the importance of income to some shareholders as part of their total return. The Board will be careful to balance its objective of growing dividends for shareholders with sustainable earnings prospects and the availability of distributable reserves to support dividend payments. Shareholders should recognise that circumstances may arise when it is necessary to reduce the level of dividend payment or equally there may be instances when the level of dividend must be increased in order to comply with Sections 1158 and 1159 of the Corporation Tax Act 2010. Where this would result in paying a dividend beyond the Board's aim, a 'special dividend' may be declared and paid.

The Company aims to pay two interim dividends each year, in February and August. These interim dividends will not necessarily be of equal amounts. The Directors do not recommend, and the Company does not pay, a final dividend. Details of the dividends paid and declared are set out on pages 3 and 7 and in Note 12 on page 86. In accordance with best practice, the Directors will be proposing a resolution to approve the Company's dividend policy at the AGM to be held in March 2021.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Company's independent auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as independent auditors to the Company will be proposed at the forthcoming AGM.

The fee agreed in respect of the audit of the 2020 annual financial statements was £36,000 (2019: £33,000). During the year under review PricewaterhouseCoopers LLP were engaged to perform agreed upon procedures on the tender offer price calculation as part of the reconstruction which completed in April 2020. Such service was a non-audit service. See page 60 for further details.

Share Capital History and Voting Interests

Issued share capital

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. In accordance with the Company's original prospectus, on 31 July 2017, the subscription shareholders had the opportunity to exercise their rights to subscribe for one ordinary share per subscription share at a price of 115p per ordinary share following which all subscription rights lapsed and the subscription shares were cancelled. As a result of the subscription exercise the Company issued 30,600,000 new ordinary shares.

In substitution of the fixed end of seven-year life, tender offer proposals were made to shareholders in April 2020 as a result of which, the Company bought back 79,159,235 ordinary shares, and these were placed into treasury.

On 30 November 2020, the Company issued 104,335 ordinary shares out of treasury into the market. At 30 November 2020, there were 202,775,000 ordinary shares in issue of which 79,724,900 were held in treasury by the Company. In the year under review the Company bought back a total of 79,829,235 ordinary shares (39.4% of issued share capital) and issued 104,335 ordinary shares (0.1% of issued share capital).

Voting Rights

Ordinary shares carry voting rights which are exercised on a show of hands at a meeting, or on a poll, where each share has one vote. Details for the lodging of proxy votes are given when a notice of meeting is issued.

Transferability

Any shares in the Company may be held in uncertificated form and, subject to the Articles of Association (the 'Articles'), title to uncertificated shares may be transferred by means of a relevant system.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; (ii) is in respect of only one class of share; and (iii) if joint transferees, is in favour of not more than four such transferees.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Act, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

Powers to issue shares and make market purchases of ordinary shares

The Board obtained shareholder authority at the AGM in 2020 to make market purchases of up to 18,478,287 ordinary shares of the Company (14.99% of the issued share capital as at 5 May 2020) in accordance with the terms and conditions set out in the shareholder resolution. This authority expires at the AGM in 2021 and its renewal will be sought. The Company bought back 325,000 ordinary shares under the authority granted at the AGM held in 2020 in the period from 30 November 2020 to 22 February 2021, the latest practicable date, the Company bought back no further ordinary shares. At the date of writing, 18,153,287 ordinary shares remained under this authority.

At the AGM in 2020, the Board was granted by shareholders the power to allot equity securities up to a nominal value of £616,354, equivalent to 12,327,076 shares, being 10% of the Company's issued ordinary share capital, and to issue those shares for cash without first offering those shares to shareholders in accordance with their statutory pre-emption rights. At the date of writing there remained 597,841 shares available under this authority. These powers will expire at the 2021 AGM and renewal of these authorities will be sought at that AGM. New ordinary shares will not be allotted and issued at below the prevailing net asset value per share after taking into account the costs of issue.

Details of the resolutions and the Directors' policies for the issue and purchase of shares will be set out in the separate Notice of Annual General Meeting which will be distributed to shareholders in March 2021.

Subsequent to the year end, following a change in market sentiment towards the financials sector, the shares of the Company were in demand by investors and the Company issued 11,624,900 ordinary shares from those held in treasury on a non-pre-emptive basis under the authority granted at the 2020 AGM. All shares were issued at prices higher than the prevailing NAV. The Company published a shareholder circular on 14 January 2021 proposing to shareholders that authority be granted to the Company to issue the remaining shares held in treasury into the market on a non-pre-emptive basis and that such authority be in place until the conclusion of the AGM to be held in 2022. A General Meeting was held on 1 February 2021 at which the single resolution was proposed; 65.3% of the then issued share capital was voted on the resolution of which 96.9% was voted in favour. Under this authority from 1 February 2021 to 22 February 2021 a total of 2,450,000 shares have been re-issued into the market.

Report of the Directors continued

Major Interests in Ordinary Shares

As at the year end of 30 November 2020, the Company had received notifications from the following shareholders in respect of their own and their clients' interests in the voting rights of the Company:

Shareholder	Type of Holding	Number of Shares	% of Voting Rights*
Investec Wealth & Investment Ltd	Direct	31,954,404	25.97
City of London Investment Management	Indirect	19,683,327	16.00
Rathbone Brothers plc	Indirect	14,525,600	11.80
Quilter Cheviot Investment Management	Indirect	10,126,736	8.23
Brewin Dolphin Ltd	Indirect	10,109,310	8.22
Canaccord Genuity	Indirect	10,091,107	8.20
JM Finn & Company Ltd	Direct	7,482,137	6.08
Wells Capital Management	Direct and Indirect	–	Below 5.0

* The above percentages are calculated by applying the ordinary shareholdings as notified to the Total Voting Rights of the issued ordinary share capital as at 30 November 2020 of 123,050,100 being all the issued ordinary shares except for those held in treasury where voting rights are suspended.

Since the year end and up to the date of this report, the Company has been notified of the following:

Shareholder	Type of Holding	Number of Shares	% of Voting Rights*
Investec Wealth & Investment Ltd	Direct	29,795,428	21.73
City of London Investment Management	Indirect	20,054,119	14.62
Rathbone Brothers plc	Indirect	14,890,641	10.86

* The above percentages are calculated by applying the ordinary shareholdings as notified to the Total Voting Rights of the issued ordinary share capital at 22 February 2021 of 137,125,000 being all the issued ordinary shares except for those held in treasury where voting rights are suspended.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain further information in relation to the Company which is not otherwise disclosed. The only disclosure to be made is with regard to the amount of interest capitalised and can be found in Note 9 on page 85.

By order of the Board

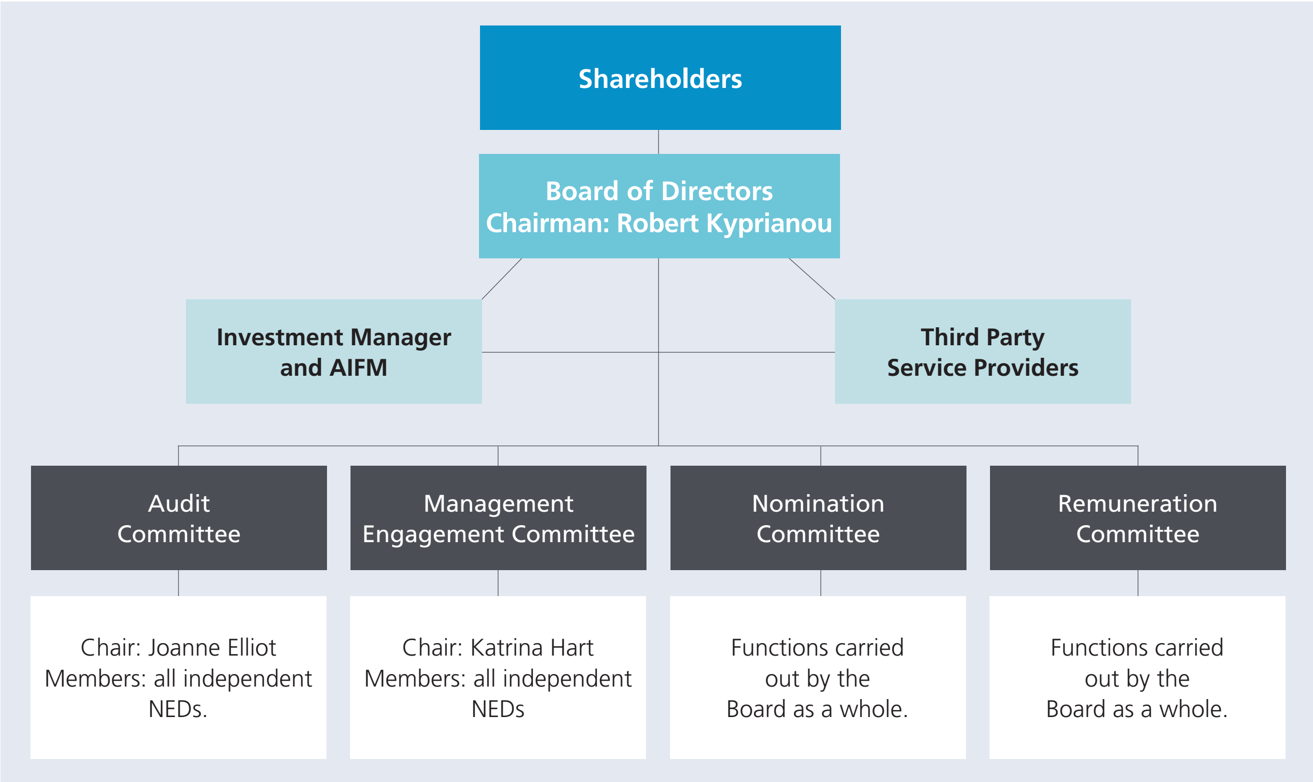
Tracey Lago, FCG
Polar Capital Secretarial Services Limited

22 February 2021

Report on Corporate Governance

Corporate Governance Framework

The following diagram demonstrates the governance framework within which the Company is managed. The Directors are ultimately accountable to shareholders for the governance of the Company's affairs and are therefore responsible for the good governance of the Company. As the Company has no employees, they therefore rely on third parties to administer the Company and to provide investment management services.



The Financial Reporting Council (FRC) has endorsed the Association of Investment Companies ('AIC') Code of Corporate Governance (the 'AIC Code') for AIC Member Companies to report against in relation to their corporate governance provisions. The AIC Code addresses the relevant principles set out in the FRC UK Code as well as additional principles and recommendations on issues that are specific to investment companies. The Annual Report for the year ended 30 November 2020 is the first year for which the Company reports under the 2019 version of the AIC Code.

The FRC has confirmed that by following the AIC Code, boards of investment companies will meet their obligations under FCA Listing Rule 9.8.6. As an externally managed investment company many provisions of the FRC UK Code are not relevant, including those relating to the roles of chief executive, executive directors' remuneration, statement of gas emissions and the requirement to have an internal audit function.

Statement of Compliance and Application of the AIC Code's Principles

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to investment companies. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Report on Corporate Governance continued

The Board believes that the Company's current practices are consistent in all material respects in applying the principles and complying with the provisions of the AIC Code. The Board will continue to observe the principles and recommendations set out in the AIC Code.

The AIC Code's principles and provisions are structured into five sections: Board leadership and purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration. The Company's application of the principles and compliance with the provisions of each section is detailed on the following pages.

BOARD LEADERSHIP AND PURPOSE (Principles A-E, Provisions 1-7)

Purpose

The Company's purpose is encapsulated in its Investment Objective and the Company's strategy is to achieve this objective through successful application of the Investment Policy which is to generate for investors a growing dividend income together with capital appreciation. The Investment Policy 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 subsectors. The portfolio is diversified by factors including geography, industry sub-sector and stock market capitalisation. As an externally managed investment trust, the culture of the Company is a consequence of the Board's composition, decisions and behaviours which are aligned with the values and behaviours of the Investment Manager, interaction between the two and engagement with the Company's stakeholders. The Board monitors this culture, including the policies and practices it implements to maintain it.

Board Leadership

In promoting the long-term sustainable success of the Company, the performance of the Company's portfolio is constantly reviewed in pursuit of value generation for shareholders by achievement of the investment objective. Investment management fees are reviewed periodically, with the last change occurring in April 2020 following the reconstruction of the Company and the introduction of a new fee structure. This resulted in a reduction in the base management fee from 0.85% of the lower of the Company's market capitalisation and net asset value to 0.70% per annum based on the Company's net asset value. The Company's performance since launch in July 2013 can be found on page 3 and how the Board views its contribution to wider society is considered in the s172 statement on pages 36 to 38. The Board's engagement with shareholders and other stakeholders and how it contributes to strategic decision making is also discussed within the s172 statement. Participation from both groups is encouraged and the Board can be contacted through the Company Secretary. The Company's service providers are subject to periodic site visits and attend meetings throughout year, ensuring effective engagement. Fulfilling the Investment Objective and monitoring the Company's performance is the primary focus of the Board's discussions.

The Board's effectiveness, including how it promotes the long-term sustainable success of the Company, is reviewed annually. The process and outcomes of the Board evaluation are detailed on pages 47 and 48.

Role, Responsibilities and Committees of the Board

The Board has delegated to the Audit and Management Engagement Committees specific remits for consideration and recommendation but the final responsibility in these areas remains with the Board. The Board determined that due to its size, and the fact that all the Directors are non-executive and independent, the functions of the nomination committee and remuneration committee would be carried out by the full Board. The Board creates ad hoc committees from time to time to enact policies or actions agreed in principle by the whole Board.

The number of formal meetings of the Board and its Committees held during the year ended 30 November 2020 and the attendance of individual Directors are shown below:

Number of Meetings	Board	Audit Committee	Management Engagement	2020 General Meeting	2020 Annual General Meeting	2021 General Meeting
Robert Kyprianou	11	3	1	1	1	1
Katrina Hart	11	3	1	1	1	1
Joanne Elliott	11	3	1	1	1	-
Simon Cordery	11	3	1	1	1	1

A number of additional meetings and conference calls of the Directors were held in connection with, inter alia, the reconstruction of the Company. Since the implementation in March 2020 of social distancing measures by the UK Government in relation to the COVID-19 pandemic, meetings of the Board and Committees have been held remotely utilising video conferencing facilities.

Service Provider Performance Evaluation Process

Investment Manager

The Board has contractually delegated the management of the portfolio to the Manager. It is the Manager's sole responsibility to take decisions as to the purchase and sale of individual investments. The Manager has responsibility for asset allocation and stock selection within the limits established and regularly reviewed by the Board.

The Manager is responsible for providing or procuring accountancy services, company secretarial, marketing and administrative services including the monitoring of third-party suppliers who are directly appointed by the Company. The Manager also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Investment Manager attend all Board meetings in a variety of capacities including investment management, compliance, risk and marketing, enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

The whole Board reviews the performance of the Investment Manager and, at each Board meeting, the Company's performance against the market and a peer group of funds with similar investment objectives is reviewed. The investment team provided by the Investment Manager has long experience of investment in the financial sector. In addition, the Investment Manager has other investment resources that support the investment team and have experience in managing and administering other investment trust companies.

The Board and Investment Manager work in a collaborative manner and the Chairman encourages open discussion and debate.

Report of the Management Engagement Committee

The Management Engagement Committee comprises all the independent non-executive Directors under the chairmanship of Katrina Hart, and will usually meet once a year and at such other times as may be necessary. The Management Engagement Committee is responsible for reviewing the relationship with the Investment Manager including the annual review of the Investment Management Agreement and other services and resources supplied by Polar Capital, prior to making its recommendation to the Board as to whether the retention of the Investment Manager is in the best interests of shareholders.

During the year ended 30 November 2020 the Management Engagement Committee met once to carry out the review of the Investment Manager and consider its continued appointment for the next financial year ending 30 November 2021. During the year, the Board reviewed its fee arrangements with the Manager, taking into consideration the performance of the Manager in managing the assets of the Company, both in absolute and relative terms over various timescales. It also considered trends in fees across the broader UK market. At the time of the reconstruction of the Company in April 2020, a new fee structure was agreed which resulted in a reduction in the base management fee from 0.85% of the lower of the Company's market capitalisation and its net asset value to 0.70% per annum based on the Company's net asset value. The performance fee arrangement in place under the terms of the original Investment Management Agreement between Polar Capital and the Company came to an end on the reconstruction of the Company. A new performance fee arrangement was put in place, for which the first calculation period commenced on 23 April 2020. Under the terms, the new performance fee is calculated as 10% of the excess return over the performance fee hurdle; the hurdle is defined as the opening Performance Fee NAV per Ordinary Share and an amount representing the total return on the benchmark index over the relevant calculation period, plus an accrual at the rate of 1.5 per cent. per annum (compounded annually). All other terms within the Investment Management Agreement remained unchanged.

