

Polar Capital Global Financials Trust plc

Annual Report and Financial Statements for the year ended 30 November 2023



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

The Company has appointed Polar Capital LLP ("Polar Capital" or the "Manager") as its Investment Manager. Since its foundation in 2001, Polar Capital has grown steadily and currently has 14 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 34 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 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 35 for more information.

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.

Management

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

The Company has appointed Polar Capital LLP (the "Manager") as its AIFM and Investment Manager under the terms of an Investment Management Agreement ("IMA"). The IMA provides for a broad range of services including portfolio management. The portfolio is jointly managed by Mr Nick Brind and Mr George Barrow. Details of the fees payable to the Manager can be found on pages 36 and 88. The Management Fee is charged 80% to capital and 20% to revenue; the Performance Fee, when payable, is charged 100% to capital.

Gearing and use of Derivatives

Under the Articles of Association the Company may utilise an overall maximum leverage (gearing) limit of 20 per cent. of NAV at the time at which the relevant borrowing is taken out or increased.

In July 2022, the Company entered into a new agreement with Royal Bank of Scotland ("RBS"), for a three-year revolving credit facility ("RCF") in the amount of £50m, and two three-year term loans for £15m and USD \$18.4m respectively. At the period end, the term loans had been fully drawn down; £30m in sterling and \$12m in US dollars had also been drawn down under the RCF. As at 13 February 2024, the Company had drawn down a total of £69.1m across the term loan and RCF, equating to 6.8% net gearing.

Details of how the borrowings may be utilised are given in the Strategic Report on page 34.

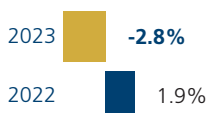
Capital Structure

As at 30 November 2023, the Company had 331,750,000 ordinary shares of 5 pence each in issue of which 22,888,313 shares were held in treasury. Since the year end and up to 13 February 2024 (the latest practicable date), the Company has bought back a further 2,311,282 ordinary shares into treasury.

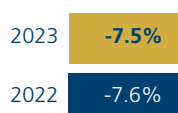
Financial Highlights

Financial Highlights as at and for the year ended 30 November

Net asset value (NAV) per ordinary share (total return)*



Ordinary share price (total return)*



Total net assets (-9.8%)



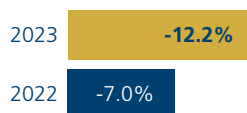
NAV per ordinary share (-4.9%)



Ordinary share price (-10.2%)



Discount per ordinary share*



Net gearing*



Total dividend per ordinary share paid or declared for the year (+2.25%)



Dividends[~]

The Company has paid or declared the following dividends relating to the financial year ended 30 November 2023:

Pay date	Amount per Ordinary share	Ordinary Shares in Issue	Record Date	Ex-Date	Declared Date
First interim: 31 August 2023	2.45p	315,955,329	4 August 2023	3 August 2023	11 July 2023
Second interim: 29 February 2024	2.10p	307,160,405	2 February 2024	1 February 2024	18 January 2024
Total (2022: 4.45p)	4.55p				

* Alternative Performance Measure, see pages 109 to 111 for further explanations.

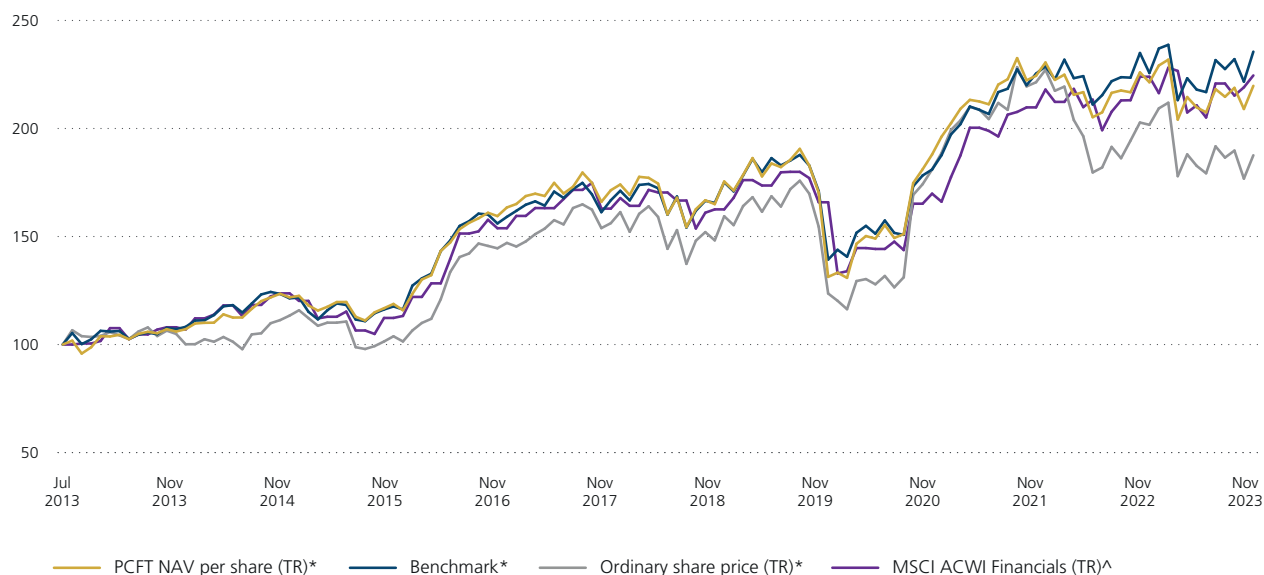
[~] Refer to Note 12 on pages 91 to 92 for more details.

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

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	2021	2022	2023
NAV per share (TR)*	3.7	9.8	5.3	22.2	16.4	-1.5	10.4	-6.5	27.9	1.9	-2.8
Ordinary share price (TR)*	5.8	-2.2	6.2	21.4	16.7	-1.7	12.4	-1.6	29.7	-7.6	-7.5
Benchmark*	6.4	11.0	0.9	24.5	14.2	-0.1	9.9	-6.4	27.0	6.8	0.3
MSCI ACWI Financials (TR)^	7.6	9.8	-2.4	25.9	15.8	-0.4	8.0	-8.2	27.0	6.8	0.3

* See page 4 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.

^ The performance of the MSCI ACWI Financials Net Total Return Index (£) excluding Real Estate prior to August 2016 is shown for illustrative purposes only.

Source: Polar Capital

Performance Highlights

	Note	For the year ended 30 November 2023 %	Since Inception %
Performance (Sterling total return)			
NAV per ordinary share*	1	-2.8	119.7
Ordinary share price*	2	-7.5	87.9
Ordinary share price including subscription share value*	3	-	91.8

	Note	For the year ended 30 November 2023 %	Since Inception %
Benchmark (Sterling total return)			
MSCI ACWI Financials	4	0.3	124.0
Chain-linked benchmark		0.3	135.6
Other Indices and peer group (Sterling total return)			
MSCI World Index		6.9	204.2
FTSE All Share Index		1.8	76.5
Lipper Financial Sector	5	-2.2	103.5

	Note	Since Reconstruction %
Performance since Reconstruction on 22 April 2020 (Sterling total return)		
NAV per ordinary share*	6	68.8
Benchmark	4	67.7

	Note	For the year ended 30 November 2023	For the year ended 30 November 2022
Earnings per Ordinary share			
Revenue Return		4.97p	4.45p
Capital Return		(9.84p)	(2.75p)
Total		(4.87p)	1.70p

	Note	For the year ended 30 November 2023	For the year ended 30 November 2022
Expenses*			
Ongoing charges		0.86%	0.87%
Ongoing charges including performance fee	8	0.86%	0.65%

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 2023. 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 2023.

Note 3 The total return share price performance since inception includes the value of the subscription shares issued free of payment at launch based on 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 2023.

Note 4 Chain linked benchmark is a combination of 3 benchmarks which have been in operation over the period. From inception until 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. From 1 September 2016 to 23 April 2020 the benchmark was the MSCI World Financials + Real Estate Net Total Return Index. From 23 April 2020, the benchmark changed to MSCI ACWI Financials Net Total Return Index (in Sterling) due to the Company's exposure to emerging market equities and its limited exposure to real estate equities.

Note 5 Dynamic average of open-ended funds in the Lipper Financial Sector Universe which comprised 55 open ended funds in the year under review.

Note 6 The total return NAV performance since the Reconstruction 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. The opening NAV for the performance fee of 102.8p is the closing NAV the day before the tender offer was completed.

Note 7 Refer to Note 11 on page 91 for more details.

Note 8 The prior year decrease in ongoing charges including performance fee reflects the write back of the performance fee accrual for the year ended 30 November 2022.

* Alternative Performance Measure, see pages 109 to 111 for further explanations.

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

Chair's Statement

Simon Cordery
Chair



Dear Shareholder

I wrote my first statement to you as Chair of the Company within the half-year report in July 2023, reflecting a challenging period for investors and the financials sector which has continued for most of the year under review.

2023 proved to be a most frustrating year for investors in the global financials sector. While we saw broad stock market improvements over the period, predominantly led by technology, the financials sector underperformed, following a few years of relative out-performance. Sentiment has not been favourable towards the sector despite a backdrop of historically low valuations and improving profitability at banks in particular. It seems that rising interest rates, high inflation and the fear of a slowdown in economic growth weighed more heavily on investors' minds.

Several US bank failures and the controversial events surrounding the distressed Credit Suisse sale to UBS also played their part in denting confidence in the sector. Although high interest rates are generally favourable to the performance of banks, investors are focusing instead on the potential for loan losses which these might cause. However, as interest rate hikes moderate and succeed in reducing inflation to target levels, central banks may start the process of lowering rates once more and this should act as a catalyst to investment in the financials sector.

The highest interest rates in more than a decade have offered investors an almost risk free safe haven in the form of government bonds and even cash, with an appealing headline return (before the effects of inflation). This has provided a credible alternative to equities and corporate bonds; investors currently seem happy to wait for a better time to invest their cash.

Geopolitical risk remains high. The ongoing war in Ukraine and the consequences of COVID continue to impact economic activity. Energy prices remain volatile and supply chain issues persist. The opening up of China, post the ending of zero-COVID polices, has not provided the fillip to the investment markets expected this time last year. The troubles of the Chinese property market and their impact on the local banking sector seem yet to be fully realised. These factors have dampened investment and broader economic activity. The more recent conflict within the Gaza Strip has stoked geopolitical risk issues and raised tensions

across the Middle East. None of this is helpful in moving investor sentiment to increase risk. A speedy resolution in the Middle East and any sign of improvement with regards to Ukraine would be positives for investors but it is difficult to see either development currently.

Investment Performance

The Investment Manager's Report, on pages 12 to 19, has more detail on how the portfolio evolved over the year and the bank subsector issues are discussed in detail. The MSCI ACWI Financials Index underperformed more broadly based indices over the reporting period and the Company's portfolio underperformed the Benchmark. Despite having respectable returns in the first half, the Company's overweight position in US mid sized banks meant the second half was disappointing. We avoided the big failures (Credit Suisse, First Republic and Signature) but took a small loss on Silicon Valley Bank; being overweight banks generally held the portfolio back. The portfolio was modestly geared over the period under review which acted as an additional drag on performance.

The Net Asset Value Total Return (NAV TR) for the year fell by 2.8% versus the MSCI ACWI Financials Index which rose 0.3%. Share price performance was further impacted by the widening of the discount to NAV to 12% in common with the investment companies' sector in general. Investment companies with large holdings of illiquid assets such as real estate, infrastructure and private equity saw the biggest widening in discounts, but many investment companies with highly liquid underlying assets were also impacted. The year-end discount to NAV was 12.2% (2022: 7.0%), slightly below the widest discount of 13.6% seen earlier in the year; consequently the Share Price Total Return for the period under review fell by 7.5%.

Since launch in 2013, the NAV TR has been 119.7% against 135.6% for the benchmark. From the point of the Company's reconstruction in April 2020, the portfolio has returned 68.8% and the Benchmark 67.7%.

NAV Discount management

The Company continued to pursue a substantial share buyback policy during the year which was accretive to NAV and helped support liquidity in the shares. The Company bought back a total of 16,532,313 ordinary shares, equivalent to 5.1% of the shares in issue at the start of the financial year, at an average

Chair's Statement continued

discount of 10.5%. These buybacks had an accretive effect on the NAV of 0.76p per share. Following the period end, a further 2,311,282 ordinary shares were repurchased into treasury.

The Board issues a delegated authority to the Manager and our Corporate Broker to buy shares under defined parameters. These are designed to ensure that the Company does not displace any market demand for shares but provides liquidity, if required, once market demand has been satisfied.

The Board has reconfirmed its authority to the Manager to continue the policy of share repurchases under appropriate parameters in order to reduce the discount at which the Company's shares trade.

Dividends

The Company's current dividend policy and aim with respect to the Ordinary Shares is to pay two interim dividends each year, in February and August. These interim dividends will not necessarily be of equal amounts. The Board monitors, with the help of the Manager, the prospects for dividends from its equity holdings and interest income from cash and fixed income securities. In August 2023 the Company paid an interim dividend of 2.45p per ordinary share. Despite a challenging year for markets, the portfolio has generated good dividends and in particular collected coupons from its increased fixed interest holdings. As a result the Company's revenue account has recovered to pre-COVID levels. The Board has declared a further interim dividend of 2.10p per ordinary share payable to shareholders on the register as at 2 February 2024. This will bring the total dividend paid for the financial year under review to 4.55p per ordinary share, a modest increase on the previous financial year.

Share Capital

While there were no share issues during the year, share buybacks totalling 16,532,313 resulted in a reduction in shares issued in the market and an increase in shares in treasury.

As at 30 November 2023, the Company had 331,750,000 ordinary shares of 5 pence each in issue (2022: 331,750,000 shares), of which 22,888,313 shares (2022: 6,356,000) were held in treasury. Following the period end, a further 2,311,282 ordinary shares were repurchased into treasury. Following these share repurchases, as at 13 February 2024, the total number of ordinary shares in issue was 331,750,000 of which 25,199,595 shares were held in treasury.