The review of the Investment Manager also considered the strength of the investment team, depth of other resources provided by the Manager and quality of the services provided or procured by the Manager, including shareholder communications. The Board, through the work of the Management Engagement Committee, has concluded that it is in the best interests of shareholders as a whole that the appointment of Polar Capital LLP as Investment Manager is continued.

The Company uses a variety of performance measures when monitoring the performance of the portfolio managed by the Investment Manager. These measures are considered to be alternative performance measures under the ESMA guidelines and are described further on pages 101 to 104.

Report on Corporate Governance continued

Other Suppliers

The Board also monitors directly or through the Manager the performance of its other key service providers.

- The Board has directly appointed HSBC Bank Plc as Depositary and Stifel Nicolaus as Corporate Broker. The Depositary reports quarterly and makes an annual presentation to the Board. The Corporate Broker provides reports to each Board meeting and joins the Board on request, and at least every six months, to discuss markets and other issues.
- The Registrars, Equiniti Limited, are directly appointed by the Board and the performance of their duties is monitored and reported on by the Company Secretary.
- Other suppliers such as printers, website services and PR agents are monitored by the Company Secretary and each supplier reports to the Board as and when deemed necessary.

Report of the Audit Committee

The Audit Committee comprises all the independent non-executive Directors under the chairmanship of Joanne Elliot. The Committee has formal terms of reference which clearly define its responsibilities and duties. A separate report of the work of the Audit Committee over the year under review is set out on pages 57 to 62.

Report of the Remuneration Committee

As mentioned above, the role of the Remuneration Committee is undertaken by the full Board. The Directors' Remuneration Report, including a description of the processes undertaken when reviewing remuneration can be found on pages 51 to 56.

Report of the Nomination Committee

As mentioned above, the role of the Nomination Committee is undertaken by the full Board. The Board acting as the Nomination Committee will, when considering new or further appointments of Directors, consider the balance of skills, knowledge and experience as well as diversity of the whole Board and will also consider the use of external consultants when drawing up a list of candidates.

DIVISION OF RESPONSIBILITIES (Principles F-I, Provisions 8-21)

Chairman

The Chairman is responsible for the leadership of the Board and works with the Company Secretary for setting the Board's meeting agendas and for balancing the issues presented to each meeting. Open and honest debate is encouraged at each Board meeting and the Chairman keeps in touch with both the Company Secretary and other Directors between Board meetings. Robert Kyprianou was appointed to the Board in June 2013 and was independent on appointment and continues to meet the criteria for independence. The Board considers the competence and independence of the Directors on an annual basis.

Senior Independent Director

Due to the size and structure of the Board it was considered unnecessary to identify a senior independent non-executive director. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

Board Responsibilities

The Board currently comprises four non-executive Directors who are all considered to be independent in character and judgement. No Director has any former or current connection with the Investment Manager. A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No professional advice has been independently sought during the year. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board and Investment Manager operate in a supportive, co-operative and open environment.

The Board has a schedule of regular meetings throughout the year and meets at additional times as required. During the year, Board and Committee meetings were held to deal with the ongoing stewardship of the Company and other matters, including the reconstruction of the Company ahead of the end of the seven-year fixed life, setting and monitoring of investment strategy and performance, review of financial statements, and shareholder issues including investor relations. The level of share price discount or premium to the net asset value together with policies for re-purchase or issuance of new shares are kept under review along with matters affecting the industry and the evaluation of third-party service providers. The Board is also responsible for considering, reviewing, and implementing appropriate policies in respect of regulatory changes that impact the Company.

The Company's investment strategy was reviewed during the reconstruction undertaken in early 2020. The Board continues to consider the Company's strategy and its relevance to the market and shareholders as a whole at each Board meeting and at least one Board meeting per year includes an in-depth focus on strategy. Through this process the Board supervises the management of the investment portfolio, the work of the Investment Manager, the risks to which the Company is exposed and their mitigation, and the quality of services received by the Company.

As reflected in the table above the Board formally met eleven times during the year under review. In addition to the formal meetings, in connection with the reconstruction, market dislocation and the remote working environment caused by the COVID-19 pandemic, the Board met on an informal ad-hoc basis as and when deemed necessary to discuss these matters and put in place any responses or practices deemed appropriate.

Delegated Responsibilities

The Board has delegated to each of the Audit and Management Engagement Committees specific remits for consideration and recommendation, as detailed within the terms of reference which are available on the Company's website, but the final responsibility in these areas remains with the Board. The Chair of the Audit Committee attends the AGM to deal with questions relating to the Annual Report and Financial Statements. Attendance at each of these meetings is disclosed in the table on page 44.

Directors' Professional Development

When a new Director is appointed, they are offered an induction course provided by the Investment Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory obligations and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors may also participate in professional and industry seminars and may use the Manager's online compliance training resources to ensure they maintain their knowledge.

Conflicts of Interest

Directors have a duty to avoid a situation in which they have a conflict of interest or a possible conflict with the interest of the Company. The Company's Articles contain provisions to permit the Board to authorise conflicts or potential conflicts.

The Board has always had in place a policy to govern situations where a potential conflict of interest may arise, for example where a Director is also a Director of a company in which the Company invests or may invest. Where a conflict situation arises, the conflicted Director is excluded from any discussions or decisions relating to the matter of conflict.

Each Director has provided the Company with a statement of all conflicts of interest and potential conflicts of interest, which have been approved by the Board and recorded in a register. The Conflicts Register is reviewed at every Board meeting and the Directors are reminded of their obligations for disclosure.

No Director has declared receipt of any benefits other than their emoluments in their capacity as a Director of the Company.

As part of its year-end review, the Board considered the register of conflicts, any conditions imposed on such conflicts or potential conflicts and the operation of the notification and authorisation process. It concluded that the process has operated effectively since its introduction. There were no contracts subsisting during or at the end of the year in which a Director is or was interested and which is or was significant in relation to the Company's business. All the Directors were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgement.

The Directors' interests in the ordinary shares of the Company are set out on page 54 of the Directors' Remuneration Report.

Report on Corporate Governance continued

COMPOSITION, SUCCESSION AND EVALUATION (Principles J-L, Provisions 22- 28)

Composition

The Board is responsible to shareholders for the overall management of the Company's affairs. For the year under review there were four non-executive Directors. Each Director has different qualities and areas of expertise on which they may lead where issues arise. The Board as the Nomination Committee considered the contribution and performance of each Director as part of the annual Director and Board performance evaluation. The Board believes that the Directors demonstrate a breadth of up to date experience across the investment and financial services industry. Each Director effectively contributes to the operation of the Board and demonstrates independent views on a range of subjects.

Succession

The Board believes that retaining Directors with sufficient experience of the Company, investment industry and financial markets is of benefit to shareholders while recognising that regular refreshment of approach is equally of benefit and importance. Following the reconstruction of the Company, the Board formulated a succession plan which gave due regard to the recommended maximum of nine years' tenure for a non-executive director and a formal tenure policy, allowing for a reasonable extension to the nine years for the role of Chairman. A managed programme of recruitment, appointment and retirement, including the role of Chairman and Audit Chair, will be carried out from early 2021 with the expectation that such process will conclude by early 2023.

Chair Tenure Policy

The Board considers that in the specific circumstances of an investment company, where corporate knowledge and continuity can add value, there may be merit in appointing one of its members to the Chair. In addition, there may be situations where succession plans are disrupted such that an internal candidate with some years' existing experience is the most appropriate candidate for the Chair. In other circumstances an external candidate may be more appropriate.

As per provision 22, the Board's policy is that the maximum Board tenure for its Chair is up to 12 years (where up to 9 years of this could be served as a non-executive Director).

Performance and Re-Election

The Board formally reviews the performance of the Directors each year as part of the annual evaluation process. Directors are required to stand for election by shareholders at the first AGM following their appointment to the Board and, in line with recommended practice, each Director will stand for re-election annually. The rationale for re-election of each Director is included in the Board of Directors information on pages 10 and 11 and the Chairman's letter which accompanies the Notice of Annual General Meeting at which the re-election resolutions are being put to shareholders.

Evaluation

The evaluation of the Board, its Committees and individual Directors is carried out annually. The process involves the use of a written questionnaire to assess the balance of skills, experience, knowledge, independence and effectiveness of the Board, including how the Directors interact as a unit on the Board. The responses to the questionnaire are reviewed and discussed by the full Board and, should it be deemed necessary, additional reporting measures or operations would be put in place. The review of the Chairman's performance is conducted by the Board led by the Chairman of the Audit Committee. The Chairman of the Board does not participate in this discussion.

In carrying out these evaluations, each Director is assessed on their relevant experience, their strengths and weaknesses in relation to the overall requirements of the Board and their commitment to the Company in terms of time by regular attendance and participation at Board meetings. The process is constructed to assess the contribution of individual Directors to the overall operation of the Board and its Committees. The Board, through the work of the Nomination Committee, has determined that each Director standing for re-election continues to offer relevant experience, effectively contributes to the operation of the Board and has demonstrated independent views on a range of subjects. The Committee is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

AUDIT, RISK AND INTERNAL CONTROL (Principles M-O, Provisions 29-36)

Internal Controls

The Board has overall responsibility for the Company's system of internal control, for reviewing its effectiveness and ensuring that risk management and control processes are embedded in the Company's day- to -day operations.

The Investment Manager has an internal control framework to provide assurance on the effectiveness of the internal controls operated on behalf of its clients. The Manager is authorised and regulated by the Financial Conduct Authority and its compliance department monitors the Company's compliance with the various rules and regulations applicable to it, including the FCA's rules, AIFMD, MiFID II and GDPR, for example.

The Board, through the Audit Committee, has established a process for identifying, evaluating, monitoring and managing any major risks faced by the Company. This is documented through the use of a Risk Map which is subject to regular review by the Audit Committee and accords with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014 by the Financial Reporting Council. The controls are embedded within the business and aim to ensure that identified risks are managed and systems are in place to report on such risks. The internal controls seek to ensure the assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used by the Company and for publication is reliable. Controls covering the risks identified, including financial, operational, compliance and risk management controls, are monitored by a series of regular reports covering investment performance, attribution analysis, reports from various third parties and from the Investment Manager.

As the Company has no employees and its operational functions are carried out by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function.

Contracts with suppliers are entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Operation of Internal Controls

The process was active throughout the year under review and up to the date of approval of this Annual Report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's objective and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board will continue to monitor the system of internal controls in order to provide assurance that they operate as intended.

The Board, in assessing the effectiveness of the Company's internal controls has, through the Audit Committee, received formal reports on the policies and procedures in operation. These reports from the Investment Manager include results of tests for the year ended 30 November 2020 on the policies and procedures in operation with details of any known internal control failures. The Manager has subsequently provided confirmation that there has been no material change to the control environment up to the date of signing these Financial Statements.

The Board also considers ad hoc reports from the Investment Manager and third-party suppliers and information is supplied to the Board as required. In addition to the regular internal controls reports provided by the Investment Manager and various third-party suppliers, the Board has this year received COVID-19 Business Continuity Reports from the Investment Manager and certain other third-party suppliers including assurances on the status of the business and operational functions.

The Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services but remains responsible to the Company for these functions and provides the Board with information on these services.

The Board undertakes an in-depth annual review of the Company's system of internal controls where the risk map is reviewed, and control processes considered. The Board, assisted by the Investment Manager, has conducted the annual review of the risk map and the effectiveness of the system of internal controls taking into account any issues, none of which were considered significant, which arose during the course of the year ended 30 November 2020 and up to the date of this report.

Report on Corporate Governance continued

The principal risks and uncertainties to which the Company is subject are detailed in the Strategic Report. These risks are monitored by the Audit Committee through the Company's risk map and the implementation of internal controls.

Based on the work of the Audit Committee and the reviews of the reports received by the Audit Committee on behalf of the Board, the Board has concluded that there were no material control failures during the year under review and up to the date of this report.

REMUNERATION (Principles P-R, Provisions 37 – 42)

Due to the fully independent non-executive Board comprising four Directors, the Board has deemed it appropriate for the full Board to fulfil the role of the Remuneration Committee. The Board, acting as the Committee, meets at least annually and is responsible for consideration and recommendations in relation to Directors' remuneration.

The remuneration of the Directors is reviewed on an annual basis but will not necessarily lead to a change in the remuneration awarded. Industry guidance, peer investment trust companies' remuneration, the work undertaken by the Board in the prior year along with plans for the current year and the overall regulatory environment are all considered when reviewing remuneration.

Remuneration levels are set to attract candidates of high calibre to the Board. The Company's remuneration policy was put to shareholders for approval at the AGM on 28 May 2020 and is detailed within the Directors' Remuneration Report on page 52.

Tracey Lago, FCG
Polar Capital Secretarial Services Limited
Company Secretary

22 February 2021

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Large and Medium Sized Companies and Groups (Financial Statements) (Amendment) Regulations 2013 (the 'Regulations') and the Listing Rules of the Financial Conduct Authority in respect of the year ended 30 November 2020. It has been audited where indicated.

As the Company is an investment trust with no executive directors or employees, the Board as a whole performs the role of the Remuneration Committee.

Chairman's Report

Shareholders approved the current Directors' Remuneration Policy by way of an ordinary resolution passed at the AGM on 28 May 2020. Such policy came into effect on 1 December 2020 and shall remain in force until 30 November 2023.

Company's Policy on Directors' Remuneration effective 1 December 2020

How policy supports strategy and promotes long-term sustainable success	Operation
The Board consists entirely of Non-executive Directors, who meet regularly to deal with the Company's affairs.	Non-executive Directors have formal letters of appointment and their remuneration is determined by the Board within the limits set by the Articles of Association.
The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained.	Directors are not entitled to payment for loss of office and do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes. All fees are paid in cash, monthly or quarterly in arrears, to the Director concerned or a nominated third party.
The Company's policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector with additional fees for the roles of Chairman of the Company and Chairman of the Committees. As the Company is an investment trust and all the Directors are Non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits.	Rates are reviewed and benchmarked annually but the review will not necessarily result in any change to rates. Non-executive Directors' are subject to annual re-election by shareholders.
In accordance with the Company's Articles of Association, any Director who performs, or undertakes to perform, services which the Directors consider go beyond the ordinary duties of a Director may be paid such additional remuneration (whether by way of fixed sum, bonus, commission, participation in profits or otherwise) as the Directors may determine.	There are no performance conditions relating to Non-executive Directors' fees.

Directors' Remuneration Report continued

The Company's Policy on Directors' Remuneration in force for the year ended 30 November 2020 was as follows:

How policy supports strategy and promotes long-term sustainable success	Operation	Opportunity
The Board consists entirely of Non-executive Directors, who meet regularly to deal with the Company's affairs. The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained.	Non-executive Directors have formal letters of appointment (which include notice periods of one month) and their remuneration is determined by the Board within the limits set by the Articles of Association. Rates are reviewed annually but the review will not necessarily result in any change to rates. Non-executive Directors are appointed initially for a three-year term, subject to re-election by shareholders. All fees are paid monthly or quarterly in arrears, to the Director concerned or to a third party in respect of their services.	The Company's policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector. Additional fees for the roles of Chairman of the Company and Chairman of the Committees may also be offered.
As the Company is an investment trust and all the Directors are non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits.	Non-executive Directors do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes. The Directors have agreed to maintain at all times a holding of shares representing at cost at least 50% of their net cumulative fees for at least five years.	There are no performance conditions relating to Non-executive Directors' fees.

As per previous AGM resolutions, shareholders will be asked to consider a non-binding vote for the approval of the following Directors' Remuneration Implementation Report, which reports on how the current Remuneration Policy has operated during the year ended 30 November 2020.

The result of the shareholder votes on the Directors' Remuneration Policy and the Implementation Report submitted to the 2020 Annual General Meeting was as follows:

	Remuneration Policy for the three years ending on 30 November 2023	Implementation Report for the year ended 30 November 2019
	Approved at AGM on 28 May 2020	Approved at AGM on 28 May 2020
Votes for	99.32%	99.98%
Votes against	0.68%	0.02%
Votes abstained	0%	0%

The Board considers this level of support from shareholders a positive endorsement of both its Remuneration Policy and the policy implementation. There has been no communication from shareholders regarding any aspect of the Directors' remuneration.

Implementation Report

Directors' Remuneration for the Year Ended 30 November 2020

Fees and Expenses - Annual Review

The Board undertook the annual review of fees paid to the Directors in November 2020 and agreed that no change would be made to fees for the year commencing 1 December 2020. Directors therefore continue to receive the following levels of remuneration:

- Non-Executive Director £26,500 pa;
- Chairman £37,000 pa; and
- Additional supplement for performing the role of Chair of the Audit Committee £5,000.