The Board

The Board is aware of the FCA's Diversity and Inclusion Policy and notes that its current composition meets two of the three 'comply or explain' targets with three of the four members being female and one of the two senior positions being occupied by a female. Whilst the Board does not meet

the recommended ethnicity requirements, it has put in place a succession plan based on the recommended nine-year tenure of Directors. A key objective for the Board is having an appropriate blend of skills and diversity of experience and thought around the table. When the Board next embarks upon a director search it will set criteria, as it did in the most recent round of hiring, that ensures candidates are sourced from a broad pool such that the Board can consider candidates with minority ethnic backgrounds. Further information on this can be found in the Corporate Governance Report on page 52.

As I mentioned in my Interim Statement, Katrina Hart and Robert Kyrianiou retired from the Board following nine years continuous service and we welcomed Susie Arnott and Angela Henderson to the Board. There have been no other changes to the membership of the Board during the year under review. The Directors' biographical details are available on the Company's website and are provided on pages 8 and 9.

Environmental, Social and Governance (ESG)

The Company's investment mandate is not an ESG mandate, however the Manager incorporates ESG considerations into its investment process and the Board has close engagement with the Manager to monitor its progress. ESG is now formally incorporated into the Terms of Reference of the Management Engagement Committee. This Committee, chaired by Susie Arnott, undertook a detailed analysis of the ESG methodology and engagement process by the investment team, and was pleased to note year on year progress in this regard.

Beyond the investment portfolio, the Board considered the ESG aspects of the Company. As all business operations are outsourced, the Board has limited control over ESG deliverables, however the Manager obtains certain ESG confirmations and attestations from suppliers annually. The Board, via the Company Secretary and Manager, works with the Company's key service providers to gain clear insight into their ESG strategies and believes that adopting good ESG practices leads to better outcomes for the Company.

Management Team

The Company's portfolio is currently managed by Nick Brind and George Barrow. As announced in early 2023, John Yakas retired on 30 June 2023 but remains available to the team in an advisory capacity. On 1 December 2023, the team was joined by senior fund manager, Tom Dorner, a highly experienced financials investor.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at 16 Palace Street at 2:00pm on Thursday, 18 April 2024. The notice of AGM has been provided to Shareholders and is available on the Company's website. Detailed explanations

of the formal business and the resolutions to be proposed at the AGM are contained within the Shareholder Information section on pages 115 and 116 and in the Notice of AGM.

As we have done in previous years, we will once again upload a copy of the Manager's Investment Presentation to the Company's website ahead of the AGM and will hold only the formal business of the meeting in person.

We have provided a zoom link in the Notice of AGM which will enable anyone interested to view the formal business and ask questions via the on-line chat function. The Managers will be available to answer questions and meet shareholders present. All formal business resolutions will be voted on by a poll and we therefore encourage shareholders to submit their votes ahead of the meeting by proxy card which is provided with the Notice of Meeting.

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**.

Outlook

Looking to the year ahead, we remain constructive on the outlook for the Financials sector despite an uncertain backdrop. Clearly there remain significant geopolitical issues further complicated by elections in the US and UK, which may well weigh on the markets. However there are several signs for optimism. Evidence suggests inflation is at last reducing, economic growth seems to be returning to key markets and the fears of a deep recession appear to be abating. The earnings outlook in the financial sector has improved and valuations offer attractive entry levels for investors who are, generally speaking, significantly underweight financial sector exposure. As and when these positive influences take root, a recovery in investor sentiment should follow. I encourage you to read the detailed Investment Managers report and the Outlook section where they set out their thoughts on the various subsectors.

Simon Cordery

Chair
15 February 2024

Board of Directors



Simon Cordery FCSI
Non-Executive Chair

Biography & Other Appointments

Independent Non-executive Chair

Appointed to the Board on 1 July 2019 and as Chair on 30 March 2023.

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

Chair of the Board, Nomination and Remuneration Committees. Member of the Audit and Management Engagement Committees.

Other Appointments

No other current appointments.

Board Rationale for supporting re-election

Simon has 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. Since assuming the role of the Chair, Simon has actively sought to engage with shareholders to understand any concerns and leads the Board with an inclusive and engaging manner. Simon's re-election as a Chair and non-executive Director is supported by the Board and the Manager.

PCFT Share Interests 41,358 (0.01% of ISC)

Annual Remuneration £41,000



Cecilia McAnulty
Non-Executive Audit Committee Chair

Biography & Other Appointments

Independent Non-executive Director

Appointed to the Board on 1 November 2021.

Skills and Experience

Cecilia is an experienced non-executive director with almost 30 years' investment and financial services experience. Her executive career included senior investing roles with Royal Bank of Scotland, Barclays Capital and Centaurus Capital and encompassed a broad range of asset classes including public and private debt and equity. Her non-executive roles are Senior Independent Director at Northern 2 VCT PLC, a listed investment trust investing private equity in early stage companies, NED and Chair of the Valuation Committee of RIT Capital Partners plc, an investment trust with a global mandate to invest across a range of asset classes, both quoted and unquoted, and an INED to Eurobank Cyprus Limited. She qualified as a chartered accountant with KPMG.

Committee Memberships

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

Other Appointments

Cecilia is a non-executive director of Northern 2 Venture Capital Trust plc, RIT Capital Partners plc and Eurobank Cyprus Limited.

Board Rationale for supporting re-election

Cecilia brings to the Board her extensive experience of investing strategies. This is complemented by her current and previous NED roles, including chairing roles in Audit and Valuation Committees. As an NED of two other listed investment trusts, she is knowledgeable of the governance aspects of these vehicles and highly attuned to the need to act in the interest of investors. This experience and her qualification as a Chartered Accountant is viewed as highly relevant. Cecilia's re-election as a non-executive Director is supported by the Board and the Manager.

PCFT Share Interests 40,000 (0.01% of ISC)

Annual Remuneration £35,000



Susie Arnott
Non-Executive Director

Biography & Other Appointments

Independent Non-executive Director

Appointed to the Board on 1 December 2022.

Skills and Experience

Susie started her career in fund management over 20 years ago and was primarily focused on the financial sector; including periods focused on emerging markets investments and global financials portfolios. She also spent a number of years working in impact investing, combining her experience and passion for social investment and impact measurement. In her current roles, Susie continues to focus on investment with a global impact incorporating ESG as a mainstream consideration.

Committee Memberships

Chair of the Management Engagement Committee and member of the Audit, Nomination and Remuneration Committees.

Other Appointments

Susie is a director of Sableknight Limited and Lockfold Communications.

Rationale for appointment

Susie was appointed to the Board in December 2022 and brings to the Board a wealth of investment management and ESG experience. Susie is currently Chair of the Management Engagement Committee and as part of this role has ensured that the Board is kept abreast of the latest ESG developments. Susie has been an advocate for clearer ESG reporting to both the Board and stakeholders ensuring that the quality of reporting remains at a high standard. Susie's re-election as a non-executive Director is supported by the Board and the Manager.

PCFT Share Interests 20,000 (0.01% of ISC)

Annual Remuneration £29,500



Angela Henderson
Non-Executive Director

Biography & Other Appointments

Independent Non-executive Director

Appointed to the Board on 1 December 2022.

Skills and Experience

Angela is an experienced non-executive director, committee chair and solicitor who had an executive career in financial services. She has held non-executive board seats at operating and investment companies in various sectors including financial services.

Committee Memberships

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

Other Appointments

Angela is currently a NED for Macquarie Capital (Europe) Limited, Hargreave Hale AIM VCT plc and Wells Fargo Securities International Limited and has various other private interests.

Rationale for appointment

Angela was appointed to the Board on 1 December 2022 and is an experienced non-executive director with legal experience spanning over 20 years. Since joining the Board, Angela has been a keen participant in meetings bringing a new perspective to discussions. Angela's re-election as a non-executive Director is supported by the Board and the Manager.

PCFT Share Interests

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Annual Remuneration

£29,500



Robert Kyprianou
Non-Executive Chair (Retired)

Robert Kyprianou was appointed to the Board on 7 June 2013 and stepped down from the Board at the AGM on 30 March 2023 following nine years continuous service.

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 has 29 years' investment experience across a wide range of asset classes and for the last 20 years has focused on the financials sector. His previous experience includes portfolio manager roles at New Star Asset Management where he managed the New Star Financial Opportunities Fund which concentrated on the equity and fixed-income securities of European financial companies. Previously he worked at Exeter Asset Management and Capel-Cure Myers. Nick has co-managed the Company's investments since launch in 2013.

He is also the manager of the Polar Capital Financial Credit Fund.

Nick has a Masters in Finance from London Business School.



George Barrow Co-Fund Manager

Date appointed

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

Skills and Experience

George has over 10 years' experience analysing financial companies in Europe, Asia and emerging markets. Prior to joining Polar Capital, he was an analyst at HIM Capital from 2008 where he completed his Investment Management Certificate.

George was appointed co-manager of the Company with Nick in December 2020. He also co-manages the Polar Capital Financial Opportunities Fund and the Polar Capital Global Financials Trust with Nick Brind.

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

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



Manager's Report

Investment Manager's Report



Nick Brind
Co-Fund Manager



George Barrow
Co-Fund Manager

Investment review

Performance

Having outperformed for two consecutive years, it was disappointing but perhaps not surprising that financials underperformed the broader equity markets in the year to November 2023. While equity markets did deliver good returns, this was largely due to the strong performance of technology shares, specifically the so-called 'Magnificent Seven', (the US mega-cap technology firms of Amazon, Apple, Alphabet, NVIDIA, Meta, Microsoft and Tesla).

The financials sector was particularly impacted by the collapse of a number of US regional banks and, in Europe, the forced sale of Credit Suisse to UBS Group which led to a sharp selloff in banking shares and bonds in March. Consequently, US financials, which comprise approximately 45% of the portfolio, were weak over the year. Conversely, Japanese and European financials, notwithstanding the turmoil around Credit Suisse, stood out for their positive performance. Asian financials were weaker than expected, following the reopening of China from its zero-Covid policy which provided less support to economic data than had been expected.

Government bond markets suffered further falls during the second half of the year around concerns that central banks would pursue interest rate increases aggressively to reduce inflation. These falls then reversed sharply in November on the back of much-improved inflation data, led by lower energy and goods prices, but also concerns that the outlook for growth was weakening.

Against this background, the Trust's net asset value fell 2.8% while the benchmark index, the MSCI All Country World Financials Index, rose 0.3% and the MSCI All Country World Index rose 6%. The MSCI All Country Index excluding the performance of the Magnificent Seven would have fallen by

around 0.5%. The Lipper open-ended peer group of financial sector equity funds fell by -2.2%. Financial bonds performed well, returning 4.4% as per the ICE BofA Global Financials index.

Performance in the first half of the year was largely satisfactory but the second half was disappointing. While we had no holdings in Credit Suisse, First Republic Bank or Signature Bank and only a very small holding in Silicon Valley Bank (SVB) an overweight position in US banks was a headwind to performance. Overall stock selection during the period and the negative impact of gearing were the main drivers of underperformance.

More specifically, our bias to higher quality companies hurt performance as they lagged peers and our overweight position in defensive names towards the end of the year led to some underperformance on a sharp rotation and market rally. We realised a loss on a holding in CAB Payments, a cross-border payments company which listed in the UK in July. In our view, the company has a significant opportunity to disrupt the existing correspondent banking model for cross-border transfers. However, shortly after listing, the company issued a profits warning following unexpected central bank action in a number of its key markets. The share price fell sharply as a result. We expect it will take some time for management to rebuild credibility given the earnings downgrade so soon after the IPO and consequently the holding was sold after the period end.

Sector review

Banks

In 2023, negative sentiment around the outlook for growth weighed on banks' share prices due to concerns about the impact on their profitability from an economic downturn. Shares initially performed well in the period as earnings expectations continued to rise benefitting from higher

interest rates which fed through to higher net interest income – the income they generate from the assets they hold (i.e. loans and securities), relative to what they pay out to depositors and other sources of funding.

However, higher interest rates resulted in significant unrealised mark to market losses in the securities portfolios held by banks. Despite negligible risk of these losses being realised if held to maturity, these losses in some cases were substantial relative to banks capital. Therefore, the announcement by SVB on 8 March 2023, that it would be selling a portfolio of its securities at a loss, while at the same time aiming to raise capital to strengthen its balance sheet unnerved both investors and depositors. Despite support for the capital raise, the loss of \$42bn in deposits on that day led to it being pulled and ultimately the bank's collapse.

Signature Bank was foreclosed two days later as it also suffered significant deposit outflows. While the bank was better known as a New York commercial real estate lender, its exposure to crypto assets via its Signet payments platform unsettled depositors as it followed shortly after the failure of Silvergate Bank, a much smaller bank with much larger exposure to the crypto industry whose demise received very little coverage.

First Republic was the last of the four US banks to go into foreclosure, being bought from the Federal Deposit Insurance Corporation by JP Morgan. In this case, a business model focused on lending to high net worth and aspirational clients which had seen phenomenal growth on the back of its customer service unravelled, despite the efforts of a JP Morgan bank-led consortium to help by injecting \$30bn of deposits into the bank.

In Europe, Credit Suisse, which had seen large outflows of deposits in the final few months of 2022, saw further outflows following the collapse of SVB. Its 2022 Annual Report alluded to "material weakness" in its internal controls and a poorly timed or misunderstood statement from their largest shareholder that they would "absolutely not" put more capital into Credit Suisse knocked sentiment further. Despite support from the Swiss National Bank and its regulator stating the bank was solvent, it was forced into a sale to UBS Group.

The decision by Swiss regulators to write down Credit Suisse's AT1 bondholders to zero while equity investors were not was at odds with the established creditor hierarchy and resulted in sharp falls in similar bonds issued by other banks. However, given the importance of the AT1 bond market, regulators in Europe, UK, Hong Kong, Singapore and Canada were quick to announce they would honour the creditor hierarchy leading to a recovery in AT1 bond prices.

Not surprisingly, these events led to a sharp selloff in bank shares, particularly in other smaller US regional banks that were seen as vulnerable due to weaker capital. Initially actions by US authorities appeared to have little impact due to concerns around regional banks' commercial real estate exposure which exacerbated share price falls, but deposit flows stabilised within a few weeks. Asian, European and other bank shares stabilised quickly, as the issues were not seen as systemic.

In comparison, the second half of the financial year was relatively muted. Although US banks rallied sharply in June and July, proposals from US regulators to increase capital requirements – the so-called Basel 3 Endgame – as well as concerns about the impact of rising government bond yields saw US banks fall back to their May lows. Only when US Government bond yields started to fall on softer inflation data did banks start to perform again.

European and Japanese banks performed extremely well over the remainder of the year, the former on the back of positive earnings revisions, as analysts factored in the impact of higher interest rates on their earnings, while the latter performed on the expectation that the Bank of Japan would increase interest rates from the current -0.1%, bringing an end to its negative interest rate policy in place since 2016.

Banks' 12-month performance (2022-23)

Banks performance

Japanese banks	38.7%
European banks	30.3%
UK banks	12.1%
Emerging market banks	-1.4%
Indian banks	-4.0%
Australian banks	-5.0%
Chinese banks	-10.0%
Canadian banks	-10.9%
US banks	-12.4%
US regional banks	-26.1%

Source: Bloomberg, 30 November 2023
Note: The figures are in sterling total return terms

Investment Manager's Report continued

Insurance

With the events in the banking sector, news flow elsewhere came a distant second. Unsurprisingly given its defensive characteristics, the insurance subsector outperformed. It also benefitted from the higher interest rate tailwinds and therefore higher investment income as well as improving underwriting returns, i.e. higher profitability.

There was concern over the subsectors' exposure to US regional banks and Credit Suisse, which led to some volatility. Some life assurance companies also have high exposure to commercial real estate which came under scrutiny, but for most of the sector, exposure was negligible or non-existent.

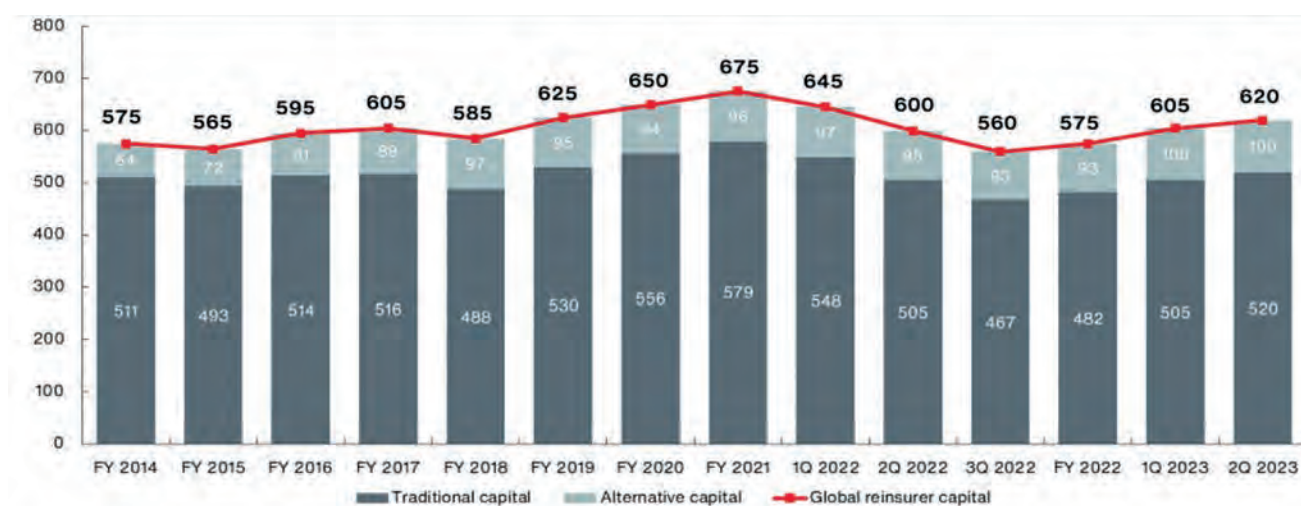
The implementation of IFRS 17, a new accounting standard, had a significant impact on the European insurance sector during the latter half of the year. While this standard has not changed the products, free cashflow yields or dividend prospects for the sector, it has significantly altered the reporting of results, adding yet more complexity and for many lowered reported earnings.

The reinsurance sector benefited from the withdrawal of capital by some underwriters in 2022, reflecting the poor level of profitability over the preceding few years. In particular, the increased cost of claims from so-called 'secondary perils' – floods and hailstorms – as well as higher catastrophe losses from larger events such as Hurricane Ian – which hit Florida in September 2022, generating estimated insurance losses of around \$60bn (the second costliest hurricane on record) – impacted profitability.

Consequently, with the drop in supply of capital underpinning the reinsurance sector but with demand unchanged at best, reinsurance rates rose sharply in January. This was estimated by the insurance broker Howden to be +37% on average. Furthermore, the attachment points, i.e. the amount of loss borne by an insurer before a reinsurer covers the cost, also increased. The impact is that either insurance companies would not be able to pass on losses for less costly events or the amount they would be able to recover would be lower.

As a result, reinsurers' share prices performed well, reflecting the much better reward from the risks they were underwriting. Nevertheless, the subsector did succumb to profit-taking towards the end of the period as lower than expected inflation data led to a rotation into more cyclical stocks that would benefit from a softer economic landing.

Global reinsurance capital (\$bn)



Sources: Company financial statements / Aon's Reinsurance Solutions / Aon Securities Inc.

Diversified financials

The performance of the diversified financials sector was subdued and a headwind to performance. This sector consists of a very wide group of companies, including trust banks, investment banks, stock exchanges, asset managers, information services companies, payment companies and consumer finance companies. Despite some of the constituents of the subsector being very defensive, it is sensitive to activity in financial markets.

Asset managers saw a wide dispersion of returns. Alternative asset managers have performed extremely well in recent years, although some have come under pressure over the past year due to concerns around fundraising, valuations of their portfolio companies and the impact on performance fees from lower returns. Overall, they outperformed, with those with higher exposure to private credit strategies performing particularly well on the expectation that demand for private credit will be more resilient.

Consumer finance companies held up better than expected reflecting the strong jobs market and household savings. Information services companies such as S&P Global and Moody's performed well, both benefiting from a resurgence in bond issuance which benefited their credit rating businesses. Berkshire Hathaway performed reasonably well, reflecting its defensive positioning with exposure to the likes of Apple and large insurance businesses offsetting its more economically sensitive businesses.

FinTech companies saw a mixed performance. Visa and Mastercard both performed well, reflecting their defensive characteristics and benefiting from resilience of consumer spending, but payment companies such as PayPal and Adyen performed poorly over concern around margin pressure from increased competition. At the end of May 2023, MSCI designated that payment companies should move from the technology sector back to the financial sector and those companies consequently now represent 10.8% of the Benchmark.

Investment activity

At the beginning of the period, we retained a constructive view of the outlook and despite concerns around a potential recession, took the view that the sector would weather it well given resilient earnings. Nevertheless, we reduced risk and increased our exposure to fixed income securities, while keeping gearing at a moderate level.

Our exposure to Asia continues to focus on the faster growing economies of India and Indonesia. While we have no exposure to Chinese state banks, in the first few months of 2023 we increased our exposure to the region to benefit from the reopening of China by adding to holdings in Hong Kong Clearing & Exchanges, BOC Hong Kong, AIA Group and Prudential. However, as economic data coming out of Asia disappointed over the course of the year, we subsequently reduced exposure in AIA Group and Prudential and sold our holdings in Hong Kong Clearing & Exchanges and BOC Hong Kong.

At the start of the period, we had a mid single-digit percentage exposure to small and mid-sized US regional

banks, including Cullen/Frost Bankers, Enterprise Financial Services and East West Bancorp. This had fallen from around a low double-digit exposure in the middle of 2022. We had been reducing our positions due to concerns on capital, the impact of higher deposit costs on profitability and also their higher exposure to commercial real estate, making them more sensitive to a US recession.

We added to holdings in European banks including AIB Group and Nordea Bank while starting new positions in BNP Paribas and Intesa Sanpaolo as we saw them continuing to benefit from higher interest rates. New holdings were also bought in Intermediate Capital Group and Ares Management, both alternative asset managers that have significant private credit strategies. We continue to believe they will be beneficiaries of the much more attractive environment for credit strategies.

Following the collapse of SVB, we made more material changes to the portfolio, selling our remaining holdings in small and mid-sized regional banks on the basis that the headwinds facing US regional banks in the shorter term would cap any rally in their shares. This was done by increasing our exposure to larger US banks, albeit leaving the portfolio overall underweight in US banks relative to the benchmark.

However, as valuations for US banks dropped to levels not seen since 2016 and 2020, we started to add again to specific holdings. Barclays, in a research note, highlighted that US banks had seen the worst relative performance in 2023 versus the broader US stock market since 1937, marginally worse than their peak-to-trough underperformance during the global financial crisis (GFC), and their fourth worst year in absolute terms. For some quality names this seemed nonsensical.

We purchased call options on a US regional bank ETF to participate in a recovery in US regional bank shares. In addition we added to our holdings in Bank of America and US Bancorp. Despite concerns over the unrealised losses in their securities portfolio, we see both banks as conservative lenders and valuations were attractive. We also purchased a holding in East West Bancorp, taking our exposure back to overweight.

During the year, we started a holding in ICICI bank, a very well regarded Indian private sector bank, offset by reducing our exposure to HDFC Bank, a larger but equally well run peer. We also purchased holdings in American Express and Intercontinental Exchange (ICE), which owns the New York Stock Exchange among other businesses. ICE's shares had been lacklustre following the announcement of its acquisition of Black Knight, a mortgage software and data business

Investment Manager's Report continued

where revenues were under pressure due to high interest rates, but we anticipate a reversal when the interest rate cycle turns.

We added to our reinsurance exposure by starting holdings in RenaissanceRe Holdings and Everest Group, two Bermudan reinsurance companies, partly offset by reducing our holding in Berkshire Hathaway. We also started a holding in Munich Re which we switched into following a sale of our holding in Hannover Rueck as we saw it better positioned than its German peer in the current environment. We also added to our holding in Beazley following a fall in its share price due to confusion around how the new IFRS 17 accounting standard had impacted its results.

Following the write down of Credit Suisse's AT1 bonds, we added to our fixed income exposure by either adding to or starting new holdings in AT1 bonds issued by AIB Group, BNP Paribas, CaixaBank and Banco Santander. Gearing, which started the year at 6.0%, fluctuated between 2.6% and 8.2% finishing the year at 6.5%.

Outlook

Bank failures

Why did so many banks fail in quick succession when the banking sector is so much better capitalised, with significantly greater levels of liquidity and no signs of stress? Ultimately, the catalyst was a sharp move in interest rates which led to significant unrealised losses in banks' securities portfolios. This spooked the markets and led to a sharp outflow of deposits. While this deposit outflow is similar to what was seen during the GFC, this time around it has not been about toxic assets on weak bank balance sheets as it was then.

The banks that failed stood out as having a high exposure to uninsured depositors so were vulnerable to any loss of confidence. For example, the three US banks with the largest concentration of uninsured deposits as a percentage of total deposits were First Republic, Signature Bank and SVB, all of which failed, with the first at 67% and the other two at close to 90%. This compares to a median for the US banking sector of approximately 40%. First Republic was in the strongest position of the three but that was not sufficient to prevent a bank run.

This is not GFC II

We did not see this as another global financial crisis as the profitability of the banking sector is vastly improved with the rise in interest rates supporting earnings, greater capital cushions and the somewhat anaemic growth in loan origination in recent years. Critically, outside the US, large banks are required to hedge their interest rate risk and are penalised with higher capital requirements if they do not do so.

The report by the Federal Reserve into SVB's failure stated: "Silicon Valley Bank failed because of a textbook case of mismanagement by the bank. Its senior leadership failed to manage basic interest rate and liquidity risk and Federal Reserve supervisors failed to take forceful enough action". The Federal Reserve went on to argue contentiously that rules around the regulation of banks which were relaxed under the Trump administration, had played their part in SVB's failure.

Basel 3 Endgame

While larger US banks were beneficiaries of the outflow of deposits from smaller US regional banks in March, due to their perceived safety, they were hit much harder by proposals dubbed "Basel 3 Endgame" which will increase their capital requirements if implemented. While ultimately these proposals are the final piece in the jigsaw for the post-GFC regulatory framework, they have come under criticism not only from politicians but also regulators.

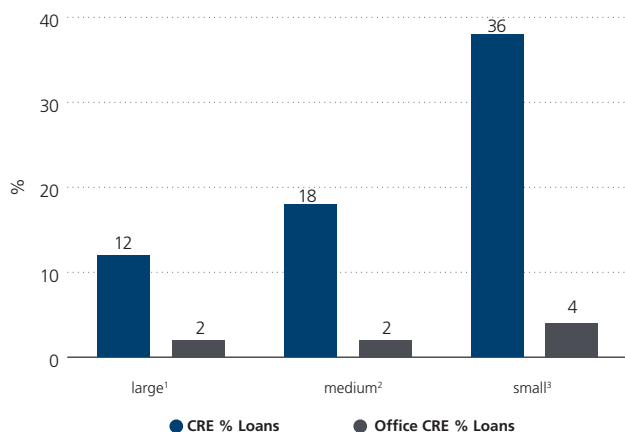
JP Morgan, one of the few banks not to report a loss in 2008 and extremely well regarded for its risk management, is one of the hardest affected and estimates its capital requirements will rise by around 25%. Jamie Dimon, its Chairman and Chief Executive, has stated non-bank competitors will be "dancing in the streets" as a consequence. We believe a more resilient and safer banking system is a positive for bank shareholders, but the latest proposals appear to have not been well thought through. While banks will be able to meet the new targets with little difficulty, any easing of the proposals would be positive.

Commercial real estate

A significant percentage of most banks' balance sheets are secured against property, whether that be residential or commercial. Since the GFC, banks have materially tightened their underwriting of property loans in part as a response to new regulations. Nevertheless, in the past year investors have been understandably concerned about their exposure to offices. As a result of the pandemic and changing work patterns, along with the rise in bond yields, valuations for office property have fallen sharply.

Consequently, banks in recent quarters have been increasing their provisions but as most banks' exposure to office property is limited to a low single-digit percentage of their loan books, this should be a very manageable issue. However, it is likely to remain a headwind for some banks' share prices until there is greater clarity on the outlook for real estate markets, as illustrated by the sharp fall in the share price of New York Community Bank, even though it is seen as an outlier, due to it being forced by regulators to raise the level of provisions it had set aside for potential defaults.