A small inflationary increase was awarded to the Directors in 2017, the first such increase to Directors' fees since the launch of the Company. The review of Directors' fees is carried out on an annual basis and involves consideration of the time and commitment required of the Directors, including any significant increase in requirements due to regulatory or other changes. For comparative purposes the remuneration awarded to directors of similar companies and general market data is also considered. While such a review will not necessarily result in any change to the rates, the Board believes that it is important that these reviews happen annually.

In accordance with the Shareholder Rights Directive, the Board confirms that there were no variable pay awards made to the Directors and there were no deferral periods or share based pay equivalents. The annual percentage change in remuneration in respect of the five financial years prior to the current year in respect of each Director role is as follows:

Financial year to:	30 November 2015	30 November 2016	30 November 2017	30 November 2018	30 November 2019	30 November 2020
Chairman	–	–	–	+5.7%	-	–
Non-Executive Director	–	–	–	+6.0%	-	–
Chair of the Audit Committee	–	–	–	+5.0%	–	–

The appointment of an external remuneration consultant was considered unnecessary. No Director is involved in deciding their own remuneration and all Directors exercise independent judgement and discretion when considering fees.

Annual Statement

As an investment trust there are no employees or executive positions. All Directors are independent and non-executive. As such, the Board believes it to be inappropriate to offer any form of long-term incentive scheme or other non-standard remuneration rewards for service.

As Chairman Robert Kyprianou reports, there have been no changes to Directors' remuneration in the year under review for the year commencing 1 December 2020 (2019: no change).

Expenses

The Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings. In certain circumstances, under HMRC rules travel and other out of pocket expenses reimbursed to the Directors may be considered as taxable benefits. Where expenses are classified as taxable under HMRC guidance, they are paid gross and shown in the taxable column of the Directors' remuneration table. There were no such expenses claimed by the Directors in the year under review (2019: nil).

Directors' Remuneration Report continued

Letters of Appointment

In accordance with recommended practice, each Director has received a letter setting out the terms of their appointment. None of the Directors have a contract of employment or a contract for services and a Director may resign by giving notice in writing to the Board at any time. The Directors are not entitled to payment for loss of office. A sample equivalent to the Directors' Letter of Appointment is available on the Company's website.

New Directors are appointed and elected with the expectation that they will serve for a period of at least three years. In accordance with the Articles of Association any new Director is required to stand for election at the first AGM following their appointment, and in accordance with good corporate governance practice all Directors stand for re-election every year following their first election by shareholders.

Directors' and officers' liability insurance

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors. The Company has, to the extent permitted by law and the Company's Articles of Association, provided each Director with a Deed of Indemnity which, subject to the provisions of the Articles of Association and s234 of the Companies Act 2006 'qualifying third party indemnity provisions', indemnifies the Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their position as Directors (excluding criminal and regulatory penalties).

Directors' legal costs may be funded up-front provided they reimburse the Company if the individual is convicted or, in an action brought by the Company, judgment is given against them. These provisions were in force during the year and remain in force at the date of this report.

Remuneration (Audited)

In the year under review, the Directors' fees were paid at the following fixed annual rates: the Chairman £37,000; other Directors £26,500 with the Chair of the Audit Committee receiving an extra £5,000 for performing that additional role. As detailed on page 53, no increase was awarded for the year commencing 1 December 2020.

The fees payable in respect of each of the Directors were as follows:

	Date of Appointment	Year ended 30 November 2020 £	Year ended 30 November 2019 £
Robert Kyprianou (Chairman)	7 June 2013	37,000	37,000
Joanne Elliott (Chair of the Audit Committee)*	7 June 2013	31,500	31,500
Katrina Hart (Chair of the Management Engagement Committee)	7 June 2013	26,500	26,500
Simon Cordery	1 July 2019	26,500	11,108
Total		121,500	106,108

* Joanne Elliott is currently CFO of the property team at Thames River Capital LLP and payment in respect her services as a Director of £31,500 is made to Thames River Capital LLP.

No pension or other contributions were paid by the Company during the year to any of the Directors. Consequently, the figures shown above comprise the single total remuneration figure for each Director.

Directors' share interests (Audited)

The interests of Directors in the ordinary shares of the Company on 30 November 2020 and 30 November 2019 were as follows:

	30 November 2020	30 November 2019
Robert Kyprianou	91,025	68,526
Joanne Elliott	30,000	30,000
Katrina Hart	51,700	51,700
Simon Cordery	34,920	5,250
Total	207,645	155,476

All holdings are beneficially held. There have been no further changes in these interests between the end of the financial year and 22 February 2021.

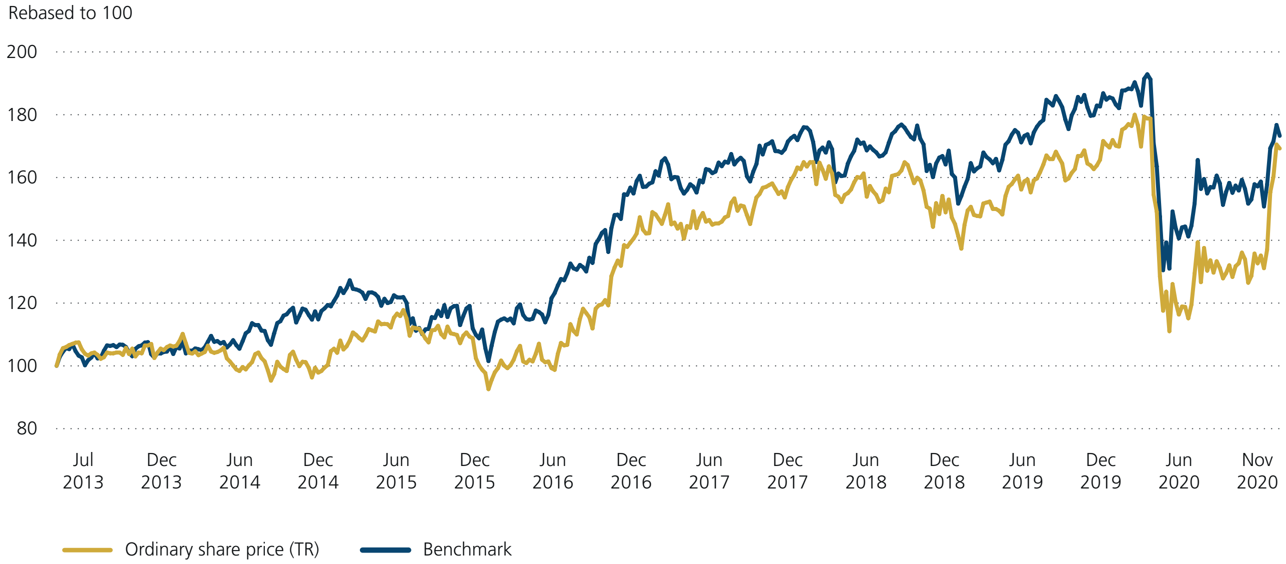
The Directors have agreed to maintain a holding of ordinary shares representing, at cost, at least 50% of their net cumulative fees for at least five years, except for Joanne Elliott who does not receive her fees personally.

Performance

The Regulations require a performance comparison line graph to be included in the Directors' Remuneration Report showing the total shareholder return for each of the financial years in the relevant period. As the Company was incorporated on 17 May 2013 and commenced trading on 1 July 2013, the performance comparison is shown for the period from 1 July 2013. Each subsequent annual graph is required to increase by one year until the maximum relevant period of ten years is reached; thereafter the relevant period will continue to be ten years.

The Company's Benchmark for the period to 31 August 2016 was the MSCI World Financials Index. On 1 September 2016 the constituents of the MSCI World Financials Index changed to exclude real estate. MSCI therefore provided a revised index, the MSCI World Financials + Real Estate Net Total Return Index which was adopted for all periods from 1 September 2016 until the General Meeting of the Company held on 7 April 2020 at which time a new index was adopted, being the MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested). The Company's benchmark was changed to MSCI ACWI Financials Net Total Return Index on 23 April 2020.

Total return per ordinary share



The chart above, in accordance with legislation, shows the total return per ordinary share, and does not take into account the value ordinary shareholders would have received from the subscription shares they were given at launch and were able to sell or exercise on the single conversion date of 31 July 2017.

Directors' Remuneration Report continued

Relative Importance of Spend on Remuneration

Under the Regulations (Schedule 8, Part 3 (20)) the Directors' Remuneration Report must set out in a graphical or tabular form that shows in respect of the relevant financial year and the immediately preceding financial year the actual expenditure of the Company, and the difference in spend between those years, on remuneration paid to or receivable by all employees of the group; and distributions to shareholders by way of dividends and share buybacks; and any other significant distributions and payments or other uses of profit or cash-flow deemed by the Directors to assist in understanding the relative importance of spend on pay.

The Company has no employees and the Directors do not consider that the comparison of Directors' remuneration with distributions to shareholders is a meaningful measure of the Company's overall performance, having regard to the Company's objective of capital growth as well as income.

			Change	
	2020 £'000	2019 £'000	£'000	%
Directors' total remuneration*	122	106	16	15.1
Dividends paid or declared in respect of the financial year#	5,649	8,922	(3,273)	(36.7)
Tender Offer to shareholders (including costs)~	81,568	–	81,568	100.0
(Loss)/Profit on ordinary activities after tax	(46,329)	28,906	(75,235)	(260.3)

* Increase directly relates to the appointment of Simon Cordery in July 2019.

The total dividends paid or declared is based on the number of shares in issue on the ex-dividend date. First interim 2020, 123,145,765 shares (2019: 202,775,000 shares), second interim 2020, 134,675,000 shares (2019: 202,775,000 shares).

~ Tender Offer in relation to the reconstruction of the Company ahead of the fixed end of life.

No payments were made in the period to any past Directors (2019: £nil).

Approved by the Board on 22 February 2021.

Robert Kypranou
Chairman

Audit Committee Report

Joanne Elliott
Audit Committee Chair

I am pleased to present my report to you as Chair of the Audit Committee (the 'Committee'). The Committee has written terms of reference which are available to view on the Company's website www.polarcapitalglobalfinancialstrust.com

The Committee comprises all the Directors and the Board is satisfied that the Committee has sufficient recent and relevant financial experience and, as a whole, has competence relevant to the sector in which the Company operates for the Committee to discharge its functions effectively. The experience of the members of the Committee can be assessed from the Directors' biographies on pages 10 and 11.

PwC (or the 'Auditor') has been Auditor of the Company since 2013 and the audit partner who led our statutory audit for the year under review was Catrin Thomas, who has completed her third audit of the Company.

Since March 2020 the Board, including the Committee has functioned remotely due to the restrictions in place in relation to the COVID-19 pandemic. Zoom video-conferencing and online Diligent Boardbooks have been utilised to assist the smooth running of meetings and workflow. I am pleased to confirm that this has worked well, with Committee members being able to operate as effectively as previously and that there has been no break in service from external providers.

Matters Considered in Connection with the Financial Year Ended 30 November 2020:

During the year the Committee met three times, with all members of the Committee attending each meeting. The Committee considered the following matters:

Audit Regulation

- In a change to the previous two years, the Committee has not this year had to consider any new audit regulations. It does, however, continually review guidance and determine how to apply any relevant best practice to the Company. The Committee also reviews the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with our Auditor.

Annual External Audit, including:

- The scope of the annual audit and agreement with the Auditor of the key areas of focus;
- The reports from the Auditor concerning their audit of the annual financial statements of the Company;
- The performance of the Auditor and the level of fees charged for their services;
- The appropriateness of and any changes to the accounting policies of the Company, including any judgments required by such policies and the reasonableness of such. The Committee confirmed there have been no changes to any accounting policies in the year under review;
- The financials disclosures in the annual and semi-annual reports to shareholders;
- The independence and objectivity of the Auditor;
- The appointment of the Auditor and the timing of any required audit tender process;
- The policy for and extent of, including the fees charged for, any non-audit services in line with the FRC guidance;
- The going concern statement, longer-term viability statement, including the impact of the events of 2020 and future tender offers to be made to shareholders at five-yearly intervals; and
- The requirement to confirm that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable.

Audit Committee Report continued

Internal Audit

- The potential need for an internal audit function, which we continue to conclude is unnecessary for an externally managed investment trust.

Investment Matters

- The investment management process, including confirmation of the existence and ownership of investments through the review of quarterly Depositary Reports and meeting with the Depositary in relation to the safeguarding of the Company's assets; and
- The valuation of unquoted investments and the provision of associated recommendations to the Board.

Internal Controls and Risk

- The risk map covering the identification of new risks, adjustments to existing risks and the mitigation and controls in place to manage those risks; and
- Reports from the Investment Manager and the Investment Manager's external Auditor on the effectiveness of the system of internal financial controls including the risk map.

Dividend Policy

- The Committee considered the Company's Dividend Policy as approved by shareholders at the Annual General Meeting held in May 2020 and recommended to the Board that it should continue. However, it should be noted that the dividend policy is an objective and not an absolute guarantee. As noted in the Chairman's Statement, the Board will be careful to balance its objective of growing dividends for shareholders with future earnings prospects and the availability of revenue reserves. At the time of writing the COVID-19 pandemic continues and the long-term financial and economic impact remains highly uncertain. The Board and the Manager will continue to assess the income capability of the portfolio and determine the appropriate longer-term dividend level. The Dividend Policy will be proposed for approval by shareholders at the AGM to be held in March 2021.

Consideration of the Annual Report and Financial Statements

The Committee performed this role through monitoring the integrity of the financial statements of the Company and the system of accounting to ensure compliance with relevant and appropriate accounting standards. The scope of the audit was agreed in advance, with a focus on areas of audit risk and the appropriate level of audit materiality. The auditor reported on the results of the audit work to the Committee and highlighted any issues which the audit work had discovered, or the Committee had previously identified as significant or material in the context of the financial statements. Following a comprehensive review process the Committee presented its conclusions to the Board.

Significant Matters in Relation to the Financial Statements for the Year Ended 30 November 2020

In addition to the matters considered by the Committee in forming its opinions on the Going Concern and longer-term viability statements described below, and in concluding that the Annual Report is fair, balanced and understandable, the Committee also considered the following matters in relation to the financial statements:

Significant matter	How the issue was addressed
Valuation, existence and ownership of investments	The valuation is carried out in accordance with the accounting policy described in note 2(g). The Depositary has reported on its work and safe keeping of the Company's investments. Such report is provided on the Company's website.
Compliance with S1158 of the Corporation Tax Act 2010	Consideration of compliance with the requirements of investment trust status is carried out at each Board meeting throughout the year.
COVID-19	Consideration of disclosure in respect of COVID-19. Commercial and operational considerations are covered on page 60.

There were no adverse matters brought to the Committee's attention in respect of the 2020 audit which were material or significant or which should be brought to shareholders' attention.

Conclusions in Respect of the Annual Report and Financial Statements

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the Annual Report is fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria satisfied. In doing so, the Committee has given consideration to the following:

- The comprehensive control framework over the production of the Annual Report, including the verification processes in place to deal with the factual content;
- The extensive levels of review undertaken in the production process by the Investment Manager and the Committee; and
- The unqualified audit report from the auditors confirming their work based on substantive testing on the financial statements.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30 November 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and it has reported on these findings to the Board.

External Audit – Year Ended 30 November 2020

Audit and Efficacy of Audit Process

The Committee monitored and evaluated the effectiveness of the auditors and any changes in the terms of their appointment, based on an assessment of their performance, qualification, knowledge, expertise and resources. The auditors' independence was also considered, along with other factors such as audit planning and interpretations of accounting standards. This evaluation was carried out throughout the year by meetings held with the auditors, by review of the audit process and by comments from the Investment Manager and others involved in the audit process.

The auditors were provided with an opportunity to address the Committee without the Investment Manager present, to raise any concerns or discuss any matters relating to the audit work and the co-operation of the Investment Manager and others in providing any information, and the quality of that information including the timeliness in responding to audit requests.

Appointment of Auditors, Tenure and Fees

The Committee considers by way of meetings and reports, the appointment, remuneration and work of the auditors.

PricewaterhouseCoopers LLP have provided audit services to the Company from its incorporation in 2013 to date. There are no contractual obligations restricting the choice of external auditor. In accordance with current legislation, the Company is required to instigate an audit tender process at least every 10 years and will have to change its auditor after a maximum of 20 years engagement. The next audit tender process is expected to be considered prior to the AGM in 2022.

As part of the year end process, the Committee considered the level of fees paid to the auditors, bearing in mind the nature of the audit and the quality of services previously received. As detailed in the Report of the Directors, the fee agreed in respect of the audit of the 2020 annual financial statements was £36,000 (2019: £33,000). The fee represents a further increase on the prior year to reflect the level of audit work required to perform a robust quality audit. The Committee noted that the fee had increased significantly over a two-year period however prior to that fee increases had been marginal. The increases of the last two years are reflective of the wider market recognising the increase in regulatory scrutiny faced by auditors and therefore the Committee deemed the level of fees appropriate and recommended such to the Board.