US banks commercial real estate (CRE) exposure



Source: Company reports 1Q23

Positioning

The Trust's largest positions include holdings in JP Morgan, Mastercard and Visa. The following gives more detail on some of the sector where we see attractive opportunities.

Insurance

We remain positive on the outlook for the reinsurance sector where our largest holdings are Arch Capital and RenaissanceRe Holdings. The reinsurance market is cyclical and high returns will inevitably lead to the sector attracting new capital which will drive down returns. However, we have yet to see it happen in any meaningful way. Following what is known as January renewals, where a significant number of reinsurance contracts are agreed, results would suggest that underwriting returns, all things being equal, should continue to be attractive.

Many industry participants believe it is the best underwriting market in over a decade. The biggest risk in the shorter term is an environment where investors turn much more positive on the outlook for growth globally. Cyclical sectors such as banks and therefore insurance stocks would lag such a rally. However, with valuations for the sector undemanding, arguably discounting a much worse outcome for profitability and growth, we still see good value.

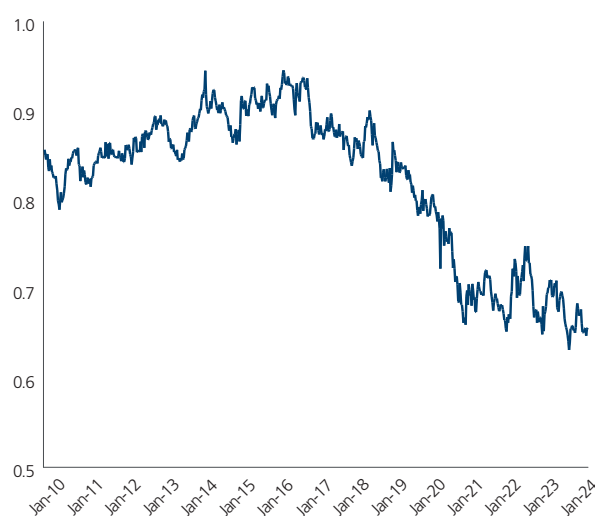
1. 'Large' refers to JP Morgan, Bank of America, Citigroup, Wells Fargo.
2. 'Mid-sized' refers to PNC Financial Services, US Bancorp, Trust Financial Corp, Fifth Third Bancorp, M&T Bank, Regions Financial Corp, KeyCorp, Citizen Financial Group.
3. 'Small' refers to East West Bancorp, Western Alliance Bancorp, Comerica, Webster Financial Corp, Zions Bancorp. These have reported 1Q23 results and we feel are representative of smallcap banks.

UK mid-cap financials

We added to our UK mid-cap financials during the year given attractive valuations. While it is more understandable for those that are domestically focused to trade on lower valuations as international investors perceive greater risks in the UK economy than we believe is warranted, it is very evident where companies have similarly listed peers on higher valuations. Either these companies start delivering better returns to shareholders or are vulnerable to being taken private.

Consequently, among others we added to holdings in Intermediate Capital Group, as highlighted above, and started new holdings in IG Group Holdings, an online trading company, Hiscox, the property and casualty insurance business, and repurchased a holding in OSB Group, a UK bank focused on the buy-to-let market. OSB Group had seen its shares fall sharply in 2022 on the back of a profit-warning exacerbated by poor communication from management which we felt more than discounted the downside risks.

FTSE 350 Index P/E ratio relative to the MSCI World Index P/E ratio



Source: Bloomberg, January 2024

Investment Manager's Report continued

Alternative asset managers

We continue to see longer-term opportunities in alternative asset managers, so-called as they invest in assets such as private equity, private credit, infrastructure and real estate. They have seen strong inflows in recent years and with little or no pressure on fees, this has led to strong growth in profits. This contrasts with traditional long only equity and bond asset managers who have been losing market share to cheaper, passive funds and see fee compression.

The added attraction of alternative asset managers is that capital is locked up for several years, giving more certainty about future profitability. Returns for the better performing managers have been very good. While fundraising has been weaker in the past year, we expect them to benefit from the improving outlook for interest rates and growth which will allow activity in private equity markets to pick up and with that performance and flows. Holdings we own include Ares Management, EQT and Antin Infrastructure Partners.

Indian and Indonesian banks

We continue to see strong tailwinds for banks in certain emerging markets where penetration of financial services and household debt-to-GDP ratios are low. The added attraction of many banks in the region is the strength of their deposit franchises, capital levels and profitability. However, valuations reflect the stronger tailwinds and this is why we do not have larger holdings.

Emerging markets have materially underperformed developed markets over the past five years. A weaker US dollar and lower bond yields historically have been a positive for emerging markets. India and Indonesia represent our key overweight positions there, reflecting their excellent long-term growth prospects and the opportunity to invest in highly profitable, well-run banks operating in a stable regulatory framework. We have holdings in HDFC Bank, ICICI Bank, IndusInd Bank, Bank Rakyat Indonesia and Bank Central Asia among others.

European banks

Our largest European bank holdings include BNP Paribas, AIB Group and Nordea Bank. European banks have been pilloried for most of the past decade for their poor performance, albeit the European Central Bank's (ECB) monetary policy which squeezed net interest margins and their profits was a significant contributor. When taking into account the lower risk loan books of European banks, they have seen a significant increase in capital ratios over the past decade, with many carrying excess capital well over levels required by regulators.

They have benefited from the rise in interest rates but share price returns have lagged earnings growth as investors

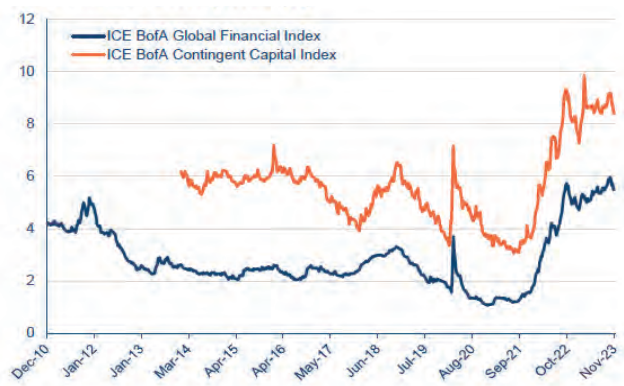
expect the ECB to lower interest rates at some point leading to declining net interest income. Equally, they have come under pressure over concerns around windfall taxes and the interest they earn on excess reserves held at the central bank. Valuations remain extremely low on almost all metrics, especially relative to wider equity markets.

Subordinated financial bonds

The events surrounding the Credit Suisse takeover and the regulator's decision to allow the complete write off of the bank's AT1 debt investors while equity investors received compensation resulted in significant volatility in the AT1 bond market. Following assurance from other regulators to respect the established creditor hierarchy the event was seen as idiosyncratic and the AT1 bond market rallied.

With rising interest rates globally over the past two years, the high single-digit yields on offer across the subordinated bonds of banks and insurance companies continue to look attractive in both absolute and relative (to history) terms, especially when taking into account the greater resilience of the sector.

US dollar financial bond yields (%)



Source: ICE BofA 27 November 2023

Summary

Ultimately it is the outlook for growth and interest rates that will decide returns over any short or medium term time period. A weaker economic outlook, all things being equal, will lead to lower share prices and vice versa. Financials are a play on a soft landing, as illustrated by the sharp jump in US bank shares on the more dovish language used by Federal Reserve Chair Jerome Powell in December when he left interest rates on hold and indicated the era of rises was over.

Many investors had assumed central banks would err on keeping interest rates higher for longer for fear of repeating the errors of the 1970s when the Federal Reserve cut aggressively only to have to raise interest rates again as inflation took hold. However, if actions follows words, a more accommodative policy will reduce the tail risk of a

sharper downturn in the shorter term. Consequently, we are constructive on the outlook for the sector as the policy reduces many of the concerns around the US banking system with regard to the unrealised losses on securities portfolios and the potential for increased loan losses.

As importantly, it should help to underpin sentiment and uncertainty around the impact of higher interest rates on financial markets directly or indirectly. The sector suffers swings in sentiment and at the moment is assuming a more subdued and weaker outlook than earnings and valuations suggest. Underlying operating performance is good and will be underpinned at much higher levels unless interest rates return to the levels seen two plus years ago. Consequently, we remain very constructive on the outlook for returns from the sector over the coming year.

Nick Brind & George Barrow

Co-Managers

Polar Capital Global Financials Team

15 February 2024



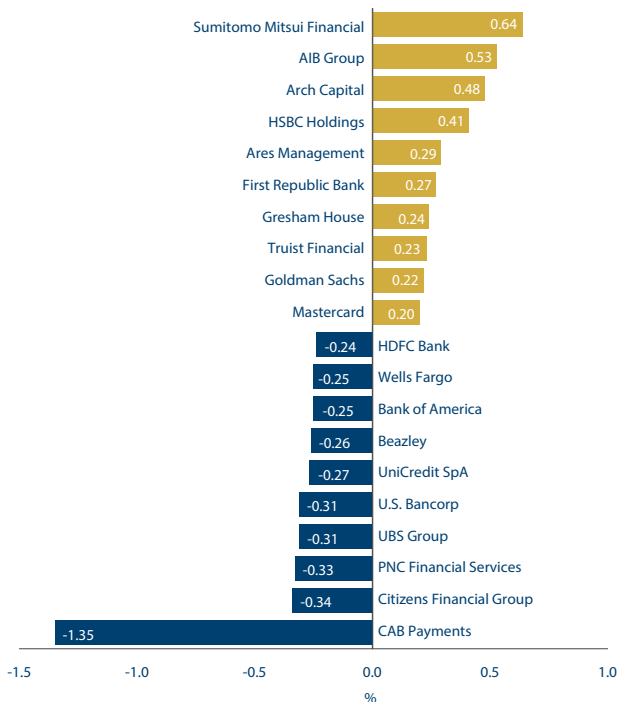
We would draw
Shareholders attention to
www.polarcapitalglobalfinancials.com
trust.com

for monthly factsheets, regular
investment commentary and
portfolio updates.

Attribution Analysis

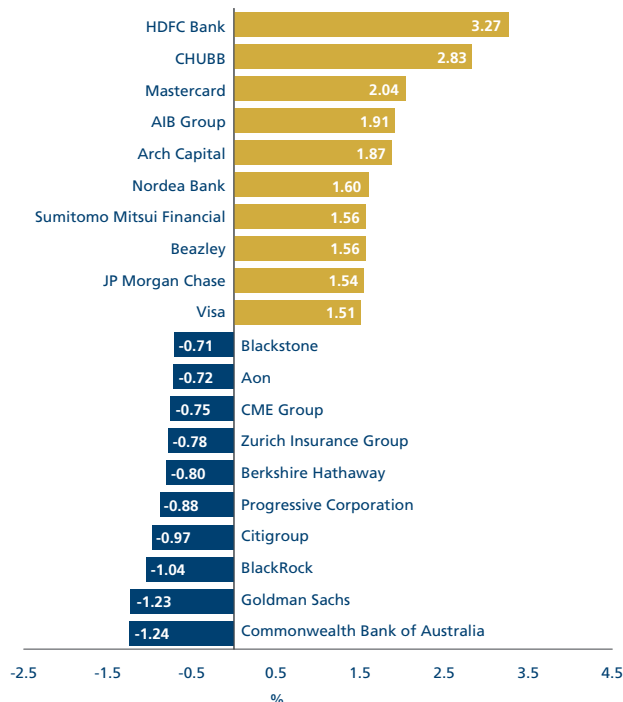
The top ten relative contributors to, and the bottom ten relative detractors from performance versus the benchmark

For the year ended 30 November 2023



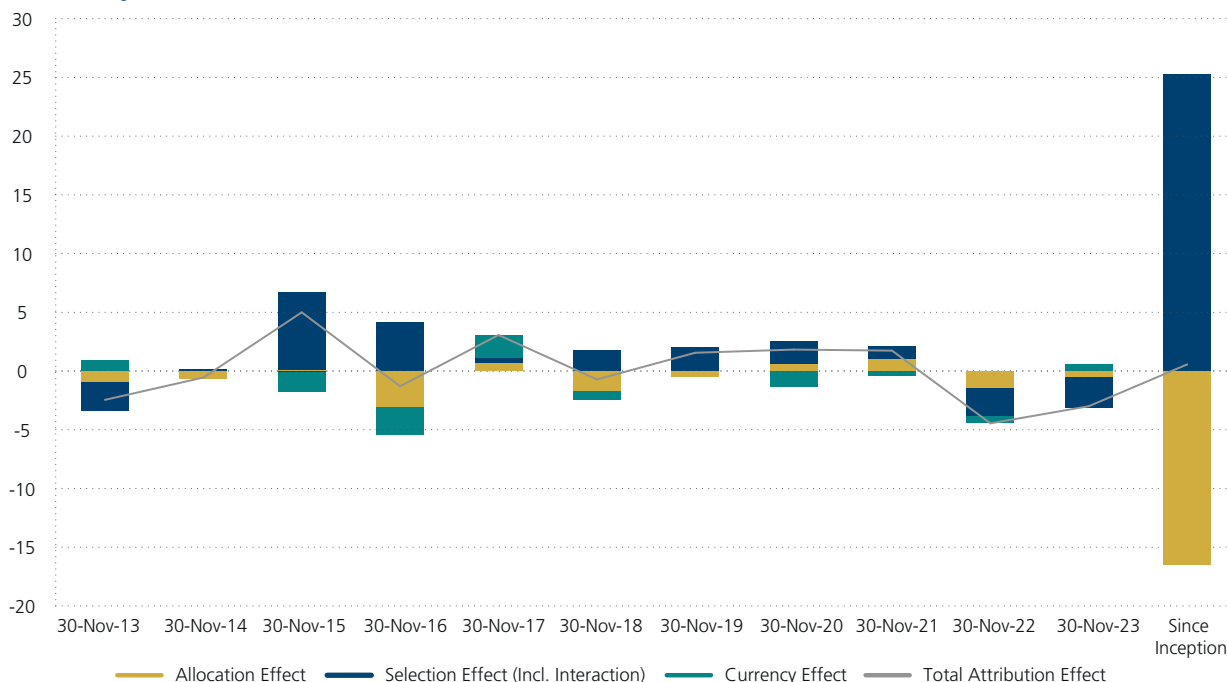
Active positions – top ten and bottom ten active positions

For the year ended 30 November 2023



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 2023



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 (Incl. Interaction). Allocation Effect refers to the portion of the Company's overall performance attributable to the 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 Manager's decision on selecting individual securities.

Top Ten Investments

As at 30 November

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2023	2022				2023	2022	2023	2022
1	(1)	JPMORGAN CHASE & CO.	Banks	North America	31,432	30,627	6.4%	5.7%
<p>JP Morgan Chase is the largest bank in the US, with a market capitalisation of US\$451bn, 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.</p>								
2	(18)		Financial Services	North America	27,136	9,805	5.6%	1.8%
<p>Mastercard is the 2nd largest payments company in the world with a market capitalisation of US\$388bn. 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.</p>								
3	(13)		Financial Services	North America	21,140	11,108	4.3%	2.1%
<p>Visa is the largest payments company in the world with a market capitalisation of US\$529bn. Visa was founded by Bank of America in 1958 when it launched BankAmericard, the first card with a revolving credit feature before licensing it to other institutions in 1966. It was renamed Visa in 1976.</p>								
4	(3)		Insurance	Europe	19,891	22,493	4.1%	4.2%
<p>CHUBB, incorporated in Switzerland, has a market capitalisation of US\$94bn 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.</p> <p><i>The Chubb Logo is a registered trademark of Chubb Limited.</i></p>								
5	(4)	Berkshire Hathaway	Financial Services	North America	16,764	21,302	3.4%	3.9%
<p>Berkshire Hathaway, is the largest financial company globally with a market capitalisation of US\$783bn. It owns US auto insurer GEICO and General Re, a reinsurance company and has operations in a diverse range of industries from railroads to confectionary. It also has large investments in American Express, Bank of America, the Coca-Cola company and Apple. It has been managed by Warren Buffett since 1964.</p>								
6	(6)		Banks	North America	13,003	20,754	2.7%	3.8%
<p>Wells Fargo is the 3rd largest bank in the US with a market capitalisation of US\$162bn, and branches across the whole country. It was founded in 1852 by Henry Wells and William G Fargo, two of the founders of American Express, to provide banking and express services to California by stagecoach. Wells Fargo acquired Wachovia in 2008, which at the time was the fourth largest bank in the US based on total assets.</p>								
7	(2)	Bank of America	Banks	North America	13,002	25,887	2.7%	4.8%
<p>Bank of America is the 2nd largest bank in the US with a market capitalisation of US\$241bn. 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.</p>								
8	(15)	Marsh & McLennan	Insurance	North America	12,308	10,041	2.5%	1.8%
<p>Marsh is a global leader in insurance broking and risk management. Working with clients of all sizes to provide solutions to quantify and manage risk. Offering risk management, risk consulting, insurance broking, alternative risk financing, and insurance program management services to businesses, government entities, organizations, and individuals around the world. It has a market capitalisation of \$98bn.</p>								
9	(14)		Insurance	North America	11,356	10,533	2.3%	1.9%
<p>Arch Capital Group operations began in 2001. Through organic growth and strategic acquisitions, Arch has evolved into a leading diversified specialty insurer and reinsurer writing insurance, reinsurance and mortgage insurance on a worldwide basis. Headquartered in Bermuda the company has a market capitalisation of US\$31bn.</p>								
10	(-)		Insurance	North America	11,237	-	2.3%	-
<p>RenaissanceRe is a global provider of property, casualty and specialty reinsurance and insurance solutions. Founded in 1993 it is headquartered in Bermuda and has a market capitalisation of US\$11bn.</p>								
Total - 10 Largest Investments					177,269		36.3%	

Full Investment Portfolio

As at 30 November 2023

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2023	2022				2023	2022	2023	2022
1	(1)	JP Morgan Chase	Banks	North America	31,432	30,627	6.4%	5.7%
2	(18)	Mastercard	Financial Services	North America	27,136	9,805	5.6%	1.8%
3	(13)	Visa	Financial Services	North America	21,140	11,108	4.3%	2.1%
4	(3)	CHUBB	Insurance	Europe	19,891	22,493	4.1%	4.2%
5	(4)	Berkshire Hathaway	Financial Services	North America	16,764	21,302	3.4%	3.9%
6	(6)	Wells Fargo	Banks	North America	13,003	20,754	2.7%	3.8%
7	(2)	Bank of America	Banks	North America	13,002	25,887	2.7%	4.8%
8	(15)	Marsh & McLennan	Insurance	North America	12,308	10,041	2.5%	1.8%
9	(14)	Arch Capital	Insurance	North America	11,356	10,533	2.3%	1.9%
10	(-)	RenaissanceRe	Insurance	North America	11,237	-	2.3%	-
Top 10 investments					177,269		36.3%	
11	(47)	S&P Global	Financial Services	North America	10,214	4,923	2.1%	0.9%
12	(21)	AIB Group	Banks	Europe	9,511	8,949	1.9%	1.7%
13	(20)	U.S. Bancorp	Banks	North America	8,845	8,972	1.8%	1.7%
14	(7)	HSBC Holdings	Banks	United Kingdom	8,627	14,656	1.8%	2.7%
15	(19)	Bank Rakyat	Banks	Asia (ex-Japan)	8,431	9,183	1.7%	1.7%
16	(-)	BNP Paribas	Banks	Europe	8,238	-	1.7%	-
17	(8)	AIA Group	Insurance	Asia (ex-Japan)	8,177	13,874	1.7%	2.6%
18	(40)	Nordea Bank	Banks	Europe	8,133	5,502	1.7%	1.0%
19	(-)	American Express	Financial Services	North America	7,987	-	1.6%	-
20	(34)	Royal Bank of Canada	Banks	North America	7,820	5,858	1.6%	1.1%
Top 20 investments					263,252		53.9%	
21	(-)	Intesa	Banks	Europe	7,694	-	1.6%	-
22	(5)	HDFC Bank	Banks	Asia (ex-Japan)	7,607	21,022	1.6%	3.9%
23	(22)	Beazley	Insurance	United Kingdom	7,422	8,909	1.5%	1.6%
24	(-)	Muenchener Ruecker	Insurance	Europe	7,326	-	1.5%	-
25	(-)	Intercontinental Exchange	Financial Services	North America	7,271	-	1.5%	-
26	(-)	Grupo Financiero Banorte	Banks	Latin America	7,100	-	1.4%	-
27	(28)	Indusind Bank	Banks	Asia (ex-Japan)	7,055	6,898	1.4%	1.3%
28	(56)	Axis Bank	Banks	Asia (ex-Japan)	6,876	3,789	1.4%	0.7%
29	(-)	London Stock Exchange	Financial Services	United Kingdom	6,821	-	1.4%	-
30	(-)	Intermediate Capital	Financial Services	United Kingdom	6,676	-	1.4%	-
Top 30 investments					335,100		68.6%	
31	(-)	BlackRock	Financial Services	North America	6,242	-	1.3%	-
32	(54)	Ares Management	Financial Services	North America	5,932	4,236	1.2%	0.8%
33	(27)	Morgan Stanley	Financial Services	North America	5,565	7,558	1.1%	1.4%
34	(38)	East West Bancorp	Banks	North America	5,496	5,660	1.1%	1.0%
35	(35)	Tisco Financial	Banks	Asia (ex-Japan)	5,174	5,805	1.1%	1.1%
36	(46)	Lancashire	Insurance	United Kingdom	5,007	5,024	1.0%	0.9%
37	(17)	Bank Central Asia Indonesia	Banks	Asia (ex-Japan)	4,946	9,890	1.0%	1.8%
38	(45)	Allianz	Insurance	Europe	4,943	5,078	1.0%	0.9%
39	(29)	Intact Financial Corporation	Insurance	North America	4,871	6,836	1.0%	1.3%
40	(-)	Bank of Cyprus	Banks	Europe	4,674	-	1.0%	-
Top 40 investments					387,950		79.4%	

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2023	2022				2023	2022	2023	2022
41	(11)	Toronto-Dominion Bank	Banks	North America	4,580	12,439	0.9%	2.3%
42	(-)	OSB Group	Financial Services	United Kingdom	4,572	-	0.9%	-
43	(-)	ICICI Bank	Banks	Asia (ex-Japan)	4,363	-	0.9%	-
44	(12)	Sumitomo Mitsui Financial	Banks	Japan	4,329	11,789	0.9%	2.2%
45	(9)	DBS Group	Banks	Asia (ex-Japan)	4,254	13,200	0.9%	2.4%
46	(-)	ING Groep	Banks	Europe	4,225	-	0.9%	-
47	(31)	The Travelers Companies	Insurance	North America	4,216	6,484	0.9%	1.2%
48	(52)	Macquarie	Financial Services	Asia (ex-Japan)	4,125	4,644	0.8%	0.9%
49	(66)	Moneybox (unquoted)	Financial Services	United Kingdom	3,773	2,310	0.8%	0.4%
50	(10)	PNC Financial Services	Banks	North America	3,740	13,112	0.8%	2.4%
Top 50 investments					430,127		88.1%	
51	(30)	Standard Chartered	Banks	United Kingdom	3,717	6,552	0.8%	1.2%
52	(41)	MSCI	Financial Services	North America	3,707	5,497	0.8%	1.0%
53	(39)	Mitsubishi UFJ Financial Group	Banks	Japan	3,691	5,629	0.8%	1.0%
54	(-)	Everest Group	Insurance	North America	3,560	-	0.7%	-
55	(-)	Hiscox	Insurance	United Kingdom	3,403	-	0.7%	-
56	(60)	International Personal Finance 9.75% 2025 Bond	Fixed Income	Fixed Income	3,089	2,563	0.6%	0.5%
57	(57)	Ares Capital	Financial Services	North America	3,067	3,393	0.6%	0.6%
58	(32)	Prudential	Insurance	Asia (ex-Japan)	3,000	6,402	0.6%	1.2%
59	(-)	IG Group	Financial Services	United Kingdom	2,940	-	0.6%	-
60	(65)	Lancashire 5.625% 2041 Bond	Fixed Income	Fixed Income	2,820	2,348	0.6%	0.4%
Top 60 investments					463,121		94.9%	
61	(67)	IG Group 3.125% 2028 Bond	Fixed Income	Fixed Income	2,488	2,284	0.5%	0.4%
62	(61)	Rothsay Life 4.875% Perp Bond	Fixed Income	Fixed Income	2,487	2,548	0.5%	0.5%
63	(59)	Pension Insurance 7.375% Perp Bond	Fixed Income	Fixed Income	2,480	2,576	0.5%	0.5%
64	(-)	Antin Infrastructure Partners	Financial Services	Europe	2,479	-	0.5%	-
65	(62)	Legal General Group 5.625% Perp Bond	Fixed Income	Fixed Income	2,477	2,542	0.5%	0.5%
66	(63)	Golub Capital	Financial Services	North America	2,465	2,465	0.5%	0.5%
67	(23)	Citizens Financial Group	Banks	North America	2,385	8,570	0.5%	1.6%
68	(69)	AIB Group 6.25% Perp Bond	Fixed Income	Fixed Income	2,347	2,056	0.5%	0.4%
69	(73)	Societe Generale 5.375% Perp Bond	Fixed Income	Fixed Income	2,104	1,978	0.4%	0.4%
70	(64)	VPC Specialty Lending Investments	Fixed Income	Fixed Income	2,014	2,428	0.4%	0.4%
Top 70 investments					486,847		99.7%	
71	(70)	Aviva 6.875% Perp Bond	Fixed Income	Fixed Income	2,008	2,030	0.4%	0.4%
72	(71)	Riverstone Credit Opportunities	Fixed Income	Fixed Income	1,939	2,026	0.4%	0.4%
73	(75)	BNP Paribas 7% Perp Bond	Fixed Income	Fixed Income	1,762	1,867	0.4%	0.3%
74	(-)	CaixaBank 8.25% Perp Bond	Fixed Income	Fixed Income	1,747	-	0.4%	-
75	(78)	Rothsay Life 6.875% Perp Bond	Fixed Income	Fixed Income	1,672	1,675	0.3%	0.3%
76	(72)	Barclays 8.875% Perp Bond	Fixed Income	Fixed Income	1,562	1,978	0.3%	0.4%
77	(81)	Provident Financial 8.875% 2032 Bond	Fixed Income	Fixed Income	1,535	1,593	0.3%	0.3%
78	(-)	VEF	Financial Services	Europe	1,526	-	0.3%	-
79	(-)	Investec	Fixed Income	Fixed Income	1,391	-	0.3%	-
80	(85)	Rothsay Life 5% Perp Bond	Fixed Income	Fixed Income	1,386	206	0.3%	0.0%
Top 80 investments					503,375		103.1%	

Full Investment Portfolio continued

As at 30 November 2023

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2023	2022				2023	2022	2023	2022
81	(-)	Cab Payments	Financial Services	United Kingdom	1,378	-	0.3%	-
82	(68)	Atom Bank (unquoted)	Banks	United Kingdom	1,281	2,241	0.3%	0.4%
83	(76)	Nationwide Building Society 5.75% Perp Bond	Fixed Income	Fixed Income	1,258	1,785	0.3%	0.3%
84	(83)	Shawbrook Group 9% 2030 Bond	Fixed Income	Fixed Income	1,246	480	0.3%	0.1%
85	(-)	CaixaBank 5.25% Perp Bond	Fixed Income	Fixed Income	1,240	-	0.3%	-
86	(-)	Quilter 8.625% 2033 Bond	Fixed Income	Fixed Income	1,211	-	0.2%	-
87	(-)	Shawbrook Group 12.25% 2034 Bond	Fixed Income	Fixed Income	1,194	-	0.2%	-
88	(-)	Hellenic Bank 10.25% 2033 Bond	Fixed Income	Fixed Income	1,065	-	0.2%	-
89	(82)	Chesnara 4.75% 2032 Bond	Fixed Income	Fixed Income	1,049	1,275	0.2%	0.2%
90	(-)	Litigation Capital Management	Financial Services	Asia (ex-Japan)	1,049	-	0.2%	-
Top 90 investments					515,346		105.6%	
91	(-)	Banco Bilbao Vizcaya Argentaria 8.375% Perp Bond	Fixed Income	Fixed Income	891	-	0.2%	-
92	(-)	Personal Group	Insurance	United Kingdom	566	-	0.1%	-
93	(84)	Jupiter 8.875% 2030 Bond	Fixed Income	Fixed Income	448	456	0.1%	0.1%
94	(-)	Admiral Group 8.5% 2034 Bond	Fixed Income	Fixed Income	368	-	0.1%	-
95	(-)	RL Finance Bonds NO 6 10.125% Perp Bond	Fixed Income	Fixed Income	310	-	0.0%	-
96	(-)	Permanent TSB Group 13.25% Perp Bond	Fixed Income	Fixed Income	195	-	0.0%	-
Total investments					518,124		106.1%	
Other net liabilities					(29,926)		(6.1%)	
Total net assets					488,198		100.0%	

Note: Figures in brackets denote comparative rankings as at 30 November 2022.