The Committee, having considered the above factors, consider it appropriate to recommend to the Board and shareholders that PricewaterhouseCoopers LLP be reappointed as auditors at the AGM. PricewaterhouseCoopers LLP have agreed to offer themselves for reappointment as auditors in accordance with section 487(2) of the Companies Act 2006 and resolutions requesting approval of their reappointment and to authorise the Directors to determine their remuneration will be presented at the AGM.

Consideration of the Half-Year Report and Financial Statements

Prior to publication, the Committee considered, reviewed and confirmed that the half-year report and financial statements, which are not audited or reviewed by the auditors, to ensure that they were prepared on a basis consistent with the accounting policies used in the Annual Report and Financial Statements for the year ended 30 November 2019.

Audit Committee Report continued

Non-Audit Work

The Committee's policy on the provision of non-audit services by the Auditor is to ensure that there is a clear separation of audit work and non-audit work and that the cost of any non-audit work is justified and is not disproportionate to the audit fees, to the extent that the independence of the Auditor would be compromised.

In line with the FRC ethical standards issued in April 2016, the nature of any non-audit services is considered in respect of their permissibility and any such services must be pre-approved by the Committee. The FRC revised the Ethical Standards, with effect from 15 March 2020, to contain a more concise list of non-audit services that the Company's statutory auditor is permitted to complete, replacing the long list of excluded services which had been introduced with the EU Audit Directive in 2016.

A copy of the Company's Non-Audit Services Policy is available on the Company's website. When non-audit services are proposed, the Committee undertakes a review of the services to satisfy itself that these are proposed within the terms of the policy and in an efficient and cost-effective way. In the year under review, the Company engaged the Auditor to perform agreed upon procedures on the tender offer price as part of the reconstruction which completed in April 2020. In accordance with the Company's non-audit services policy, the service was deemed to be acceptable and did not compromise the independence of the Auditor. The work undertaken was considered to be audit related while distinct from the regular audit of the financial statements, and therefore best undertaken by the Company's appointed external auditor. A charge of £10,000 was levied for the service equating to 35.7% of the average of the prior three years audit fee (2017-2019 average fee being £28,000). There were no non-audit services provided in the prior year.

Other Significant Issues Considered by the Audit Committee During the Year

The Impact of COVID-19

The COVID-19 pandemic has dominated the 2020 calendar year and the Committee continues to consider its effects on the Company and the portfolio. The pandemic has affected the global economy with widespread market disruption and volatility which is likely to continue for some time. Regulator intervention also limited the ability of some companies to pay dividends over the period reducing earnings for the year. Further detail on the direct impact the market disruption has had on the portfolio is given in the Investment Managers' Report on pages 14 to 21.

The Committee has also reviewed the operational resilience of its various service providers in connection with mitigation of the business risks posed by COVID-19. The external service providers have, without exception, demonstrated their ability to continue to provide services to the expected level, whilst doing so remotely. The Committee was assured by the level of detail and transparency offered by the service providers in reporting how they had committed resources in adapting their businesses to operate remotely for a longer period than many business continuity plans expect to be in operation for. We were greatly assured by the confirmation of no operational failures being experienced.

The Accounting Implications of Brexit

The Committee has noted the FRC's Letter on Accounting & Corporate Reporting during the Brexit transition period, which outlines that:

- During the transition period there will be no changes to the UK's accounting and corporate reporting framework and the Company can continue to prepare the Financial Statements under EU adopted International Accounting Standards ("IASs") up to 30 November 2021.
- In connection with any new or amended standards that are adopted by the UK after the transition period but before the Company files accounts for the year ending 30 November 2021, the Company can either continue to use EU-adopted IASs or choose to apply the new UK-adopted IASs.
- From the financial year ending 30 November 2022 the Company will be required to prepare financial statements using UK-adopted IASs.

The Government is in the process of establishing the UK Endorsement Board (UK EB) to undertake the work of assessing, endorsing, and adopting any new or amended IASs published. The FRC will provide communication on any changes that come into effect after the end of the transition period and we will report this to our shareholders in the Annual Report in which this takes effect.

European Single Electronic Format (ESEF)

The Committee has noted ESEF Regulations which will now come into force for accounting years starting on or after 1 January 2021. The ESEF regulations will require the Company, and all issuers of consolidated accounts prepared in accordance with IFRS and trading on a regulated market, to publish their annual financial statements in a common electronic format. The regulations will first apply to the Company for the accounting year ending 30 November 2022.

Overview of Risk and Internal Controls

The Board has ultimate responsibility for the management of risk throughout the Company and has asked the Committee to assist in maintaining an effective internal control environment. The Company maintains a Risk Map which seeks to identify, monitor and control principal risks as well as identifying emerging risks. This Risk Map is regularly reviewed by the Committee.

The Committee, in conjunction with the Board and the Investment Manager, has undertaken a full review of the Company's Risk

Map including the mitigating factors and controls to reduce the impact of the risks. A number of amendments were made including the introduction of a Heat Map providing a visual reflection of the Company's identified risks. This review, and the content of the Risk Map, is described in more detail within the Strategic Report on pages 31 to 34.

The Committee, on behalf of the Board, carried out a robust assessment of the principal and emerging risks, including those that might threaten its business model, future performance, liquidity and reputation. The Committee also robustly considered the mitigating factors and controls to reduce the impact of such risks, as described on pages 32 to 34. This process was carried out throughout the year and is the means by which the Risk Map is monitored and kept relevant by reflecting any changes to the source and level of risks facing the Company.

The Committee will actively continue to monitor the system of internal controls through the regular review of the Risk Map and the internal control environment in order to provide assurance that they continue to operate as intended.

As part of the year end processes the Committee also undertook a review of the effectiveness of the system of internal controls considering any issues that had arisen during the course of the year.

The Committee acknowledges that the Company is reliant on the systems utilised by external suppliers. Representatives of the Investment Manager reported to the Committee on the system of internal controls that is in place for the performance of the Investment Manager's duties under the Investment Management Agreement. The Committee also received presentations and internal control reports from other key suppliers on the quality and effectiveness of the services provided to the Company. Employees of the Manager also conducted a virtual due diligence site visit with HSBC where they received thorough presentations from representatives covering the work of the Operations, Risk Administration and Accounting Teams, in addition to the Custodian and Depositary. No matters of concern with any areas of service were raised during the meetings with HSBC.

The Committee has also discussed with the Investment Manager their policies on whistleblowing, cyber security, antibribery and the Modern Slavery Act and is satisfied that the Investment Manager has controls and monitoring processes to implement their policies across the main contractors which supply goods and services to the Investment Manager and indirectly to the Company.

The Committee also considered the policy and controls used by the Investment Manager surrounding the use of brokerage commissions generated from transactions in the Company's portfolio and the obtaining of best execution on all transactions.

There were no issues of concern arising from the reviews of or within the internal controls environment the Company relied upon during the course of the year ended 30 November 2020 and up to the date of this report.

Going Concern and Longer-term Viability

The Company launched in 2013 with a fixed life of seven years expiring at the seventh AGM to be held at the latest by 31 May 2020. Ahead of the end of fixed life the Board made proposals in relation to the reconstruction of the Company, further information is provided in the Chairman's Statement on pages 5 to 9. The Company has committed to making five-yearly tender offers to shareholders, the first of which will be made in mid-2025.

Going Concern

At the request of the Board the Committee has considered the ability of the Company to adopt the going concern basis for the preparation of the Financial Statements. The Committee note the extraordinary circumstances that have tested the Company's viability over the financial year. The COVID-19 global pandemic devastated economic life, challenging the integrity of a broad range of financial services companies in which the Company invests. The severe adverse economic and financial consequences of the pandemic and their impact on financial services companies was far greater than any plausible stress scenario that would normally be applied to test the going concern proposition of the Company. The impact on sentiment towards the sector was reflected in the wide discount to NAV that overshadowed trading in the Company's shares for much of the year.

At the height of this highly unfavourable environment the Company launched a tender offer as part of a reconstruction in substitution for its original fixed life term. Despite the severe headwinds the proposals were supported by all voting shareholders, with 60.9% of the issued share capital of the Company choosing to remain invested.

In navigating these unparalleled challenges, the Committee has noted the successful operational performance of the Company, the support received from shareholders to extend the life of the Company, and its financial position, cash flows and liquidity. The Committee has further considered:

- Any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern;
- The Company's ability to liquidate its portfolio and meet its expenses as they fall due, together with its exposure to currency and credit risk; and
- The Company's net current liabilities position in connection with the bank loans being due for repayment in July 2021; and
- The factors impacting the forthcoming year as set out in the Strategic Report section, comprising the Chairman's Statement, the Investment Manager's Report and the Strategic Review.

The financial position of the Company and its cash flows and liquidity position are described in the Strategic Report and the Financial Statements. Note 26 to the Financial Statements includes the Company's policies and process for managing its capital;

Audit Committee Report continued

its financial risk management objectives; details of financial instruments and hedging activities. In the unlikely event that the loan facilities are not renewed in or before July 2021, the Board is satisfied that the Company could fund the repayment and ongoing cash flow requirements through the sale of a portion of the portfolio of listed securities. Exposure to credit risk and liquidity risk are also disclosed.

In considering the effects of COVID-19, the Committee has continually monitored the Company's financial performance during the period of market volatility and economic uncertainty since the outset of the pandemic.

Based on the information provided to the Committee and its assessment of the financial position of the Company, the Committee has recommended that the going concern basis should be adopted by the Board for the preparation of the Financial Statements for the year ended 30 November 2020. The Financial Statements have been prepared on the going concern basis, as explained in Note 2(a) to the Financial Statements.

Longer-Term Viability

The Board has also asked the Committee to address the requirement that a longer-term viability statement be provided to shareholders.

This statement should take account of the Company's current position and principal risks as set out on pages 32 to 34 so that the Board may state that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment.

The Board has selected five years from the year end 30 November 2020 as an appropriate period of assessment. The assessment period is selected as the period post the Company's reconstruction in 2020 through to and including the first of the tender offers to be made to shareholders in accordance with the Articles of Association, such tender offer will commence on or before 30 June 2025.

To provide this assessment the Committee has considered the Company's financial position as described above to liquidate its portfolio and meet its expenses as they fall due:

- The portfolio comprises investments traded on major international stock exchanges. There is a spread of investments by size of company. The current portfolio could be liquidated to the extent of 98.1% within seven trading days, and there is no expectation that the nature of the investments held within the portfolio will be materially different in future. The Company has one unquoted investment in Atom Bank, which at the year-end equated to 1.3% of total net assets;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and
- The Company has only four Non-executive Directors and no employees and consequently does not have redundancy or other employment related liabilities or responsibilities.

As well as considering the principal risks on pages 32 to 34 (together with their mitigating factors) and the financial position of the Company, the Committee has also considered the following assumptions when assessing the longer-term viability:

- Financials will continue to be an investable sector of the international stock markets and that investors will still wish to have an exposure to such investments;
- Closed end investment trusts will continue to be wanted by investors;
- Regulation will not increase to a level that makes the running of the Company uneconomical in comparison with other competitive products;
- There will be no material or significant changes in the principal risks and uncertainties; and
- The performance of the Company will continue to be satisfactory. Should the performance be weaker than the Board deems acceptable, it has appropriate powers to replace the Investment Manager.

In addition to the above, the Company carried out stress testing in connection with the Company's principal risks. Where a material value could be placed and evaluated, the effect of this on the Company's viability was assessed. The results of the testing demonstrated the impact on the NAV and confirmed the Company's ability to meet its liabilities as they fall due.

In light of these considerations, the Committee has recommended to the Board that a statement may be made on the Company's longer-term prospects to continue its operations and meet its expenses and liabilities as they fall due. Accordingly, the Committee recommends a positive statement in relation to the longer-term viability of the Company. In support of such recommendation the Committee considered the financial position, the cash flow forecast including expenses and the portfolio liquidity position covering the period of five years and beyond.

Effectiveness of the Audit Committee

The services provided to the Board by the Committee are reviewed within the Annual Board Evaluation, including consideration of actions undertaken by the Committee with the Investment Manager and Auditor to ensure an appropriate audit process is undertaken. I am pleased to confirm that the evaluation result was positive and no matters of concern or requirements for change were highlighted.

Joanne Elliott
Chair of the Audit Committee

22 February 2021

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the annual report and financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Strategic Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with applicable accounting standards give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Robert Kyprianou
Chairman

22 February 2021

Independent auditors' report to the members of Polar Capital Global Financials Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Polar Capital Global Financials Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 November 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

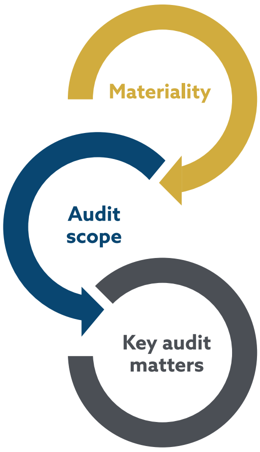
We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

Other than those disclosed in note 8 to the financial statements, we have provided no non-audit services to the Company in the period from 1 December 2019 to 30 November 2020.

Our audit approach

Overview



- Overall materiality: £1.6 million (2019: £3.0 million), based on 1% of net assets.
- The Company is an Investment Trust Company and engages Polar Capital LLP (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from HSBC Securities Services (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.
- Valuation and existence of investments.
- Income from investments.
- Consideration of the impact of COVID-19.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 58 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the manager and the audit committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant meeting minutes, including those of the Audit Committee;
- evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular year end journal entries posted by the administrator during the preparation of the financial statements and including a sample of journals posted to income accounts; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

Independent auditors' report continued

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to the Audit Committee Report (page 58), the Accounting Policies (page 79) and the Notes to the Financial Statements (pages 87 to 89).* The investment portfolio at the year-end comprised listed investments valued at £185.9 million and an unlisted investment valued at £2.1 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Balance Sheet in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the valuation of the unlisted investment in Atom Bank by comparing the valuation to recent market transactions while considering the effects of market movements throughout the year and since the recent transaction. No material misstatements were identified by our testing. We tested the existence of the investment portfolio by agreeing investment holdings to an independent confirmation obtained from the custodian, HSBC Bank plc. No differences were identified.

Key audit matter	How our audit addressed the key audit matter
Income from investments *Refer to the Accounting Policies (page 77) and the Notes to the Financial Statements (page 83).* We focused on the accuracy, occurrence and completeness both of net capital gains on investments and of dividend income recognition. We assessed the presentation of income in the Statement of Comprehensive Income in accordance with the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP"). ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to relate to the risk of overstating investment gains and the misclassification of dividend income as either capital or revenue due to the pressure management may feel to achieve a certain level of capital or income growth in line with the objective of the Company and in order to maintain the level of dividends paid to shareholders in line with the dividend policy.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No material misstatements were identified. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. Our testing did not identify any material misstatements. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all dividends during the year. Our testing did not identify any unrecorded dividends. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any material misstatements. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposals by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. No misstatements were identified by our testing.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Consideration of the impact of COVID-19 *Refer to the Chairman's Statement (pages 5 and 6), Principal Risks and Uncertainties (pages 31 to 34), Audit Committee Report (pages 58 and 60), Going Concern Statement (pages 61 and 62), and the Viability Statement (page 62), which disclose the impact of the COVID-19 coronavirus pandemic.* The COVID-19 outbreak has been declared a pandemic by the World Health Organisation. Since the first quarter of 2020, it has caused significant economic uncertainty globally and disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels throughout the COVID-19 pandemic.	We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by: • evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19; • evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements; and • testing the impact of COVID-19 on the valuation of unquoted investments. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report by obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of the key third party service providers. We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Going Concern' section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1.6 million (2019: £3.0 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £80,000 (2019: £150,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Report of the Directors and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Independent auditors' report continued

Strategic Report and Report of the Directors
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 November 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors. *(CA06)*

Corporate Governance Statement
In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (pages 49 and 50) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in this information. *(CA06)*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (pages 43 to 50) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. *(CA06)*

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. *(CA06)*

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company
We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 31 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 62 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions
We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 63, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 57 to 62 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 17 May 2013 to audit the financial statements for the year ended 30 November 2013 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 30 November 2013 to 30 November 2020.

Catrin Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

22 February 2021

Financial Statements

Statement of Comprehensive Income

For the year ended 30 November 2020

	Note	Year ended 30 November 2020 Revenue return £'000	Year ended 30 November 2020 Capital return £'000	Year ended 30 November 2020 Total return £'000	Year ended 30 November 2019 Revenue return £'000	Year ended 30 November 2019 Capital return £'000	Year ended 30 November 2019 Total return £'000
Investment income	3	6,297	–	6,297	12,021	–	12,021
Other operating income	4	7	–	7	36	–	36
(Losses)/gains on investments held at fair value	5	–	(47,908)	(47,908)	–	20,925	20,925
Other currency losses	6	–	(506)	(506)	–	(76)	(76)
Total income		**6,304**	**(48,414)**	**(42,110)**	12,057	20,849	32,906
Expenses							
Investment management fee	7	(299)	(1,195)	(1,494)	(461)	(1,846)	(2,307)
Performance fee	7	–	(1,269)	(1,269)	–	–	–
Other administrative expenses	8	(629)	(11)	(640)	(646)	(15)	(661)
Total expenses		**(928)**	**(2,475)**	**(3,403)**	(1,107)	(1,861)	(2,968)
(Loss)/profit before finance costs and tax		5,376	(50,889)	(45,513)	10,950	18,988	29,938
Finance costs	9	(61)	(241)	(302)	(60)	(242)	(302)
(Loss)/profit before tax		**5,315**	**(51,130)**	**(45,815)**	10,890	18,746	29,636
Tax	10	(661)	147	(514)	(967)	237	(730)
Net (loss)/profit for the year and total comprehensive (expense)/income		**4,654**	**(50,983)**	**(46,329)**	9,923	18,983	28,906
(Losses)/earnings per ordinary share (pence)	11	**3.01**	**(33.01)**	**(30.00)**	4.89	9.36	14.25

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

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 on pages 77 to 100 form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 November 2020

		Year ended 30 November 2020						
	Note	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 2019		**10,139**	**251**	**55,854**	**139,235**	**86,452**	**9,239**	**301,170**
Total comprehensive (expense)/income:								
(Loss)/profit for the year ended 30 November 2020		–	–	–	–	(50,983)	4,654	(46,329)
Transactions with owners, recorded directly to equity:								
Issue of shares out of treasury	20, 21	–	–	36	106	–	–	142
Shares bought back into treasury pursuant to tender offer (including costs)	21	–	–	–	(81,568)	–	–	(81,568)
Shares bought back and held in treasury	21	–	–	–	(662)	–	–	(662)
Equity dividends paid	12	–	–	–	–	–	(7,010)	(7,010)
Total equity at 30 November 2020		**10,139**	**251**	**55,890**	**57,111**	**35,469**	**6,883**	**165,743**

		Year ended 30 November 2019						
	Note	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 income:								
Profit for the year ended 30 November 2019		–	–	–	–	18,983	9,923	28,906
Transactions with owners, recorded directly to equity:								
Equity dividends paid		–	–	–	–	–	(8,720)	(8,720)
Total equity at 30 November 2019		**10,139**	**251**	**55,854**	**139,235**	**86,452**	**9,239**	**301,170**

The notes on pages 77 to 100 form part of these financial statements.

Balance Sheet

As at 30 November 2020

	Note	30 November 2020 £'000	30 November 2019 £'000
Non current assets			
Investments held at fair value through profit or loss	13	188,011	313,605
Current assets			
Receivables	14	416	807
Overseas tax recoverable		273	316
Cash and cash equivalents	15	140	4,175
		829	**5,298**
Total assets		**188,840**	**318,903**
Current liabilities			
Payables	16	(2,814)	(2,858)
Bank overdraft	15	(383)	(4,875)
Bank loan	17	(19,900)	(10,000)
		(23,097)	**(17,733)**
Net assets		**165,743**	**301,170**
Equity attributable to equity shareholders			
Called up share capital	18	10,139	10,139
Capital redemption reserve	19	251	251
Share premium reserve	20	55,890	55,854
Special distributable reserve	21	57,111	139,235
Capital reserves	22	35,469	86,452
Revenue reserve	23	6,883	9,239
Total equity		**165,743**	**301,170**
Net asset value per ordinary share (pence)	24	134.70	148.52

The financial statements on pages 73 to 100, including the associated notes, were approved and authorised for issue by the Board of Directors on 22 February 2021 and signed on its behalf by:

Robert Kyprianou
Chairman

The notes on pages 77 to 100 form part of these financial statements.

Registered number: 8534332

Cash Flow Statement

For the year ended 30 November 2020

	Note	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Cash flows from operating activities			
(Loss)/profit before tax		(45,815)	29,636
Adjustment for non-cash items:			
Losses/(gains) on investments held at fair value through profit or loss		47,908	(20,925)
Scrip dividends received		(92)	(125)
Amortisation on fixed interest securities		(122)	(110)
Adjusted profit before tax		1,879	8,476
Adjustments for:			
Purchases of investments, including transaction costs		(111,398)	(76,222)
Sales of investments, including transaction costs		187,901	73,210
Decrease in receivables		533	65
Increase/(decrease) in payables		1,353	(10)
Overseas taxation deducted at source		(471)	(862)
Net cash generated from operating activities		**79,797**	**4,657**
Cash flows from financing activities			
Shares repurchased from tender offer into treasury (including costs)	21	(81,568)	–
Shares repurchased into treasury	21	(662)	–
Loan repaid*	17	(7,500)	(5,000)
Loan drawn*	17	17,400	–
Equity dividends paid	12	(7,010)	(8,720)
Net cash used in financing activities		**(79,340)**	**(13,720)**
Net increase/(decrease) in cash and cash equivalents		**457**	**(9,063)**
Cash and cash equivalents at the beginning of the year		**(700)**	**8,363**
Cash and cash equivalents at the end of the year	**15**	**(243)**	**(700)**

* 2019 re-presented to exclude non-cash items, see details in note 17 on pages 89 and 90.

The notes on pages 77 to 100 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 November 2020

1. General Information

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements, including the applicable legal requirements, of the Companies Act 2006 which, post the Brexit transition period which ended on 31 December 2020, encompasses IFRS. See page 39 for further details.

The Board has determined that sterling is the Company's functional currency and the presentational currency of the financial statements because it is the currency which is most relevant to the majority of the Company's shareholders and creditors and is the currency in which the majority of the Company's operating expenses are paid. All figures are rounded to the nearest thousand pounds (£'000) except as otherwise stated.

2. Accounting Policies

The principal accounting policies, which have been applied consistently for all years presented, are set out below:

(a) Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in October 2019, is consistent with the requirements of IFRS, in so far as those requirements are applicable to the financial statements, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial position of the Company as at 30 November 2020 is shown in the balance sheet on page 75. As at 30 November 2020 the Company's total assets exceeded its total liabilities by a multiple of over 8. The assets of the Company consist mainly of securities that are held in accordance with the Company's Investment Policy, as set out on page 28 and these securities are readily realisable. The Directors have considered a detailed assessment of the Company's ability to meet its liabilities as they fall due including assessing the implications of the Company's net current liabilities position as at 30 November 2020.

The assessment took account of the Company's current financial position, its cash flows and its liquidity position. In the unlikely event that the loan facilities are not renewed in or before July 2021, the Board is satisfied that the Company could fund the repayment and ongoing cash flow requirements through the sale of a portion of the portfolio of listed securities. In addition to the assessment, the Company carried out stress testing, including for the impact of COVID-19, which used a variety of falling parameters to demonstrate the effects on the Company's share price and net asset value. In light of the results of these tests, the Company's cash balances, and the liquidity position, the Directors consider that the Company has adequate financial resources to enable it to continue in operational existence. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Company's financial statements.

(b) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. The result presented in the revenue return column is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

(c) Income

Dividends receivable from equity shares are taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items. The facts and circumstances are considered on a case-by-case basis before a conclusion on appropriate allocation is reached.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Statement of Comprehensive Income. Any excess in value of shares received over the amount of cash dividend foregone is recognised in the capital return column of the Statement of Comprehensive Income.

The fixed returns on debt securities and non-equity shares are recognised under the effective interest rate method.

Notes to the Financial Statements continued

For the year ended 30 November 2020

2. Accounting Policies continued

(c) Income (continued)

Bank interest is accounted for on an accrual basis. Interest outstanding at the year end is calculated on a time apportionment basis using market rates of interest.

(d) Written Options

The Company may write exchange-traded options with a view to generating income. This involves writing short-dated covered call options and put options. The use of financial derivatives is governed by the Company's policies, as approved by the Board.

These options are recorded initially at fair value, based on the premium income received, and are then measured at subsequent reporting dates at fair value. Changes in the fair value of the options are recognised in the capital return for the year.

The option premiums are recognised evenly over the life of the option and shown in the revenue return, with an appropriate amount shown in the capital return to ensure the total return reflects the overall change in the fair value of the options.

Where an option is exercised, any balance of the premium is recognised immediately in the revenue return with a corresponding adjustment in the capital return based on the amount of the loss arising on exercise of the option.

(e) Expenses and Finance Costs

All expenses, including the management fee, are accounted for on an accrual basis.

Expenses are allocated wholly to the revenue column of the Statement of Comprehensive Income except as follows:

Expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fees have been charged to the Statement of Comprehensive Income in line with the Board's expected long-term split of returns, in the form of capital gains and income from the Company's portfolio. As a result, 20% of the investment management fees are charged to the revenue account and 80% charged to the capital account of the Statement of Comprehensive Income.

Finance costs are calculated using the effective interest rate method and are accounted for on an accruals basis and, in line with the management fee expense, are charged 20% to the revenue account and 80% to the capital account of the Statement of Comprehensive Income.

Any performance fee accrued is charged entirely to capital as the fee is based on the outperformance of the Benchmark and is expected to be attributable largely, if not wholly, to capital performance. A provision will be recognised when outperformance has been achieved in accordance with the calculations detailed on page 35.

The research costs relate solely to specialist financial research and are accounted for on an accrual basis. They are allocated 20% to revenue and 80% to capital in line with the expected long-term split of revenue and capital return from the Company's investment portfolio.

(f) Taxation

The tax expense represents the sum of the overseas withholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profits for the year ended 30 November 2020. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or when the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Investments Held at Fair Value Through Profit or Loss

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date and are initially measured at fair value.

On initial recognition the Company has designated all of its investments as held at fair value through profit or loss as defined by IFRS. All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Written options are valued at fair value using quoted bid prices.

All investments, classified as fair value through profit or loss, are further categorised into the fair value hierarchy detailed on page 87.

Changes in fair value of all investments and derivatives held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Statement of Comprehensive Income.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using various valuation techniques, in accordance with the International Private Equity and Venture Capital (“IPEVC”) Valuation Guidelines – Edition December 2018. These may include using reference to recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to recent rounds of re-financing undertaken by investee companies involving knowledgeable parties, reference to the current fair value of another instrument that is substantially the same or an earnings multiple.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value (amortised cost) as reduced by appropriate allowances for estimated irrecoverable amounts.

(i) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash.

(j) Dividends Payable

Dividends payable to shareholders are recognised in the financial statements when they are paid, or in the case of final dividends, when they are approved by the shareholders.

Notes to the Financial Statements continued

For the year ended 30 November 2020

2. Accounting Policies continued

(k) Payables

Payables are not interest-bearing and are initially valued at fair value and subsequently stated at their nominal value (amortised cost).

(l) Bank Loans

Interest-bearing bank loans are initially recognised at cost, being the proceeds received net of direct issue costs, and subsequently at amortised cost. The amounts falling due for repayment within one year are included under current liabilities in the balance sheet.

(m) Foreign Currency Translation

Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, monetary liabilities and equity investments in foreign currencies at the balance sheet date are translated into Sterling at the rates of exchange ruling on that date.

Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Statement of Comprehensive Income.

Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(n) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity, as a deduction, net of tax, from the proceeds.

(o) Capital Reserves

Capital reserve arising on investments sold includes:

– gains/losses on disposal of investments;

– exchange differences on currency balances; and

– other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve arising on investments held includes:

– increases and decreases in the valuation of investments held at the balance sheet date.

All of the above are accounted for in the Statement of Comprehensive Income.

(p) Repurchase of Ordinary Shares (including those held in treasury)

Where applicable, the costs of repurchasing ordinary shares including related stamp duty and transaction costs are taken directly to equity and reported through the Statement of Changes in Equity as a charge on the special distributable reserve. Share repurchase transactions are accounted for on a trade date basis.

The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

Where shares are repurchased and held in treasury, the transfer to capital redemption reserve is made if and when such shares are subsequently cancelled.

(q) Share Issue Costs

Where applicable, costs incurred directly in relation to the issue of new shares together with additional share listing costs have been deducted from the share premium reserve.

(r) New and Revised Accounting Standards

There were no new IFRSs or amendments to IFRSs applicable to the current year which had any significant impact on the Company’s financial statements.

The following standards became effective on 1 January 2019 and the adoption of the standards and interpretations have not had a material impact on the financial statements of the Company.

IFRS 16 Leases
As the Company neither holds, trades or has any lease obligations of any type, the provisions of this standard are not expected to have a material impact on the financial statements.

IFRS 9 (Amended) Prepayment Features with Negative Compensation
Negative compensation arises where the contractual terms permit a borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. The Company has no such terms in any of its loan agreements in place and the amendment are not expected to have any impact on the financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments
The interpretation provides guidance on considering uncertain tax treatments in relation to taxable profit or loss and does not add any new disclosures. The Company complies with all relevant tax laws where applicable and the provisions of this interpretation are not expected to have a material impact on the financial statements.

IAS 19 (amended) Employee Benefits
As the Company has no employees, the amendment to this standard are not expected to have any impact on the financial statements.

IAS 28 (amended) Investments in Associates and Joint Ventures
As the Company has no investment in associates or joint ventures, the amendment to this standard are not expected to have any impact on the financial statements.

Annual Improvement Cycles 2015–2017 (Amendments)
This makes narrow-scope amendments to four IFRS Standards: IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Incomes Taxes and IAS 23 Borrowing costs. These limited amendments are not expected to have any impact on the financial statements.

At the date of authorisation of the Company's financial statements, the following new IFRSs that potentially impact the Company are in issue but are not yet effective and have not been applied in the financial statements:

Effective for periods commencing on or after 1 January 2020:

IFRS 3 Business Combinations (amended)
The IASB has made narrow-scope amendments to improve the definition of a business in order to help companies determine whether an acquisition made is of a business or a group of assets. These amendments are not expected to have any impact on the financial statements.

IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform (amended)
The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. These amendments are not expected to have any impact on the financial statements.

IAS 1 and IAS 8 Definition of Material (amended)
The definition of material has been amended to state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." This new definition is not expected to change how materiality judgements are currently made by the Company nor have any impact to the material information inclusive in the Annual Report.

References to the Conceptual Framework in IFRS Standards (amended)
The Amendments to References to the Conceptual Framework in IFRS Standards was issued to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual framework when no IFRS Standard applies to a particular transaction. This amendment is not expected to have any impact to the financial statements.

Notes to the Financial Statements continued

For the year ended 30 November 2020

2. Accounting Policies continued

Effective for periods commencing on or after 1 January 2021:

IFRS 4 Insurance Contracts – temporary exemption from IFRS 9 (amended)
The temporary exemption permits companies whose activities are predominantly connected with insurance to defer the application of IFRS 9.

IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest Rate Benchmark Reform – phase 2 (amended)
Interest Rate Benchmark Reform – Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

Effective for periods commencing on or after 1 January 2023:

IFRS 17 Insurance Contracts
The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. This information gives a basis for users of financial statements to assess the effect that contracts have on the financial position, financial performance and cash flows of a company.

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the financial statements of the Company in future periods.

(s) Segmental Reporting

Under IFRS 8 Operating Segments, operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Investment Manager (with oversight from the Board).

The Directors are of the opinion that the Company has only one operating segment and as such no distinct segmental reporting is required.

(t) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The key judgements and sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities and expenses in future periods are as follows:

Valuation of Level 3 Investments

Investments valued using valuation techniques include unlisted financial investments, which by their nature, do not have an externally quoted price based on regular trades.

The valuation techniques used may include the techniques described in note 2(g). When determining the inputs into the valuation techniques used, priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants at the balance sheet date.

3. Investment Income

	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
UK dividends	717	1,763
Overseas dividends	4,775	9,028
Scrip dividends	92	125
Interest on debt securities	713	1,105
Total investment income	**6,297**	**12,021**

4. Other Operating Income

	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Bank interest	7	35
Interest on tax receivable	–	1
Total other operating income	**7**	**36**

5. (Losses)/Gains on Investments Held at Fair Value

	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Net (losses)/gains on disposal of investments at historic cost	(9,309)	767
Less fair value adjustments in earlier years	(43,289)	(3,870)
Losses based on carrying value at previous balance sheet date	**(52,598)**	**(3,103)**
Valuation gains on investments held during the year	4,690	24,028
	(47,908)	**20,925**

6. Other Currency Losses

	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Exchange losses on currency balances	(588)	(76)
Exchange gains on the loan facility	82	–
	(506)	**(76)**

7. Investment Management and Performance Fee

	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Management fee		
– charged to revenue	299	461
– charged to capital	1,195	1,846
Investment management fee payable to Polar Capital LLP	**1,494**	**2,307**
Performance fee payable to Polar Capital (charged wholly to capital)	1,269	–

Notes to the Financial Statements continued

For the year ended 30 November 2020

7. Investment Management and Performance Fee continued

As part of the reconstruction process, the management fee was reduced to 0.70% of NAV (previously 0.85% of the lower of market capitalisation and NAV) with effect from 7 April 2020. The performance fee was renewed and rebased following the tender offer and is calculated as 10% of the excess return over the performance fee hurdle; the first performance period opened on 23 April 2020 and will close on the tender offer to be made to shareholders on or before 30 June 2025. Details of the investment management and performance fees are set out in the Strategic Report on page 35. Management fees are allocated 20% to revenue and 80% to capital.