Portfolio Review

As at 30 November 2023

Geographical Exposure*	Benchmark weighting as at 30 November 2023**	30 November 2023	30 November 2022
North America	55.3%	52.2%	50.1%
Europe	15.3%	16.2%	15.5%
Asia (ex-Japan)	15.7%	13.3%	19.8%
United Kingdom	4.1%	11.6%	9.4%
Fixed Income	-	9.7%	7.8%
Japan	4.3%	1.7%	3.2%
Latin America	1.6%	1.4%	-
Other net liabilities	-	(6.1%)	(5.8%)
Total		100.0%	100.0%

Sector Exposure*	Benchmark weighting as at 30 November 2023**	30 November 2023	30 November 2022
Banks	41.8%	43.3%	60.1%
Financial services	38.1%	31.2%	17.2%
Insurance	20.1%	21.9%	20.7%
Fixed Income	-	9.7%	7.8%
Other net liabilities	-	(6.1%)	(5.8%)
Total		100.0%	100.0%

Market Capitalisation*	Benchmark weighting as at 30 November 2023**	30 November 2023	30 November 2022
Large (>US\$5bn)	99.0%	95.5%	98.7%
Medium (US\$0.5bn - US\$5bn)	1.0%	8.7%	5.9%
Small (<US\$0.5bn)	-	1.9%	1.2%
Other net liabilities	-	(6.1%)	(5.8%)
Total		100.0%	100.0%

* Based on the net assets as at 30 November 2023 of £488.2m (2022: £541.3m)

** The classifications are derived from the Benchmark 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.

Environmental, Social and Governance



Corporate Responsibility for ESG

As an investment trust with a wholly non-executive, independent Board of Directors the operations of the Company are delegated to third parties, primarily the Manager. However, the ultimate responsibility to Shareholders remains with the Board. The Board recognises that this includes ESG factors and over recent years ESG has become ever more important from an impact, risk and cost perspective across all aspects of the Company.

Despite investment trusts currently having relatively few regulatory reporting requirements, ESG is important to the Board and the Manager reports to the Board its detailed assessment of the portfolio in ESG terms and the associated operations of Polar Capital. Whilst the Portfolio Managers integrate ESG considerations into their investment process, they are not required to have consideration of ESG factors when reviewing new, continuing or exiting investments, they are not required to take an investment decision solely on the basis of ESG factors.

Over recent months the ESG dialogue with the Manager has accelerated, with increasingly detailed assessment and measurement of key areas along with how it is integrated and how it impacts all elements of the Company. The Board recognises that ESG is an evolving area, and intends to adopt emerging best practice in its analysis and reporting in line with regulatory requirements. ESG is separated into those areas on which the Board can have a direct influence, and those areas where it is reliant on others.

ESG and Third-Party Service Providers

The Manager receives assurance on an annual basis that, where required, third party service providers comply with the requirements of the Modern Slavery Act and adhere to a zero-tolerance policy to bribery and corruption. Considering the growing requirements surrounding ESG, third party service providers have been engaged in providing copies of their ESG, Diversity and Inclusion and other related policies to the Company. The Board, via the Company Secretary and Manager will continue to monitor the practices of service providers and seek to assure Shareholders where appropriate that suitable policies and procedures are in place.

Corporate Responsibility

The Company's core investment and administrative activities are undertaken by the Manager which seeks to limit the use of non-renewable resources and reduce waste where possible. The Manager has a corporate ESG policy, which is available in the document library of the Company's website, 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. The Manager utilises a number of third-party data sources and reference points to build an ESG rating of each stock. It is recognised however that these ratings may deviate from the ratings determined by the investment team because of direct market intelligence and contact with the companies involved.

The Board monitors the Manager's approach to ESG and considers 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 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 to report from its operations nor does it have responsibility for any other emissions. Information on the GHG emissions of the Manager can be found within the ESG and Sustainability area of their website www.polarcapital.co.uk.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

The Company notes the TCFD recommendations on climate-related financial disclosures. As stated above, the Company is an investment trust with no employees, internal operations or property. However, it is an asset owner and therefore the Manager is working to develop appropriate disclosures about its portfolio. The Board will continue to work alongside its Manager to provide more information as it becomes available. Polar Capital supports TCFD's recommendations and is in the process of applying the guidance to ensure compliance going forward.

Sustainability Disclosure Requirements (SDR)

On 28 November 2023, the UK Financial Conduct Authority published the Policy Statement, setting out its final rules on the UK Sustainability Disclosure Requirements (SDR) and sustainability related investment labels.

The Company and Manager are scoping the implications of this regulation and ensure that it is in compliance with relevant requirements.

Corporate Responsibility for ESG continued

Diversity Policy and Gender Reporting

The Company has no employees and the Board is comprised of one male and three female independent non-executive Directors.

The Board is cognisant of the requirements of the FCA Diversity and Inclusion Policy published in April 2022 and, while the Board meets the gender requirements, being a minimum of 40% female Board members and having at least one senior female appointment, the current composition does not satisfy the ethnicity requirements. The Board has put in place a succession plan based on the recommended nine-year tenure of Directors with allowance for an extended period of up to 12 years for the role of the Chair (in line with the Chair Tenure Policy).

The Board will continue to consider the benefits of diversity throughout any recruitment process, especially when compiling a shortlist of candidates and selecting individuals for interview in order to ensure a wide group of candidates. The Board has taken care to take account of this when developing job specifications and in the use of head-hunters who demonstrate an ability to widen the pool of candidates. We are acutely aware that not doing so could mean we do not attract candidates who support the Board as a whole to function as best it can. The Board's Diversity Policy is discussed further in the Report on Corporate Governance on page 52.

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, the Company does not fall within the scope of the Modern Slavery Act 2015 and therefore does not meet the criteria requiring it to produce a statement under such Act. The Company considers its supply chains to be of low risk as its suppliers are typically professional advisers.

A statement by the Manager under the Act has been published on the Managers' website at www.polarcapital.co.uk. The Company has not adopted a policy on human rights as it has no employees or operational control of its assets.

Anti-Bribery, Corruption and Tax Evasion

The Board has adopted a zero-tolerance policy (which is available on the Company's website) to bribery, corruption and the facilitation of tax evasion in its business activities. The Board uses the principles of the policies 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 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 shareholders at all times.

Risk and Responsibility

The Board has a schedule of principal risks and uncertainties and addresses how these are mitigated on pages 38 to 41; additionally how the directors have undertaken their duties in compliance with s172 of the Companies Act 2006 is provided on pages 42 to 45.

Simon Cordery

Chair
15 February 2024

Investment Perspective

Process

During the year, the Portfolio Manager further developed its ESG process which leverages the team's industry experience and incorporates both quantitative and qualitative factors to create a framework for ongoing analysis.

The ESG approach involves:

- Screening
- Integration (internal ESG rating)
- Ongoing monitoring and engagement

Exclusionary Screening

The team first applies a norms-based exclusion screen to the Trust's investment universe to ensure that potential holdings that are involved in controversial practices from an ESG perspective are excluded.

This involves screening the portfolio for alignment with the UN's Global Compact, The UN's Guiding Principles on Business and Human Rights, the International Labour Organisation's conventions and the Organisation for Economic Co-Operation and Development's (OECD) Guidelines for Multinational Enterprises. Further to this, we exclude companies which derive more than 5% of their revenues from the production of tobacco, thermal coal or adult entertainment.

Proprietary ESG Scoring Process

Through the use of a proprietary ESG scoring process, current and prospective companies are assessed against a variety of ESG factors examples of which are provided in the table. The team incorporates data from company disclosures, management meetings, regulatory reports and third-party ESG providers. In addition, the analysis includes a qualitative ESG overlay for each company which focuses on specific governance (risk management, engagement, litigation, strategy) and environmental factors (exposure to fossil fuels, communication, and engagement).

Any company which receives a proprietary ESG rating of 'CCC' (the lowest of seven rating categories) is excluded from the investment universe. Furthermore, the team excludes companies rated 'CCC' for governance. A rating of 'B' acts as an automatic threshold for advanced due diligence with the team engaging with the company directly to assess whether the shortfall is being addressed.

Ongoing Engagement

Ongoing monitoring and engagement of companies is central to the team's approach. This is often particularly important in the case of smaller companies where ESG disclosure can be limited (leading to low ratings by third-party ESG providers)

and does not give a fair reflection of their approach to ESG issues. All company interactions by the team on ESG related issues are logged and graded (green, orange or red flags). A red flag would result in any holdings in that company being automatically sold.

Scoring Factors include:

Governance

Independent Directors
 Director Meeting Attendance
 Women on Management Board
 Board Age Range
 Governance Disclosure Score
 Director Remuneration % Net Income
 Shareholder Alignment
 Tax Gap
 Polar Score

Total Governance Score

Third-party assessment

Environmental

GHG/Revenue (capped at 4x) (Scope 1 & 2)
 GHG absolute
 Net Zero Target Year (i.e. years vs 2022)
 Environment Disclosure Score
 MSCI Environmental Score
 Qualitative Factor - accounting for loan book breakdown

Total Environmental Score

Social

% Women in Workforce
 Employee Reviews (Glassdoor)
 Human Capital Development
 Social Disclosure Score
 Data Privacy
 Business Ethics / Sales Practices

Total Social Score

MSCI Social Score

Total Score

Governance
 Environmental
 Social

Total

Norms Based Factors including:

United Nations Global Compact Principles
 United Nations Guiding Principles on Human Rights
 International Labour Organisation Fundamental Principles

MSCI Controversies Flag

VEF – Case Study

Example of ESG scoring system in action

VEF, an investment company focused on private fintech companies operating in emerging markets, has been assessed as AA rated by our proprietary ESG scoring system and is unrated by MSCI. One challenge in conducting an ESG assessment across all current and prospective holdings, particularly for smaller companies, can be the availability of third party data. In such instances, the team's scoring approach places greater weight on the qualitative assessment which focuses on specific governance and environmental factors.

Our qualitative analysis on VEF based on company data and several interactions with senior management highlighted the following:

- Strong risk management framework based on comprehensive due diligence prior to an investment. Sustainability is core to investment decision making and focused on governance and business ethics, responsible finance and financial inclusion.
- An ESG due diligence is conducted pre-investment while VEF conducts post-investment analysis which includes active engagement with companies and periodic sustainability analysis. VEF assesses both pre and post investment whether their investments comply with the sustainability principles outlined in the UN Global Compact and OECD Guidelines for Multinational Enterprises.
- VEF has released an annual dedicated sustainability report since 2020 which is prepared in accordance with Global Reporting Initiative ("GRI") standards and includes a materiality assessment. This is ahead of EU Corporate Sustainability Reporting Directive ("CSRD") requirements (by 2026).
- VEF's investments have no exposure to companies operating in the fossil fuel sector. VEF measures Scope 1-3 emissions and the environmental impact of VEF's business is limited.
- Management actively engage with investors and have been responsive to our requests for information and meetings.

Future engagements with the company will continue to inform our ESG scoring.

ESG Dashboard

MSCI ESG Fund Rating for PCFT



CCC	B	BB	BBB	A	AA	AAA
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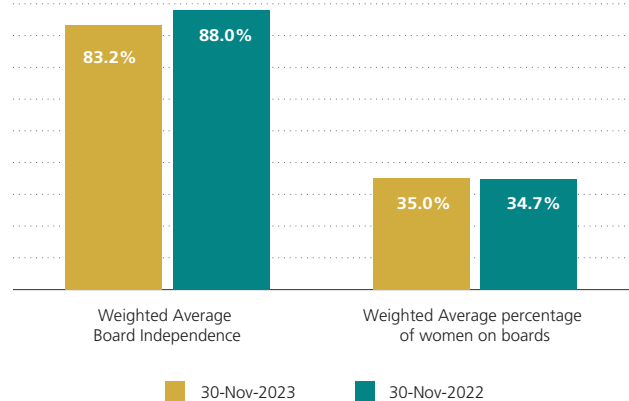
The MSCI ESG Rating for funds is designed to measure the resiliency of portfolios to long-term ESG risks and opportunities. The most highly rated funds consist of issuers with leading or improving management of key ESG risks. The ESG Rating is calculated as a direct mapping of ESG Quality Scores to letter rating categories (e.g. AAA = 8.6-10). The ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). The dashboard allows the Board to review the ratings of investee companies within the portfolio and informs discussions between the Board and Manager at Board meetings. All charts provided below are in respect of the portfolio as at 30 November 2023 / 30 November 2022.

MSCI ESG Rating

2023	Portfolio	Benchmark
Weighted Average ESG Score / Quality Score	6.56	6.62
Letter Rating	A	A

Corporate governance

The weighted average percentage of independent board of directors in the portfolio's investee companies is 83.2%, and the weighted average percentage of women on boards is 35.0%.



2022	Portfolio	Benchmark
Weighted Average ESG Score / Quality Score	6.80	6.74
Letter Rating	A	A

In last year's report the Portfolio and Benchmark were shown as being rated AA by MSCI. In March 2023, the MSCI ESG Ratings methodology was changed to remove adjustments made to the Weighted Average ESG Score used to calculate the ESG Rating. As such, in this report the 2022 figures are provided on the new MSCI ESG Ratings methodology to be consistent with the 2023 figures.