8. Other Administrative Expenses (including VAT where appropriate)

	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Directors' fees[1]	122	106
Directors' NIC	9	6
Auditors' remuneration – for audit of the financial statements[2]	36	33
Depositary fee[3]	22	25
Registrar fee	26	26
Custody and other bank charges[3]	40	42
UKLA and LSE listing fees	27	27
Legal and professional fees	3	22
AIC fees	20	21
Directors' and officers' liability insurance	9	8
Corporate broker's fee	47	54
Marketing expenses[4]	80	87
Research costs – allocated to revenue[5]	3	4
Shareholder communications	23	26
HSBC administration fee	140	133
Other expenses[6]	22	26
Total other administrative expenses allocated to revenue	**629**	**646**
Research costs – allocated to capital[5]	11	15
Total other administrative expenses	**640**	**661**

1 Full disclosure is given in the Directors' Remuneration Report on page 54.
2 In April 2020, the Company engaged PwC to perform agreed upon procedures on the tender price for the reconstruction, such service was deemed to be a non-audit service for which a fee of £10,000 was paid. The amount has been charged to special distributable reserve as defined under IAS 32.
3 Fees determined on the pre-approved rate card with HSBC.
4 Includes bespoke marketing expenses payable to Polar Capital LLP of £27,000 (2019: £60,000) and £28,000 relating to the reconstruction of the Company.
5 Research costs (which applied from 3 January 2018) payable by the Company relate solely to specialist financial research. The estimated spend for the year under review was US $20,000 (£14,000) (2019: US $24,476 (£19,000)), the cost of general non-specialist research and any amounts exceeding the agreed cap are absorbed by Polar Capital. Any adjustments to the prior year's budget versus actual spend is included in the current period. These costs are allocated 20% to revenue and 80% to capital and are included in the ongoing charges calculation.
6 2020 includes costs in relation to dividend collection.

Ongoing charges represents the total expenses of the Company, excluding finance costs and tax, expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012.

The ongoing charges ratio for the year ended 30 November 2020 was 1.09% (2019: 1.04%). The ongoing charges ratio including the performance fee accrued was 1.74% (2019: 1.04%). See Alternative Performance Measures on pages 101 to 104.

9. Finance Costs

	Year ended 30 November 2020			Year ended 30 November 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on loans and overdrafts	54	215	269	49	197	246
Loan arrangement fees	7	26	33	11	45	56
	61	**241**	**302**	**60**	**242**	**302**

Finance costs are allocated 20% to revenue and 80% to capital.

10. Taxation

a) Analysis of tax charge/(credit) for the year:

	Year ended 30 November 2020			Year ended 30 November 2019		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Overseas tax	520	–	520	841	–	841
Tax relief in capital	147	(147)	–	237	(237)	–
Withholding tax recovered	(6)	–	(6)	(111)	–	(111)
Total tax charge/(credit) for the year (see note 10b)	**661**	**(147)**	**514**	**967**	**(237)**	**730**

b) Factors affecting tax charge/(credit) for the year:

The charge/(credit) for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows:

	Year ended 30 November 2020			Year ended 30 November 2019		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
(Loss)/profit before tax	**5,315**	**(51,130)**	**(45,815)**	**10,890**	**18,746**	**29,636**
Tax at the UK corporation tax rate of 19% (2019: 19%)	1,010	(9,715)	(8,705)	2,069	3,562	5,631
Tax effect of non–taxable dividends	(839)	–	(839)	(1,727)	–	(1,727)
Losses/(gains) on investments that are not taxable	–	9,199	9,199	–	(3,961)	(3,961)
Overseas tax suffered	520	–	520	841	–	841
Unrelieved current period expenses and deficits	–	349	349	–	77	77
Withholding tax recovered	(6)	–	(6)	(111)	–	(111)
Tax relief on overseas tax suffered	(24)	20	(4)	(105)	85	(20)
Total tax charge/(credit) for the year (see note 10a)	**661**	**(147)**	**514**	**967**	**(237)**	**730**

c) Factors that may affect future tax charges:

The Company has an unrecognised deferred tax asset of £605,000 (2019: £222,000) based on a prospective corporation tax rate of 19% (2019: 17%). At the 2020 budget, the government announced that the main rate of corporation tax would remain at 19% for fiscal years beginning on 1 April 2020 and 2021.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

Notes to the Financial Statements continued

For the year ended 30 November 2020

11. (Losses)/Earnings Per Ordinary Share

	Year ended 30 November 2020			Year ended 30 November 2019		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
The calculation of basic (losses)/earnings per share is based on the following data:						
Net (loss)/profit for the year (£'000)	4,654	(50,983)	(46,329)	9,923	18,983	28,906
Weighted average number of ordinary shares in issue during the year	154,433,083	154,433,083	154,433,083	202,775,000	202,775,000	202,775,000
From continuing operations						
Basic – ordinary shares (pence)	3.01	(33.01)	(30.00)	4.89	9.36	14.25

As at 30 November 2020 there were no potentially dilutive shares in issue (2019: nil).

12. Amounts Recognised as Distributions to Ordinary Shareholders in the Year

Dividends paid in the year ended 30 November 2020

Payment date	No. of shares	Amounts per share	Year ended 30 November 2020 £'000
28 February 2020	202,775,000	2.00p	4,055
28 August 2020	123,145,765	2.40p	2,955
			7,010

The revenue available for distribution by way of dividend for the year is £4,654,000 (2019: £9,923,000).

The total dividends payable in respect of the financial year ended 30 November 2020, which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, are set out below:

Payment date	No. of shares	Amounts per share	Year ended 30 November 2020 £'000
28 August 2020	123,145,765	2.40p	2,955
26 February 2021	134,675,000	2.00p	2,694
			5,649

The total dividends payable in respect of the financial year ended 30 November 2019, which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, are set out below:

Payment date	No. of shares	Amounts per share	Year ended 30 November 2019 £'000
30 August 2019	202,775,000	2.40p	4,867
28 February 2020	202,775,000	2.00p	4,055
			8,922

All dividends are paid as interim dividends, and all have been charged to revenue, where necessary utilising the revenue reserves.

13. Investments Held at Fair Value Through Profit or Loss

a) Investments held at fair value through profit or loss

	30 November 2020 £'000	30 November 2019 £'000
Opening book cost	239,434	232,411
Opening investment holding gains	74,171	54,013
Opening fair value	**313,605**	**286,424**
Analysis of transactions made during the year		
Purchases at cost	110,093	78,759
Sales proceeds received	(187,901)	(72,613)
(Losses)/gains on investments held at fair value	(47,908)	20,925
Amortisation on fixed interest securities	122	110
Closing fair value	**188,011**	**313,605**
Closing book cost	152,439	239,434
Closing investment holding gains	35,572	74,171
Closing fair value	**188,011**	**313,605**

The Company received £187,901,000 (2019: £72,613,000) from disposal of investments in the year. The book cost of these investments when they were purchased was £197,210,000 (2019: £71,846,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The following transactions costs, including stamp duty and broker commissions were incurred during the year:

	30 November 2020 £'000	30 November 2019 £'000
On acquisitions	151	102
On disposals	147	47
	298	**149**

b) Fair value hierarchy

The Company's financial instruments within the scope of IFRS 7 that are held at fair value comprise its investment portfolio and derivative financial instruments.

They are categorised into a hierarchy consisting of the following three levels:
Level 1 – valued using quoted prices in active markets for identical assets or liabilities.
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to 'the fair value measurement of the relevant asset'.

Details of the valuation techniques used by the Company are given in note 2(g) on page 79.

Notes to the Financial Statements continued

For the year ended 30 November 2020

13. Investments Held at Fair Value Through Profit or Loss continued

b) Fair value hierarchy continued

The following tables set out the fair value measurements using the IFRS 7 hierarchy at 30 November 2020 and 2019:

	As at 30 November 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity Investments	174,955	–	2,120	177,075
Interest bearing securities	10,936	–	–	10,936
Total	**185,891**	**–**	**2,120**	**188,011**

The Level 3 investment relates to the shares in Atom Bank.

	As at 30 November 2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity Investments	288,954	–	3,191	292,145
Interest bearing securities	21,460	–	–	21,460
Total	**310,414**	**–**	**3,191**	**313,605**

The Level 3 investment relates to the shares in Atom Bank.

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 investments at fair value through profit or loss

	30 November 2020 £'000	30 November 2019 £'000
Opening balance	3,191	3,191
Total loss included in the Statement of Comprehensive Income – on assets held at the year end	(1,071)	–
Closing balance	**2,120**	**3,191**

Level 3 Investments are recognised at fair value through profit or loss on a recurring basis.

Level 3 investments are valued in accordance with the accounting policy in Note 2g on page 79. The valuation of the investment in Atom Bank was arrived at taking into account the operating performance of the bank and the market movements in share prices of UK bank peers. As a result, the valuation was discounted by 34%.

A +/– 10% change in the market value of UK bank peers used to value the investment in Atom Bank as at the year end would result in a +/– £212,000 (2019: £319,000) impact on the gains or losses on investments held at fair value in the Statement of Comprehensive Income.

c) Unquoted investments

The value of the unquoted investments as at 30 November 2020 was £2,120,000 (2019: £3,191,000) and the portfolio comprised the following holdings:

	30 November 2020 £'000	30 November 2019 £'000
Atom Bank	2,120	3,191
	2,120	**3,191**

At 30 November 2020, the Company owned 0.64% (2019: 0.64%) of Atom Bank's issued share capital. Atom Bank was granted a full banking licence on 4 April 2016 and started to accept savings and loan business from this date.

At 31 March 2020 (Atom Bank's financial year end), Atom Bank announced that it had made pre-tax losses of £63,945,000 (2019: £79,857,000) and had net assets attributable to shareholders of £200,503,000 (2019: £212,704,000).

The valuation of Atom Bank was reviewed by the Investment Manager and the Board during both the half year and full year financial results process. On a longer-term basis the Investment Manager believes the business can generate attractive returns by leveraging an efficient cost base, capital efficiency (IRB approval) and diversifying the loan book into higher margin products. The Investment Manager has also been encouraged by the progress made recently with an improved UK mortgage pricing environment leading to a wider net interest margin, growth of its SME business (benefiting from its approval as a CBILS lender) and the transition of its core banking system onto Google's Cloud Platform.

14. Receivables

	30 November 2020 £'000	30 November 2019 £'000
Net proceeds due from issue of treasury shares	142	–
VAT recoverable	7	10
Dividends and interest receivable	245	770
Prepayments	22	27
	416	**807**

15. Cash and Cash Equivalents

	30 November 2020 £'000	30 November 2019 £'000
Cash at bank	140	1,780
Cash held at derivative clearing houses	–	2,395
Cash and Cash Equivalents	**140**	**4,175**
Bank overdraft	(383)	(4,875)
	(243)	**(700)**

16. Payables

	30 November 2020 £'000	30 November 2019 £'000
Securities purchased awaiting settlement	1,015	2,412
Accruals	1,799	446
	2,814	**2,858**

17. Bank loans

i) Bank loans

	30 November 2020 £'000	30 November 2019 £'000
The Company has the following unsecured Sterling loans:		
£10m at 1.51% repayable 12 July 2020	–	10,000
£10m at 1.008% repayable 12 July 2021	10,000	–
The Company has made the following drawdown from the £12.5m revolving credit facility:		
£5m at 1.17288% repayable 12 July 2021	5,000	–
US$3.3m at 1.34709% repayable 12 July 2021	2,443	–
US$3.3m at 1.32184% repayable 12 July 2021	2,457	–
	19,900	**10,000**

Notes to the Financial Statements continued

For the year ended 30 November 2020

17. Bank loans continued

i) Bank loans continued

The borrowings available to the Company under contracts with ING Luxembourg SA during the financial year under review were as follows:

One-year term loan of £10m expiring on 11 July 2020; and one-year revolving credit facility of £20m expiring on 11 July 2020 (the 2019 contracts).

On 11 July 2020, the Company had fully drawn down the term loan of £10m and replaced such with a new contract for the same amount and a new contract replacing the revolving credit facility at a reduced level of £12.5m (the 2020 contracts).

See pages 1 and 28 for more information.

The 2020 contracts are due to expire on 12 July 2021.

At the year end, the Company had drawn down £5m and US$6.6m (£4.9m) from the 2020 revolving credit facility and £10m from the 2020 term loan; with £2.5m remaining available under the revolving credit facility at the year end. Subsequent to the year end on 21 January 2021, the Company increased the size of the 2020 revolving credit facility with ING Luxembourg SA by £10m, taking the aggregate funds available under the 2020 revolving credit facility to £22.5m. Since the year end, the Company has drawn down a further US$6.7m (£5m) from the 2020 revolving credit facility.

The term loan of £10 million held at the year end is due for settlement within 12 months and is stated at its fair value, which equates to amortised cost.

Both of the term loan and credit facility are unsecured but subject to certain covenants and restrictions, all of which have been complied with during the year. The main covenants to the current loan and credit facility are:

(i) Total borrowings shall not exceed 35% of the adjusted net asset value.

(ii) The Company's minimum net asset value shall be £97.5m.

(iii) The Company shall not change the investment manager without the prior consent of the shareholders.

(iv) The Company shall ensure that the collateral posted with CFD and derivative transaction counterparties shall not exceed an aggregate of 8% of the net asset value.

ii) Reconciliation of bank loans

	30 November 2020 £'000	30 November 2019 £'000
Bank loans held as at 1 December 2019	10,000	15,000
Loan repaid under July 2019 facility	(7,500)	(5,000)
Term loan of £10m and RCF of £5m under July 2019 facility expired in July 2020	(15,000)	(10,000)
RCF drawn under July 2019 and July 2020 facilities	17,400	–
Term loan of £10m and RCF of £5m under July 2020 facility due to expire in July 2021	15,000	10,000
Bank loans held as at 30 November 2020	**19,900**	**10,000**

Amended presentation of loan repaid, and loan drawn for the year ended 30 November 2019

The presentation of loan repaid in the year ended 30 November 2019 has been amended to (£5,000,000) (presented as (£15,000,000) in the 2019 Annual Report). The presentation of loan drawn has been amended to nil (previously presented as £10,000,000). This change arises from the exclusion of non-cash movements relating to the replacement of the loan facility.

The term loan of £15,000,000 was arranged with ING Bank N.V. (London branch) in July 2018 and expired on 11 July 2019. On that date, £5,000,000 was repaid, and a replacement one-year term loan facility of £10,000,000 was arranged with another lender in the ING group, ING Luxembourg SA. No additional cash was paid or received in relation to this replacement loan. The Cash Flow Statement has been re-presented to reflect only the cash paid and received in relation to the loans. This presentation has no effect on the Statement of Comprehensive Income or the Company's Net Asset Value.

18. Called Up Share Capital

	30 November 2020 £'000	30 November 2019 £'000
Allotted, Called up and Fully paid:		
Ordinary shares of 5p each:		
Opening balance of 202,775,000 (30 November 2019: 202,775,000)	10,139	10,139
Issue of 104,335 (2019: nil) ordinary shares out of treasury	5	–
Repurchase of 79,159,235 (2019: nil) ordinary shares into treasury pursuant to tender offer	(3,958)	–
Repurchase of 670,000 (2019: nil) ordinary shares into treasury	(33)	–
Allotted, Called up and Fully paid: 123,050,100 (30 November 2019: 202,775,000) ordinary shares of 5p	**6,153**	**10,139**
79,724,900 (2019: nil) ordinary shares held in treasury	3,986	–
At 30 November 2020	**10,139**	**10,139**

This reserve is not distributable.

A total of 79,829,235 ordinary shares were repurchased into treasury for a total consideration of £81,423,000 (2019: £nil) plus expenses of £807,000, of which £10,000 relates to non-audit services, as defined under IAS 32. On 30 November 2020, 104,335 ordinary shares were issued out of treasury at a cost of £142,000 (2019: £nil).

Subsequent to the year end 14,074,900 ordinary shares were issued out of treasury at an average price of 147.0p per share.

The ordinary shares held in treasury have no voting rights and are not entitled to dividends.

19. Capital Redemption Reserve

	30 November 2020 £'000	30 November 2019 £'000
At 1 December 2019	251	251
At 30 November 2020	**251**	**251**

The capital redemption reserve represents the nominal value of shares repurchased and cancelled.

This reserve is not distributable.

20. Share Premium Reserve

	30 November 2020 £'000	30 November 2019 £'000
At 1 December 2019	55,854	55,854
Issue of 104,335 (2019: nil) ordinary shares out of treasury	36	–
At 30 November 2020	**55,890**	**55,854**

The share premium arises from excess of consideration received on the issue of the shares over the nominal value.

This reserve is not distributable.

Notes to the Financial Statements continued

For the year ended 30 November 2020

21. Special Distributable Reserve

	30 November 2020 £'000	30 November 2019 £'000
At 1 December 2019	139,235	139,235
Issue of 104,335 (2019: nil) ordinary shares out of treasury	106	–
Repurchase of 79,159,235 (2019: nil) ordinary shares into treasury pursuant to tender offer (including costs)	(81,568)	–
Repurchase of 670,000 (2019: nil) ordinary shares into treasury	(662)	–
At 30 November 2020	**57,111**	**139,235**

The special distributable reserve was created following the approval from the Court, received on 4 September 2013, to cancel the share premium account from initial share offering.

Surpluses to the credit of the special distributable reserve can be used to purchase the Company's own shares. In addition, the Company may use this reserve for the payment of dividends.

22. Capital Reserves

	30 November 2020 £'000	30 November 2019 £'000
At 1 December 2019	86,452	67,469
Net losses on disposal of investments	(52,598)	(3,103)
Valuation gains on investments held during the year	4,690	24,028
Exchange losses on currency balances	(588)	(76)
Exchange gains on the loan facility	82	–
Investment management fee charged to capital	(1,195)	(1,846)
Performance fee charged to capital	(1,269)	–
Research costs charged to capital	(11)	(15)
Finance costs	(241)	(242)
Tax relief due from revenue	147	237
At 30 November 2020	**35,469**	**86,452**

The balance on the capital reserve includes a profit of £35,654,000 (2019: profit of £74,171,000) on investments held and a loss of £185,000 (2019: gain of £12,281,000) on investments sold.

The balance on investments held comprises holding gains on investments (which may be deemed to be realised) and other amounts, which are unrealised. An analysis has not been made between the amounts that are realised (and may be distributed or used to repurchase the Company's shares) and those that are unrealised.

The balance on investments sold are realised distributable capital reserves which may be used to repurchase Company's shares or be distributed as dividends.

23. Revenue Reserve

	30 November 2020 £'000	30 November 2019 £'000
At 1 December 2019	9,239	8,036
Revenue profit	4,654	9,923
Interim dividends paid	(7,010)	(8,720)
At 30 November 2020	**6,883**	**9,239**

The revenue reserve may be distributed or used to repurchase the Company's shares (subject to being a positive balance).

24. Net Asset Value Per Ordinary Share

	30 November 2020	30 November 2019
Net assets attributable to ordinary shareholders (£'000)	165,743	301,170
Ordinary shares in issue at end of year	123,050,100	202,775,000
Net asset value per ordinary share (pence)	134.70	148.52

As at 30 November 2020, there were no potentially dilutive shares in issue (2019: nil).

25. Transactions with the Investment Manager and Related Party Transactions

a) Transactions with the manager

Under the terms of an agreement dated 11 June 2013 the Company appointed Polar Capital LLP ("Polar Capital") to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Strategic Report. The total fees, paid under this agreement to Polar Capital in respect of the year ended 30 November 2020 were £1,494,000 (2019: £2,307,000) of which £179,000 (2019: £201,000) was outstanding at the year end.

A performance fee of £1,269,000 (2019: £nil) accrued in respect of the year, and the whole of this amount was outstanding at the year end. Any accrued performance fee is payable at the end of each five-year tender period, the next being in 2025. See Strategic Report on page 35 for more details.

In addition, the total research costs in respect of the period from 1 January 2020 to the year ended 30 November 2020 were £14,000 (2019: £19,000) of which £7,000 (2019: £9,000) was outstanding at the year-end.

b) Related party transactions

The Company has no employees and therefore no key management personnel other than the Directors. The Company paid £122,000 (2019: £106,000) to the Directors of which £79,000 (2019: £34,000) are outstanding at the year end and the Remuneration Report is on pages 51 to 56. When dividends are paid by the Company these are received by the Directors at the same rates and terms as by all other shareholders.

26. Derivatives and Other Financial Instruments

Risk management policies and procedures for the Company

The Company invests in equities, debt securities and other financial instruments for the long-term to further the investment objective set out on page 28.

This exposes the Company to a range of financial risks that could impact on the assets or performance of the Company.

The main risks arising from the Company's pursuit of its investment objective are market risk, liquidity risk and credit risk and the Directors' approach to the management of them is set out below.

The Company's exposure to financial instruments can comprise:

- Equity and non-equity shares and fixed interest securities which may be held in the investment portfolio in accordance with the investment objective.
- Borrowings, the main purpose of which is to enhance returns.
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations
- Derivative transactions which the Company enters into may include equity or index options, contracts for difference, index futures contracts and forward foreign exchange contracts. The purpose of these is to manage the market price risks and foreign exchange risks arising from the Company's investment activities.

The overall management of the risks is determined by the Board and its approach to each risk identified is set out below. The Board and the Investment Manager co-ordinate the risk management and the Investment Manager assesses the exposure to market risk when making each investment decision.

Notes to the Financial Statements continued

For the year ended 30 November 2020

26. Derivatives and Other Financial Instruments continued

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 26(a)(i)), currency risk (see note 26(a)(ii)), and interest rate risk (see note 26(a)(iii)). Further details are included in the Strategic Report on page 32.

(i) Market Price Risk

The Company is an investment company and as such its performance is dependent on its valuation of its investments. Consequently, market price risk is the most significant risk that the Company faces.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

A detailed breakdown of the investment portfolio is given on pages 24 to 26. Investments are valued in accordance with the accounting policies as stated in note 2(g).

At the year end, there was no derivative instrument included in the Company's portfolio (2019: nil).

Management of the risk

In order to manage this risk it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular financial sub-sector. The allocation of assets to international markets, together with stock selection covering small, medium and large companies, and the use of options, are additional factors which act to reduce price risk. The Investment Manager actively monitors market prices and reports to the Board, which meets regularly in order to consider investment strategy.

Market price risks exposure

The Company's exposure to changes in market prices at 30 November on its investments was as follows:

	30 November 2020 £'000	30 November 2019 £'000
Investments held at fair value through profit or loss	**188,011**	**313,605**

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% (2019: 15%) in the fair values of the Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends. The sensitivity analysis is based on the Company's investments at each balance sheet date, adjusting for a change in management fee, with all other variables held constant.

	30 November 2020		30 November 2019	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit after tax				
Revenue return	(39)	39	(80)	80
Capital return	28,044	(28,044)	46,721	(46,721)
Change to the profit after tax for the year	**28,005**	**(28,005)**	**46,641**	**(46,641)**
Change to equity attributable to shareholders	28,005	(28,005)	46,641	(46,641)

(ii) Currency Risk

The Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Company's assets and revenue are denominated in currencies other than Sterling.

Management of the risk

The Investment Manager mitigates risks through an international spread of investments.

Derivative contracts may be used to hedge against the exposure to currency risk at the Investment Manager's discretion.

Foreign currency exposure

The table below (as continued) with non-monetary items on page 96, shows, by currency, the split of the Company's monetary assets, liabilities and investments that are priced in currencies other than Sterling.

	30 November 2020 £'000	30 November 2019 £'000
Monetary Assets:		
Cash and short term receivables		
US dollars	647	1,501
Euros	195	277
Hong Kong dollars	169	638
Norwegian krona	104	369
Japanese yen	42	89
Swiss francs	6	–
Indian rupee	5	603
Taiwan dollars	–	1,245
Philippine peso	–	28
Monetary Liabilities:		
Payables		
Hong Kong dollars	(169)	(606)
Indian rupee	(170)	(603)
US dollar	(5,589)	(1,027)
Norwegian krona	–	(299)
Indonesian rupiah	–	(301)
Foreign currency exposure on net monetary items	**(4,760)**	**1,914**

Notes to the Financial Statements continued

For the year ended 30 November 2020

26. Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(ii) Currency Risk continued

Foreign currency sensitivity continued

	30 November 2020 £'000	30 November 2019 £'000
Non-Monetary Items:		
Investments held at fair value through profit or loss		
US dollars	82,792	162,473
Euros	19,508	31,321
Indian rupee	15,143	8,882
Hong Kong dollars	14,826	18,761
Canadian dollars	5,492	10,219
Norwegian krona	4,717	8,052
Taiwan dollars	4,553	4,994
Singapore dollars	4,119	10,231
Thai baht	3,956	3,113
Indonesian rupiah	3,846	5,134
Swiss francs	2,849	2,421
Philippine peso	2,010	3,555
Mexican peso	1,758	2,206
Japanese yen	–	4,373
	160,809	**277,649**

Total net foreign currency exposure

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at the balance sheet date and assumes a 15% (2019: 15%) appreciation or depreciation in Sterling against the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If Sterling had weakened by 15% this would have had the following effect:

	30 November 2020 £'000	30 November 2019 £'000
Statement of Comprehensive Income – profit after tax		
Revenue return	665	1,276
Capital return	(767)	287
Change to the profit after tax for the year	**(102)**	**1,563**
Change to equity attributable to shareholders	**(102)**	**1,563**

Foreign currency sensitivity continued

Conversely if Sterling had strengthened by 15% this would have had the following effect:

	30 November 2020 £'000	30 November 2019 £'000
Statement of Comprehensive Income – profit after tax		
Revenue return	(665)	(1,276)
Capital return	767	(287)
Change to the profit after tax for the year	**102**	**(1,563)**
Change to equity attributable to shareholders	**102**	**(1,563)**

In the opinion of the Directors, while these are regarded as reasonable estimates, neither of the above sensitivity analyses are representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

(iii) Interest Rate Risk

The Company will be affected by interest rate changes as it holds interest-bearing financial assets. Interest rate changes will also have an impact on the valuation of investments, although this forms part of price risk, which is considered separately above.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Derivative contracts may be used to hedge against the exposure to currency risk at the Investment Manager's discretion.

Interest rate exposure

The exposure, at 30 November 2020, of financial assets and liabilities to interest rate risk is shown by reference to:
– Floating interest rates (i.e. giving cash flow interest rate risk) – when the rate is due to be re-set; and
– Fixed interest rates (i.e. giving fair value interest rate risk) – when the financial instrument is due for repayment.

	30 November 2020		
	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:			
Cash and cash equivalents	140	–	140
Bank overdraft	(383)	–	(383)
Non-current asset investments held at fair value through profit or loss	–	8,450	8,450
Exposure to fixed interest rates:			
Non-current asset investments held at fair value through profit or loss	–	2,486	2,486
Bank loans	(19,900)	–	(19,900)
Total exposure to interest rates	**(20,143)**	**10,936**	**(9,207)**

Notes to the Financial Statements continued

For the year ended 30 November 2020

26. Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(iii) Interest Rate Risk continued

	30 November 2019		
	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:			
Cash and cash equivalents	4,175	–	4,175
Bank overdraft	(4,875)	–	(4,875)
Non-current asset investments held at fair value through profit or loss	–	15,809	15,809
Exposure to fixed interest rates:			
Non-current asset investments held at fair value through profit or loss	–	5,651	5,651
Bank loans	(10,000)	–	(10,000)
Total exposure to interest rates	**(10,700)**	**21,460**	**10,760**

The weighted average interest rate for the fixed rate financial assets was 10.8% (30 November 2019: 8.2%) and the effective period for which the rate was fixed was 4.2 years (30 November 2019: 2.8 years).

During the year, the Company entered a £10 million (2019: £10 million) term loan with ING Luxembourg SA. Interest is payable at a fixed rate of 1.008%. The loan will be expiring on 12 July 2021. Details of the amounts drawn on the term loan are given in note 17.

The Company also agreed a one year revolving credit facility for the amount of £12.5 million (2019: £20 million) with ING Luxembourg SA. Subsequent to the year end on 21 January 2021, the Company increased the size of the 2020 revolving credit facility with ING Luxembourg SA by £10m taking the aggregate funds available under the 2020 revolving credit facility to £22.5m. Interest is payable at a rate of LIBOR as quoted in the market for the relevant currency and period, plus a margin, plus mandatory costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. During the year, the Company has drawn down £10m from the revolving credit facility; £5m was drawn down on 10 July 2020 at an interest rate of 1.17288%, an additional US$3.3m (£2.5m) was drawn down on 13 October 2020 at an interest rate of 1.34709% and a further US$3.3m (£2.5m) was drawn down on 12 November 2020 at an interest rate of 1.32184%, all are repayable on the expiry of the facility on 12 July 2021. Since the year end, US$3.3m (£2.5m) was drawn down on 4 December 2020 at an interest rate of 1.3243% and US$3.4m (£2.5m) was drawn down on 3 February 2021 at an interest rate of 1.26030% from the revolving credit facility.

The above amounts are not necessarily representative of the exposure to interest rates in the year ahead, as the level of cash and investment in fixed interest securities varies during the year according to the performance of the stock market, events within the wider economy and the Investment Manager's decisions on the best use of cash or borrowings over the year.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 25 basis points in interest rates in regard to the Company's monetary financial assets, which are subject to interest rate risk. This level of change is considered to be reasonably possible based on observation of current market conditions.

The sensitivity analysis is based on the Company's monetary financial instruments held at each balance sheet date, with all other variables held constant.

	30 November 2020		30 November 2019	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Effect on revenue return	(1)	1	(2)	2
Effect on capital return	–	–	–	–
Effect on net profit and on equity attributable to shareholders	**(1)**	**1**	**(2)**	**2**

In the opinion of the Directors, the above sensitivity analysis may not be representative of the year as a whole, since the level of exposure may change.

(b) Liquidity Risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

At 30 November the financial liabilities comprised of:

	30 November 2020 £'000	30 November 2019 £'000
Due within 1 month:		
Balances due to brokers	1,015	2,412
Accruals	1,799	446
Bank overdraft	383	4,875
Due after 3 months and within 1 year:		
Bank loan	19,900	10,000
	23,097	**17,733**

(c) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposal of investments or to repay deposits.

Management of the risk

The Company manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital. All cash balances are held with approved counterparties.

HSBC Bank plc is the custodian of the Company's assets. The Company's assets are segregated from HSBC's own trading assets and are therefore protected in the event that HSBC were to cease trading.

These arrangements were in place throughout the current and prior year.

Credit risk exposure

The maximum exposure to credit risk at 30 November 2020 was £527,000 (2019: £4,945,000) comprising:

	30 November 2020 £'000	30 November 2019 £'000
Balances due from brokers	142	–
Accrued Income	245	770
Cash and cash equivalents	140	4,175
	527	**4,945**

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered low. None of the Company's financial assets are past due or impaired. All deposits were placed with banks that had ratings of A or higher.

Notes to the Financial Statements continued

For the year ended 30 November 2020

26. Derivatives and Other Financial Instruments continued

(d) Gearing Risk

The Company's policy is to increase its exposure to markets through the judicious use of borrowings. When borrowings are invested, the impact is to magnify the impact on Shareholder's funds of changes, both positive and negative, in the value of the portfolio.

Management of the risk

The Company uses short-term loans to manage gearing risk, details of which can be found in note 17.

Gearing risk exposure

The loans are valued at amortised cost, using the effective interest rate method in the financial statements.

(e) Capital Management Policies and Procedures

The Company's capital, or equity, is represented by its net assets which amounted to £165,743,000 as at 30 November 2020 (£301,170,000 as at 30 November 2019),which are managed to achieve the Company's investment objective set out on page 28.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis.

This review includes:

(i) the need to issue or buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium);

(ii) the determination of dividend payments; and

(iii) the planned level of gearing through the Company's fixed rate loan facility.

The Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company. In addition, in order to pay dividends out of profits available for distribution by way of dividend, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

These requirements are unchanged since the previous year end and the Company has complied with them and no breaches have taken place during year under review.

27. Capital Commitments, Contingent Assets and Liabilities

Capital Commitments

The Company has no commitments to further investment in Atom Bank or any other investee companies (2019: £nil).

28. Post Balance Sheet Events

After the year end, a further 14,074,900 ordinary shares were issued out of treasury. Following these share issues, the total number of ordinary shares in issue was 137,125,000 and 65,650,000 shares were held in treasury as at 22 February 2021.

Since the year end, the Company has increased the size of the revolving credit facility with ING Luxembourg SA by an additional £10m taking the aggregate funds available under the 2020 revolving credit facility to £22.5m, expiring on 12 July 2021. The Company has drawn down a further US$6.7m (£5m) from the revolving credit facility since the year end, see page 90 for further details.