Top Five Rated Holdings

2023	Polar Rating	MSCI Rating
Everest Re	AAA	BBB
Ares Management	AAA	BB
MSCI	AAA	NA
Riverstone Credit Opportunities	AAA	NA
EQT AB	AAA	AA

Top Five Rated Holdings

2022	Polar Rating	MSCI Rating
Sampo	AAA	AA
Riverstone Credit Opportunities	AAA	NA
DnB Bank	AAA	AAA
MSCI	AAA	NA
Hannover Re Rueck SE	AAA	A

Bottom Five Rated Holdings

2023	Polar Rating	MSCI Rating
Bank Rakyat Indonesia Persero	BB	A
ICICI Bank Ltd	BB	A
VPC Speciality Lending Investments	BB	NA
Berkshire Hathaway	BB	BB
Axis Bank	BB	A

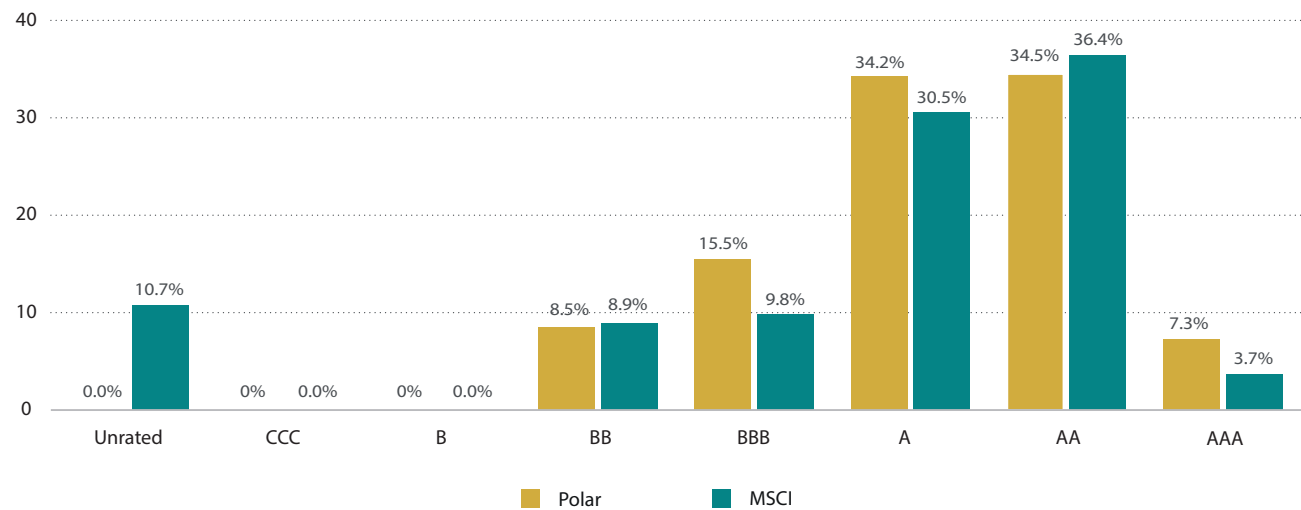
Bottom Five Rated Holdings

2022	Polar Rating	MSCI Rating
VPC Specialty Lending Investments	BB	NA
Axis Bank	BB	A
Cullen Frost Bankers	BB	B
Bank Rakyat	BB	A
Shawbrook	BB	NA

ESG Dashboard continued

Portfolio Letter Rating Distribution

40.1% of the Trust's holdings receive an MSCI ESG Rating of AAA or AA (ESG Leaders) while 0% receive an MSCI ESG Rating of B or CCC (ESG Laggards).



Weighted Average Carbon Intensity (tCO2e / Sales)

The Trust's holdings have very low carbon intensity (scope 1 and 2 emissions), based on the weighted average carbon emissions per USD million sales.



2023 Meeting Overview

Category	Number	Percentage
Number of votable meetings	77	
Number of meetings voted	75	97.4
Number of meetings with at least 1 vote Against, Withhold or Abstain	27	35.1

Source:

2022 Meeting Overview

Category	Number	Percentage
Number of votable meetings	74	
Number of meetings voted	73	98.7
Number of meetings with at least 1 vote Against, Withhold or Abstain	26	35.1

Source:

2023 Voting Statistics

Category	Percentage
Number of votes FOR	90.7%
Number of votes AGAINST	7.0%
Number of votes ABSTAIN	0.3%
Number of votes WITHHOLD	0.4%
Number of votes on Management say on pay	1.7%

Source:

2022 Voting Statistics

Category	Percentage
Number of votes FOR	87.9%
Number of votes AGAINST	6.0%
Number of votes ABSTAIN	0.1%
Number of votes WITHHOLD	0.5%
Number of votes on Management say on pay	5.5%

Source:



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 Chair'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 this strategy to succeed, including a fair review of the Company's performance during the year ended 30 November 2023, the position of the Company at the year end and a description of the principal risks and 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 providing Shareholders with access to a portfolio of mostly listed or quoted securities issued by companies in the financials sector. 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, gearing, 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. Statements from the Depositary and the AIFM can be found on the Company's website.

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 in a global portfolio primarily consisting of listed or quoted securities issued by companies in the financials sector operating in banking, insurance, property and other subsectors. The portfolio is diversified by geography, industry subsectors 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. This is currently subject to an overall maximum of 20% (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 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 based on 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.

Strategy and Investment Approach

The Manager's investment process is a six-stage process primarily driven by a bottom-up fundamental analysis of individual companies, with macroeconomic inputs. The Manager uses both quantitative and qualitative screens to rank companies on a risk-adjusted basis. 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 to 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 a focus for additional stock-specific research. The Portfolio Managers undertake trips to the US,

Europe and Asia to meet companies as well as regularly meeting companies at various conferences and at the Polar offices.

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

The investment portfolio is primarily 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. The Board, together with the Manager will continue to assess the likely income capability of the portfolio 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 and portfolio valuation which it has arranged to deliver through HSBC Securities Services ("HSS").

The Company also contracts directly, on terms agreed periodically, with several 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;
- Camarco as PR advisors;
- Perivan as Designers and Printers for shareholder communications; and
- Huguenot Limited as Website Designers and internet hosting services.

Benchmark

The Company measures the Manager's performance against the MSCI ACWI Financials Net Total Return Index ('the Benchmark'). This has been used to measure the performance of the Company since 23 April 2020. The Manager does not seek to replicate the index in constructing the Company's portfolio. The portfolio may, therefore, diverge substantially from the constituents of the Benchmark.

Although the Company evaluates its performance against the 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 Manager earns a performance fee.

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 Manager will achieve the optimum return for Shareholders. As such, the Board and Manager operate in a supportive, co-operative and open environment.

The Investment Manager is Polar Capital LLP ("Polar Capital") 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 for decisions as to the purchase and sale of individual investments. The 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.

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

Polar Capital provides a team of financial specialists and the portfolio is jointly managed by Mr Nick Brind and Mr George Barrow, supported by other financials specialists within the team. The Manager has other investment resources which support the investment team and has experience in administering and managing other investment companies.

Strategic Report continued

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 Manager; (ii) if the 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 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 Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The

Management fee is payable monthly in arrears and, with effect from 7 April 2020, is charged at a rate of 0.70% per annum of the Company's 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 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. No performance fee has been paid or accrued as at 30 November 2023. Where a performance fee becomes payable it will be charged 100% to capital.

Performance and Key Performance Objectives

The Board appraises the performance of the Company and the 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. These KPIs have not differed from the prior year.

KPI	Control Process	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 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 2023, was -2.8%* while the Benchmark delivered 0.3% over the same period. Since inception the NAV total return was 119.7%* compared to 135.6% for the Benchmark and 103.5% for a comparator group.
	The Board also receives monthly reports on performance against both the Benchmark and a comparator group of open-ended investment funds.	The Company ranks 13 out of a comparator group of 31 open ended funds within the Lipper Financial Sector universe since inception and 5 out of 7 within a smaller comparable group of funds regularly considered by the Board as at 30 November 2023.
The achievement of a progressive dividend policy.	Financial forecasts are reviewed to track income and distributions.	A total of two interim dividends amounting to 4.55p (2022: 4.45p) per ordinary share have been paid or declared in respect of the financial year ended 30 November 2023. 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 discount of the ordinary share price to the NAV per ordinary share at the year-end was 12.2%* compared with a discount of 7.0% at the year ended 30 November 2022. The discount for the investment trust sector at 30 November 2023 was 15.7%.
	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 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.	During the year under review, the Company bought back 16,532,313 ordinary shares at an average discount of 10.5%. After the year end and up to 13 February 2024, the Company bought back a further 2,311,282 shares. All shares bought back have been placed into treasury for reissue to the market under the appropriate conditions.
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 2023 and will continue to be met.
Efficient operation of the Company with appropriate investment management resources and services from third party suppliers within a stable and risk-controlled environment.	Annually the Board considers the services provided by the Manager, both investment and administrative, and reviews 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 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 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 2023 excluding the performance fee were 0.86% of net assets (2022: 0.87%)*. The ongoing charges including the performance fee payable were 0.86% (2022: 0.65%)*. The decrease in ongoing charges including performance fee in the prior year reflects the write back of the performance fee accrual during FY22.

*See Alternative Performance Measures

Strategic Report continued

Principal Risks and Uncertainties

The Board is responsible for the management of risks faced by the Company. 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 to achieve its long-term strategic objectives.

The established risk management process the Company follows identifies and assesses various risks, their likelihood, and possible severity of impact, considering both internal and external controls and factors that could provide mitigation. A post mitigation risk impact score is then determined for each principal risk.

The Audit Committee carries out, at least annually, a robust assessment of the principal risks and uncertainties. With the assistance of the Manager, it monitors identified risks and meets to discuss both long-term and emerging risks.

During the year the Audit Committee, in conjunction with the Board and the Manager, undertook a full review of the Company's Risk Map including the mitigating factors and controls to reduce the impact of the risks. The Committee continues to closely monitor these risks along with any other

emerging risks as they develop and implements mitigating actions as necessary.

The Committee is mindful of the continued impact of geopolitical events as well as the effects of inflation and rising interest rates. While there are signs of inflation slowing and energy prices reducing, the continuation of the Russian war on Ukraine, and also the Middle East crisis has created further market volatility. This continues to impact supply chains, while high interest rates continue to affect consumers. Geopolitical events such as these can have a significant impact on global financial markets, and the global economy. Further information on how the Committee has assessed the Company's ability to operate as a going concern and the Company's longer-term viability can be found on pages 59 and 60 of the Report of the Audit Committee.

The principal risks are detailed on the following pages along with a high-level summary of their management through mitigation over the past financial year.



Investment Manager Performance

Principal Business Risks and Uncertainties

Failure to achieve investment objective, investment performance below agreed benchmark objective or market/ industry average.

Management of Risks through Mitigation & Controls

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 Manager. The Board also receives a monthly commentary from the 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 using monthly factsheets which have a market commentary from the 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 Manager based on performance and other services provided.

Loss of portfolio manager or other key staff.

The strength and depth of investment team provides comfort that there is not over-reliance on one person with alternative portfolio managers available to act if needed. For each key business process roles, responsibilities and reporting lines are clear and unambiguous. Key personnel are incentivised by equity participation in the investment management company.

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 a form of gearing and their use has been agreed by the Board. The deployment of borrowed funds (if any) is based on the Manager's assessment of risk and reward. At 30 November 2023 the Company was 6.5% geared (2022: 6.0%).

The ability to continue the dividend policy may be compromised due to lower income because of changes in underlying companies' policies or changes in the portfolio construction, regulatory intervention, local taxes because 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 22 to 24 on pages 98 and 99.

The Board and the Manager will continue to assess the income capability of the portfolio and determine the appropriate longer-term dividend level based on how economies and businesses perform.

Strategic Report continued

Principal Risks and Uncertainties continued

Market, Economic and Political Risk

Principal Business Risks and Uncertainties

While the portfolio is diversified across several 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 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 Manager incurs 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.

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.

Management of Risks through Mitigation & Controls

The Board has set appropriate investment limits against which it monitors the position of the portfolio. They include guidelines on exposures to certain investment markets and sectors. The Board discusses with the 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 Manager as well as the Manager's general views on the various investment markets and the financials sector.

Analytical performance data and attribution analysis is presented by the 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 27 to the financial statements. Shareholders have sight of the entire portfolio and geographic exposure of investments.

The Board regularly discusses global geopolitical issues and general economic conditions and developments.

The impact on the portfolio from other geopolitical changes is monitored through existing control systems and discussed regularly by the Board. The longer-term effects of geopolitical events will continue to be assessed by the Audit Committee in light of how they will impact the Company's portfolio and the overall economic and geopolitical environment in which the Company operates.

Note 27 describes the risks posed by changes in foreign exchange rates. The Manager can hedge foreign currency if it is thought appropriate at the time.

Operational and Regulatory Risk

Principal Business Risks and Uncertainties

There are risks from the failure of, or disruption to, operational and accounting systems and processes provided by the Manager including any subcontractors to which the 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.

Cyber-attack causing disruption to or failure of operational and accounting systems and processes provided by the Investment Manager creating an unexpected event and/or adverse impact on personnel or the portfolio.

Management of Risks through Mitigation & Controls

At each Board meeting the Board receives 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 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 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 and seeks to ensure that their impact on the Company is understood and complied with.

The number, severity and success rate of cyber-attacks have increased considerably over recent years. Detailed controls are in place and the Board proactively seeks to keep abreast of developments through updates with representatives of the Investment Manager who undertakes meetings with relevant service providers.

Investor Relations and Stewardship

Principal Business Risks and Uncertainties

Persistent excessive share price premium/discount to NAV.

Failure to communicate effectively and timeously with investors or the issuance of erroneous or misleading information.

Management of risks through Mitigation & Controls

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.

Polar Capital Sales Team and the Corporate Broker provide periodic reports to the Board on communications with shareholders and feedback received.

The Board is committed to a clear communication programme to ensure Shareholders understand the investment strategy. This is maintained using 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. Contact details and how to contact the Board are provided in regulatory announcements and the Board are present at the AGM to speak to shareholders.

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 (its 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 wider 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 when they first join the Board, including details of all relevant regulatory and legal duties as a director and continue to receive regular and ongoing updates on relevant legislative and regulatory developments. They also have continued 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 discussions and as part of the decision-making process. 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.