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

Alternative Performance Measures (APMs)

In assessing the performance of the Company, the Investment Manager and the Directors use the following APMs, which are considered to be known industry metrics:

Net Asset Value (NAV)

The NAV is the value attributed to the underlying assets of the Company less the liabilities, presented either on a per share or total basis.

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price, which is the price at which the Company's shares can be bought or sold by an investor. See Note 24 on page 93. The NAV per ordinary share is published daily.

NAV Total Return

The NAV total return shows how the net asset value per share has performed over a period of time taking into account both capital returns and dividends paid to shareholders. The NAV total return performance for the period is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date.

		Year ended 30 November 2020	Year ended 30 November 2019
Opening NAV per share	a	148.5p	138.6p
Closing NAV per share	b	134.7p	148.5p
Dividend reinvestment factor	c	1.030871	1.029851
Adjusted closing NAV per share	d = b*c	138.9p	153.0p
NAV total return for the year	(d/a)-1	-6.5%	10.4%

NAV Total Return Since Inception

NAV total return since inception is calculated as the change in NAV from the initial NAV of 98p, assuming that dividends paid to shareholders are reinvested on the ex-dividend date in ordinary shares at their net asset value.

		Year ended 30 November 2020	Year ended 30 November 2019
NAV per share at inception	a	98.0p	98.0p
Closing NAV per share	b	134.7p	148.5p
Dividend reinvestment factor	c	1.261641	1.224018
Adjusted closing NAV per share	d = b*c	169.9p	181.8p
NAV total return since inception	(d/a)-1	73.4%	85.5%

Alternative Performance Measures (APMs) continued

NAV Total Return Since Reconstruction

NAV total return since reconstruction is calculated as the change in NAV from the NAV of 102.8p, which was the closing NAV the night before the tender offer on 22 April 2020, assuming that dividends paid to shareholders are reinvested on the ex-dividend date in ordinary shares at their net asset value.

		Year ended 30 November 2020
Rebased NAV per share at reconstruction	a	102.8p
Closing NAV per share	b	134.7p
Dividend reinvestment factor	c	1.016790
Adjusted closing NAV per share	d = b*c	137.0p
NAV total return since reconstruction	(d/a)-1	33.3%

Share Price Total Return

Share price total return shows how the share price has performed over a period of time. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex-dividend.

		Year ended 30 November 2020	Year ended 30 November 2019
Opening share price	a	143.8p	132.0p
Closing share price	b	136.5p	143.8p
Dividend reinvestment factor	c	1.036881	1.032048
Adjusted closing share price	d = b*c	141.5p	148.4p
Share price total return for the year	(d/a)-1	-1.6%	12.4%

Share Price Total Return Since Inception

Share price total return since inception is calculated as the change in share price from the launch price of 100p, assuming that dividends paid to shareholders are reinvested on the ex-dividend date.

		Year ended 30 November 2020	Year ended 30 November 2019
Share price at inception	a	100.0p	100.0p
Closing share price	b	136.5p	143.8p
Dividend reinvestment factor	c	1.240293	1.196035
Adjusted closing share price	d = b*c	169.3p	171.9p
Share price total return since inception	(d/a)-1	69.3%	71.9%

Share Price Total Return Since Inception Including Subscription Share Value

The share price total return including subscription share value performance since inception includes the value of the subscription shares issued free of payment at launch on the basis of one-for-five 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.

		Year ended 30 November 2020	Year ended 30 November 2019
Share price at inception	a	100.0p	100.0p
Closing share price	b	136.5p	143.8p
Dividend reinvestment factor	c	1.267399	1.222957
Adjusted closing share price	d = b*c	173.0p	175.8p
Share price total return including subscription share value since inception	(d/a)-1	73.0%	75.8%

Premium/(Discount)

A description of the difference between the share price and the net asset value per share usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the NAV per share the result is a premium. If the share price is lower than the NAV per share, the shares are trading at a discount.

		30 November 2020	30 November 2019
Closing share price	a	136.5p	143.8p
Closing NAV per share	b	134.7p	148.5p
Premium/(discount) per ordinary share	(a/b)-1	1.3%	-3.2%

Ongoing Charges

Ongoing charges are calculated in accordance with AIC guidance by taking the Company's annual ongoing charges, excluding performance fees and exceptional items, if any, and expressing them as a percentage of the average daily net asset value of the Company over the year.

Ongoing charges include all regular operating expenses of the Company. Transaction costs, interest payments, tax and non-recurring expenses are excluded from the calculation as are the costs incurred in relation to share issues and share buybacks.

Where a performance fee is paid or is payable, a second ongoing charge is provided, calculated on the same basis as the above but incorporating the amount of performance fee due or paid.

		Year ended 30 November 2020	Year ended 30 November 2019
Investment Management (Note 7)		£1,494,000	£2,307,000
Other Administrative Expenses (Note 8)		£640,000	£661,000
	a	**£2,134,000**	**£2,968,000**
Average net assets value	b	£195,842,000	£285,370,000
Ongoing Charges	a/b	1.09%	1.04%
Performance fee (Note 7)	c	£1,269,000	-
	d = a+c	**£3,403,000**	**£2,968,000**
Ongoing charges including performance fee	d/b	1.74%	1.04%

Alternative Performance Measures (APMs) continued

Net Gearing

Gearing is calculated in line with AIC guidelines and represents net gearing. This is defined as total assets less cash and cash equivalents divided by net assets. The total assets are calculated by adding back the bank loan. Cash and cash equivalents are cash and purchases and sales for future settlement outstanding at the year end.

		30 November 2020	30 November 2019
Net assets	a	£165,743,000	£301,170,000
Bank loan	b	£19,900,000	£10,000,000
Total assets	c = (a+b)	£185,643,000	£311,170,000
Cash and cash equivalents (including amounts awaiting settlement and overdrafts)	d	(£1,116,000)	(£3,112,000)
Net gearing	(c-d)/a	**12.7%**	**4.4%**

Glossary of Terms

AAF Report	A report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales. Utilised within the review of internal controls.
AGM	The Annual General Meeting, to be held at 11am on Tuesday 30 March 2021 at the office of the manager, Polar Capital, 16 Palace Street, London SW1E 5JD. The meeting will be a closed-door meeting.
AIC	Association of Investment Companies, the industry body for closed ended investment companies.
AIFM	Alternative Investment Fund Manager – Polar Capital LLP.
AIFMD	Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that, while the Board of Directors of an Investment Trust remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations, all alternative investment Funds ('AIFs') in the European Union, must appoint a Depositary and an Alternative Investment Fund Manager ('AIFM'). The Company's AIFM is Polar Capital LLP.
Benchmark	The Benchmark is the MSCI World Financials Net Total Return Index (in Sterling with dividends reinvested).
BREXIT	The advisory public referendum which was held on 23 June 2016 in the United Kingdom to indicate whether voters wanted to remain or withdraw from membership of the European Union (EU). The referendum vote was cast in favour of leaving the EU. The process of actually leaving is termed BREXIT.
Closed-ended Investment Company	An Investment Company with a fixed issued ordinary share capital, the shares of which are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.
Custodian	The Custodian is HSBC Bank plc, a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Group and Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.
Depositary	The Depositary is also HSBC Bank plc. Under AIFMD rules the Company must appoint a Depositary whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe-keeping duties. The Depositary's oversight duties will include but are not limited to share buybacks, dividend payments and adherence to investment limits.
Derivative	A contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. Examples of derivatives are Put and Call Options, Swap contracts, Futures and Contracts for Difference. A derivative can be an asset or a liability and is a form of gearing because it can increase the economic exposure to shareholders.
ESEF	European Single Electronic Format is the single electronic reporting format which will apply with effect from 1 January 2021 to consolidated annual accounts prepared in accordance with IFRS and traded on a regulated market.

Glossary of Terms continued

Investment Manager/Manager	Polar Capital LLP is the Investment Manager. Nick Brind, John Yakas and George Barrow have delegated responsibility for the creation of the portfolio of investments subject to various parameters set by the Board of Directors. The responsibilities of the Investment Manager and the fees payable are set out in the Directors' Report.
IFRS	International accounting standards in conformity with the requirements of the Companies Act 2006. They comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Financial Reporting Committee, including interpretations issued by the IFRS Interpretations Committee and interpretations issued by the International Accounting Standard Committee (IASC).
Investment Company	Section 833 of the Companies Act 2006. An Investment Company is defined as a company which invests its funds in shares, land or other assets with the aim of spreading investment risk.
Investment Trust taxation status	Section 1158 of the Corporation Tax Act 2010. UK Corporation Tax law allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to Section 833 above but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors' Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.
PwC	The Company's Auditor is PricewaterhouseCoopers LLP, represented by Catrin Thomas, Partner.
Leverage	As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings).
Non-executive Director	The Company is managed by a Board of Directors who are appointed by letter rather than a contract of employment. Neither the Group nor Company has any executive Directors. Remuneration of the n on-executive Directors is set out in the Directors' Remuneration Report while the duties of the Board and the various Committees are set out in the Corporate Governance Statement. An example of the letter of appointment is available on the Company's website.
PRIIPS	The Packaged Retail and Insurance-based Investment Products regulations which came into force on 1 January 2018 in the UK and EU. The regulations require generic pre-sale disclosure of investment 'product' costs, risks and certain other matters.
SORP	The Statement of Recommended Practice. The financial statements of the Group and Company are drawn up in accordance with the Investment Trust SORP issued by the AIC.

Investing

PRIIPS KID

The Packaged Retail and Insurance-based Investment Products (PRIIPS) regulations came into force on 3 January 2018 and require the manufacturer of a retail product to publish a Key Information Document (KID) for consideration by investors and potential investors. The KID has prescribed content and a formulaic approach. The KID is available on the Company's website; it should be noted that calculations are based purely on historical data and contain no judgemental analysis of the Board or Manager. It is strongly recommended that the KID is not looked at in isolation but is read in conjunction with other documents published by the Company.

Market Purchases

The ordinary shares of Polar Capital Global Financials Trust plc are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Share Dealing Services

The Company has arranged for Shareview Dealing, a telephone and Internet share sale service offered by Equiniti to be made available.

For telephone sales call 0345 603 7037 (or +44 121 415 7560) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday. For Internet sales log on to www.shareview.co.uk/dealing

There are a variety of ways to invest in the Company however this will largely depend upon whether you would like financial advice or are happy to make your own investment decisions.

For those investors who would like advice:

Private Client Stockbrokers

Investors with a large lump sum to invest may want to contact a private client stockbroker. They will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from the Wealth Management Association at www.thewma.co.uk

Financial Advisers

For investors looking to find a financial adviser, please visit www.unbiased.co.uk

Financial Advisers who wish to purchase shares for their clients can also do so via a growing number of platforms that offer investment trusts including AJ Bell, Interactive Investor, Ascentric, Embark, Nucleus, Raymond James, Seven IM and Transact.

For those investors who are happy to make their own investment decisions:

Online Stockbroking Services

There are a number of real time execution only stockbroker services which allow private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services include AJ Bell, Interactive Investor, Barclays Stockbrokers, Halifax Share Dealing, Hargreaves Lansdown and EQI.

Investing Risks

Please remember that any investment in the shares of Polar Capital Global Financials Trust plc either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from them may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back their original amount invested. Past performance is not a guide to future performance.

Polar Capital Global Financials Trust plc is allowed to borrow against its assets and this may increase losses triggered by a falling market. The Company may increase or decrease its borrowing levels to suit market conditions.

If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Polar Capital Global Financials Trust plc is an investment trust and as such its ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable future so that the exclusion continues to apply.

Warnings to shareholders

As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.

Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.

Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Boiler Room Scams

Shareholders of the Polar Capital Global Financials Trust plc may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in U.S. or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you. You can report an unauthorised firm using the FCA helpline on 0845 606 1234 or 0800 111 6768 or by visiting their website, which also has other useful information, at www.fca.org.uk

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- If the calls persist, hang up

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

More detailed information on this or similar activity can be found on the FCA website.

Forward-looking Statements

Certain statements included in this Annual Report and Financial Statements 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 have been 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 Strategic Report Section on pages 32 to 34 of this Annual Report and Financial Statements.

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.

How to avoid investment and pension scams

1. **Reject unexpected offers**
   Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.
2. **Check the FCA Warning List**
   Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.
3. **Get impartial advice**
   Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

Additional Information

History

The Company was launched in July 2013 with a fixed seven-year life. Shareholders approved changes to the Company's Articles of Association to extend the Company's life indefinitely, subject to further regular tender offers at the Company's Annual General Meeting held on 7 April 2020. The Articles of Association require the Board to make tender offers at five-yearly intervals, with the first to commence on or before 30 June 2025. The Company continues to operate as an investment trust with an independent Board and third party investment manager.

Portfolio Details

Portfolio information is provided to the AIC for its monthly statistical information service (www.theaic.co.uk). The portfolio is also published to the Company's website.

Company Website

www.polarcapitalglobalfinancialstrust.com

The Company maintains a website which provides a wide range of information on the Company, monthly factsheets issued by the Investment Manager and copies of announcements, including the annual and half year reports when issued.

Information on the Company can also be obtained from various different sources including:

- www.theaic.co.uk
- www.ft.com/markets
- www.londonstockexchange.co.uk

Share Prices and Net Asset Value

The Company's Net Asset Value (NAV) is normally released daily, on the next working day, following the calculation date, to the London Stock Exchange. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange website: www.londonstockexchange.co.uk

Electronic Communications

If you hold your shares in your own name you can choose to receive communications from the Company in electronic format. This method reduces costs, is environmentally friendly and, for many, is convenient.

If you would like to take advantage of Electronic Communications please visit our registrar's website at www.shareview.co.uk and register. You will need your shareholder reference number. If you agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post you will receive an e-mail providing the website address where the documents can be viewed and downloaded. Paper copies will still be available on request.

Nominee Shareholders

Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee service providers are encouraged to advise investors that they may attend general meetings when invited by the Chairman.

Capital Gains Tax

Information on Capital Gains Tax is available on the HM Revenue & Customs website at www.hmrc.gov.uk/cgt/index.htm

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares disposed and any other allowable deductions such as share dealing costs. The exercise of a right of a subscription shareholder to subscribe for ordinary shares should not give rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

The calculations required to compute capital gains may be complex and depend on personal circumstances. Shareholders are advised to consult their personal financial adviser for further information regarding a possible tax liability in respect of their shareholdings.

The Company was launched on 1 July 2013 with the issue of ordinary shares at 100 pence per share with subscription shares attached (on a one-for-five basis).

The Subscription Shares section provides further information regarding the calculation of the base cost of subscription shares for Capital Gains Tax purposes.

Tax Advice

The Company is unable to provide tax advice in any form. Investors should contact their accountant or other financial adviser should they require advice or information in relation to their personal circumstances.

Subscription Shares Tax Implications

The base 'cost' for UK tax purposes of the subscription shares is a proportion of the issue price paid for the ordinary shares to which the subscription shares were attached. The apportionment is made by reference to the respective market values of the ordinary shares and subscription shares at the close of business on 1 July 2013, the day the ordinary and subscription shares were admitted to trading. The market value for UK tax purposes of the Company's ordinary shares and subscription shares on such date were as follows:

Ordinary Shares 103.625p	Subscription Shares 11.75p

If you have exercised the subscription rights attaching to your subscription shares, the resulting ordinary shares are treated for UK tax purposes as the 'same' asset as the subscription shares in respect of which the subscription rights are exercised. The base 'cost' for UK tax purposes of the resulting ordinary shares will be the base cost attributed to the exercised subscription shares, increased by the amount of subscription monies paid.

Disability Act

Copies of this Annual Report and Financial Statements or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Equiniti Limited, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), you should dial 18001 followed by the number you wish to dial.

AIC

The Company is a member of the Association of Investment Companies ('AIC') and the AIC website www.theaic.co.uk contains detailed information about investment trusts including guides and statistics.

Calendar

Year End	30 November
Half Year End	31 May
Dividend Payments	end August end February
Annual General Meeting	Tuesday, 30 March 2021 at 11am

Contact Information

Company Registration Number

8534332 (Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Directors

Robert Kyprianou, Chairman
Joanne Elliott
Katrina Hart
Simon Cordery

Registered Office and Contact Address for Directors

16 Palace Street
London
SW1E 5JD

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
Website: www.polarcapital.co.uk

Co-Fund Managers

Mr Nick Brind
Mr John Yakas
Mr George Barrow

Company Secretary

Polar Capital Secretarial Services Limited
Represented by Tracey Lago, FCG

Depositary, Bankers and Custodian

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Solicitors

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2HS

Stockbrokers

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Identification Codes

Ordinary shares
SEDOL: B9XQT11
ISIN: GB00B9XQT119
TICKER: PCFT
GIIN: 8KP5BT.99999.SL.826
LEI: 549300G5SWN8EP2P4U41

Registrar

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 below.

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.

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder helpline: 0800 313 4922
(or +44 121 415 0804 from overseas)

aic
The Association of Investment Companies

PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

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