Shareholder Group	How we engage with them
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Shareholders	<p>The Directors have considered this duty when making the strategic decisions during the year that affect Shareholders, including 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. The Directors have also engaged with and taken account of Shareholders' interests during the year.</p> <p>The Company's AGM will be held at 2:00pm on Thursday 18 April 2024 at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. The Board recognises that the AGM is an important event for Shareholders and the Company and is keen to ensure that Shareholders can exercise their right to vote and participate. Any changes to these arrangements will be communicated through the Company's website and via a Regulatory Information Service announcement.</p> <p>The Board believes that shareholder engagement remains important, especially in the current market conditions and is keen that the AGM be a participative event for all. Shareholders will have the opportunity to hear a pre-recorded presentation from the Manager, reviewing the Company's performance in the year and the outlook for 2023-2024, in advance of the AGM. The presentation will be uploaded to the Company's website ahead of the AGM. In addition, Shareholders will be able to watch the proceedings of the AGM live via Zoom Conference. Details of how to access the online link are provided in the Notice of AGM. The AGM in-person meeting will comprise the formal business and questions only. Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at cosec@polarcapital.co.uk stating the subject matter as PCFT-AGM. The Chair of the Board and of the Committees, along with the Managers, will attend the AGM and will be available to respond to questions and concerns from Shareholders.</p> <p>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 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.</p>
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Shareholder Group

How we engage with them

Shareholders continued

**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 reviews any correspondence from Shareholders and members of the Board attend Manager presentations to investors.

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

Shareholders can raise any concerns directly with the Chair or the Board without intervention of the Manager or Company Secretary. They may do this either in person at the AGM or at other events, or in writing either via the registered office of the Company or to the Chair's specific email address **Chair.PCFT@polarcapital.co.uk**.

The Company, through the sales and marketing efforts of the 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 encourages Shareholders invested via platforms to regularly visit the Company's website or to contact the Company directly to obtain copies of Shareholder communications.

The Company has 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 available via this website.

Outcomes and strategic decisions during the year**Buybacks**

Further to shareholder authority being granted, the Company has the facility to conduct share buy backs when, in normal market conditions, it is in the best interests of shareholders to do so. The Company bought back a total of 16,532,313 shares during the year under review. After the year end and up to 13 February 2024, the Company bought back a further 2,311,282 shares.

AGM

To enable more shareholders the opportunity to hear the Investment Manager's AGM presentation, the Board has opted to pre-record and upload this to the website ahead of the voting deadline and in-person formal business AGM. In addition, shareholders can watch the proceedings of the AGM live via Zoom Conference. Details of how to access the online link are provided in the Notice of AGM.

Manager



Through the Board meeting cycle, regular updates and the work of the Management Engagement Committee in reviewing the services of the 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 Agreement and reviewing the agreed management and performance fees;
- Ensuring compliance with statutory legal requirements, regulations and other advisory guidance such as consumer duty and aspects of operational resilience; and
- Reviewing the 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 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 Manager, ensuring that the interests of Shareholders and the Manager are aligned, providing constructive challenge and making Directors' experience available to support the Manager. This culture is aligned with the collegiate and meritocratic culture which Polar Capital has developed and maintains.

Strategic Report continued

Section 172 Statement continued

Shareholder Group

How we engage with them

Manager continued



Outcomes and strategic decisions during the year

ESG

The Board continued to engage with the Investment Manager to oversee how ESG has been integrated into the overall house methodology as well as the bespoke financials team investment approach, engagement and decision making. The Board also receives information on how ESG affects Polar Capital as a business and the financials team.

Consumer Duty

The Board has worked with the Investment Manager to ensure the obligations of the new Consumer Duty regulations are appropriately applied to the Company. In light of the obligations, all communications including the website, fact sheets and other published documentation, have been reviewed to ensure they are appropriate for all end users. A 'value for money' assessment has also been undertaken and is made available to distributors on request for their due diligence processes.

Management

On the recommendation of the Management Engagement Committee the Board has resolved to continue the appointment of the Manager on the terms agreed within the Investment Management Agreement.

Investee Companies



The Board has instructed the Manager to consider 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 Voting Policy is for the Investment Manager to vote at all general meetings of companies in favour of resolutions proposed by the management where it believes that the proposals are in the interests of shareholders. 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.

The Manager voted at 75 company meetings over the year ended 30 November 2023, with 7% of all votes being against management and 35% of meetings having at least one vote against, withheld or abstained. The Manager reports to the Board, when requested, on the application of the Stewardship Code and Voting Policy. The Manager's Stewardship Code and Voting Policy can be found on the Manager's website in the Corporate Governance section (www.polarcapital.co.uk). Further information on how the Manager considers ESG in its engagement with investee companies can be found in the ESG Report on pages 27 and 32.

Outcomes and strategic decisions during the year

The Board receives information on the ratings of investee companies and can use this as a tool to inform discussions with the Manager during Board meetings.

Service Providers



The Directors oversee the Company's service providers through the annual cycle of reporting and due diligence meetings or site visits undertaken by the Manager. 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. During the year under review, due diligence meetings have been undertaken by the Investment Manager and where possible, service providers have joined 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 continues to conduct due diligence service reviews in conjunction with the Company Secretary and is satisfied that the services received continue to be of a satisfactory standard.

Shareholder 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 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 its investors. The Board recognises that the views, questions from, and recommendations of many institutional investors and proxy adviser agencies provide a valuable feedback mechanism and play a part in highlighting evolving shareholders' expectations and concerns.

Outcomes and strategic decisions during the year

Where possible the Chair and other representatives of the Company have engaged with the stewardship teams of some larger investors to understand and address their expectations in terms of board governance, recruitment and diversity. Prior to AGMs, the Company engages with these agencies to fact check their advisory reports and clarify any areas or topics contained within the report. 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.

The AIC



The Company is a member of the AIC and has supported various lobbying activities. Representatives of the Manager sit on a variety of forums run by the AIC which aids development and understanding of new policies and procedures. The Directors may cast votes in the AIC Board Elections each year and regularly attend AIC events.

Approved by the Board on 15 February 2024

By order of the Board

Jumoke Kupoluyi, ACG

Polar Capital Secretarial Services Limited

Company Secretary

Report of the Directors

Report of the Directors

The Directors, who are listed on pages 8 and 9, present their annual report, together with their Report on Corporate Governance and the Audited Financial Statements for the year ended 30 November 2023. In addition, the attention of Shareholders is drawn to the Strategic Report Section (Chair's Statement, the Investment Manager's Report, Strategic Report, ESG and Section 172 Statements) which provide further commentary on the activities and outlook for the Company.

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, operating 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. Its ordinary shares are listed and traded on the main market of the London Stock Exchange.

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.

Life of the Company

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 a General Meeting held on 7 April 2020 (the 'Reconstruction'). The new Articles of Association removed the fixed life and instead require the Company to make tender offers at five-yearly intervals, with the first to commence on or before 30 June 2025.

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 be aware 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 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 policy, a 'special dividend' may be declared and paid.

The Company's dividend policy is to, where possible, 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 2 and 37 and in Note 12 on page 92. 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 on 18 April 2024.

Annual General Meeting

The Company's AGM will be held at 2:00pm on Thursday 18 April 2024. Please see pages 115 and 116 for further information on the resolutions to be proposed.

Powers to issue shares and make market purchases of ordinary shares

At the AGM held in 2023, the Board was granted by Shareholders the power to allot equity securities for cash without first offering those shares to Shareholders in accordance with their statutory pre-emption rights, up to a nominal value of £1,623,020, equivalent to 10% of the Company's issued ordinary share capital. The Board was also granted authority by Shareholders to make market purchases of up to 48,658,139 ordinary shares of the Company, equivalent to 14.99% of the issued share capital in accordance with the terms and conditions set out in the Shareholder resolution. In the financial year under review, a total of 16,532,313 shares were repurchased into Treasury. After the year-end up to 13 February 2024, the latest practicable date, no new shares have been issued and a further 2,311,282 shares have been repurchased. These authorities will expire at the 2024 AGM and renewal of these authorities will be sought at that AGM. 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 February 2024. New ordinary shares will only be allotted and issued at or above the prevailing net asset value per share after considering the costs of issue.

Further information on transferability and the voting rights attached to these shares can be found in the shareholder information section on page 117.

Major Interests in Ordinary Shares

As at the year end of 30 November 2023, 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*
Rathbones Investment Management Limited~	Indirect	62,039,287	18.7
1607 Capital Partners LLC	Direct	31,730,064	9.7
City of London Investment Management	Direct	30,885,298	9.3
RBC Brewin Dolphin Ltd	Indirect	21,781,666	6.6
Charles Stanley	Indirect	16,408,045	5.0
Quilter Cheviot Investment Management	Indirect	16,128,869	4.9
JM Finn & Company Ltd	Direct	15,899,293	4.8
Canaccord Genuity	Indirect	10,091,107	3.0

~ position following the all-share combination of Rathbones Group Plc with Investec Wealth & Investment Limited.

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*
Rathbones Investment Management Limited	Indirect	58,294,346	18.9
1607 Capital Partners LLC	Direct	34,749,710	11.3

* The above percentages are calculated by applying the shareholdings as notified to the issued share capital at 13 February 2024 of 306,550,405 ordinary shares being all the issued ordinary shares excluding 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 regarding the amount of interest capitalised and can be found in Note 9 on page 90.

By order of the Board

Jumoke Kupoluyi, ACG

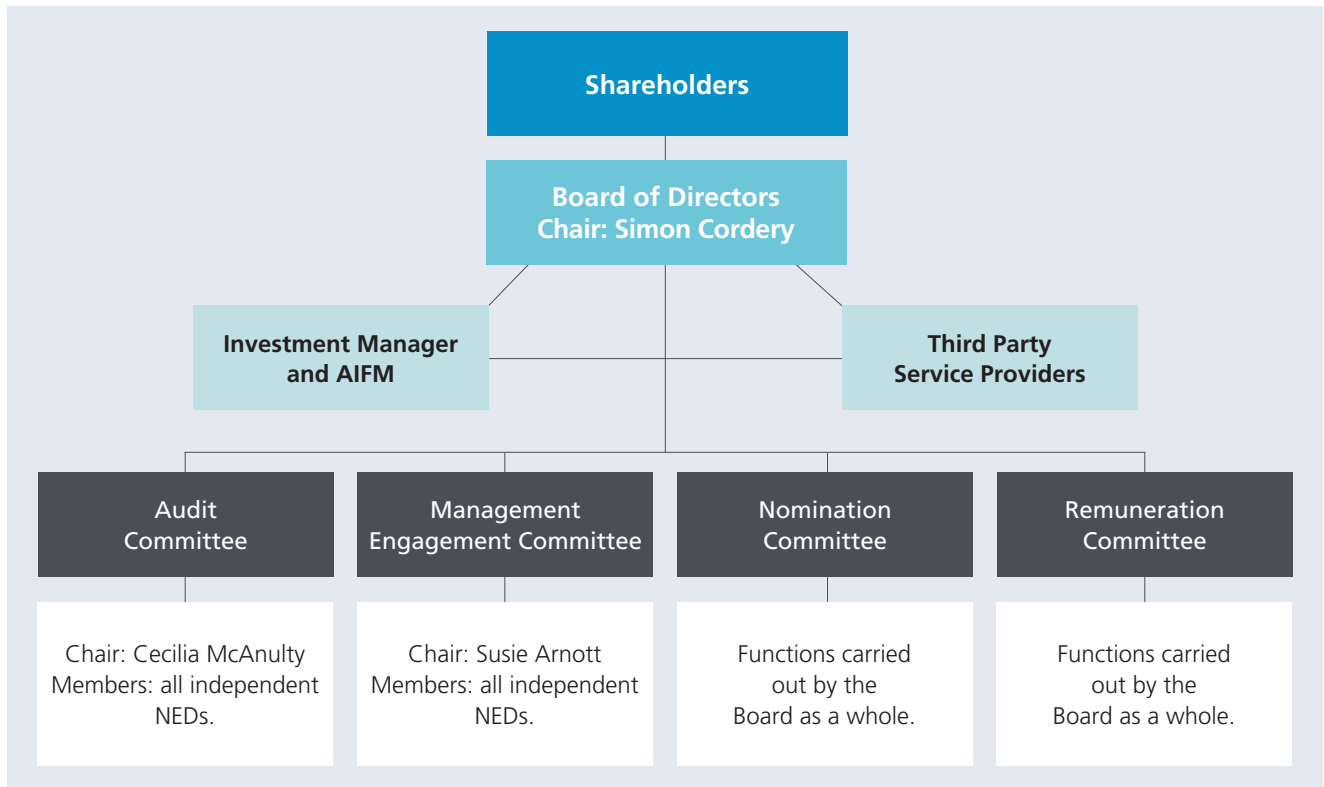
Polar Capital Secretarial Services Limited

15 February 2024

Report on Corporate Governance

Corporate Governance Framework

The Directors are ultimately accountable to the Company and its Shareholders for the Company’s affairs and are therefore responsible for the governance of the Company. The Company has no employees and relies on third parties to administer the Company. The following diagram demonstrates the governance framework within which the Company is managed.



As an externally managed investment trust, some provisions of the FRC UK Code of Corporate Governance (the 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, therefore the Board has considered the Principles and Provisions of the Association of Investment Companies Code of Corporate Governance 2019 (the AIC Code) and considers that reporting against the Principles and Provisions of the AIC Code provides more relevant information to Shareholders. The FRC has recently released amendments to the UK Code which will be taken into account by the AIC and Company and reported against where appropriate.

The AIC Code addresses the relevant principles set out in the Financial Report Council (‘FRC’) UK Code as well as additional principles and recommendations on issues that are specific to investment trust companies. The FRC has endorsed the AIC Code and confirmed that by following the AIC Code, boards of investment companies (including those structured as investment trusts) will meet their obligations under FCA Listing Rule 9.8.6.

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.

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

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 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)

Board Leadership and Purpose

The Company's purpose is to provide a vehicle for investment in which assets are invested across a global portfolio of listed or quoted securities issued by companies in the financials sector operating in the banking, insurance, property and other subsectors which generate for investors a growing dividend income together with capital appreciation. The purpose is achieved through the Investment Objective and Policy incorporating parameters to ensure excessive risk is not taken.

The portfolio is diversified by factors including geography, industry subsector 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 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.

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 the current fee structure. The Investment Manager is entitled to a management fee at the rate of 0.70% (previously 0.85%) 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, how the Board views its engagement with stakeholders and Shareholders and how this contributes to strategic decision making is set out in the s172 statement on pages 42 to 45. Participation from all stakeholders 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 service reviews and other meetings throughout the 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 page 53.

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 has 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 are 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.

Separate reports of the work of the Audit Committee and Management Engagement Committee over the year are set out on pages 55 to 60 and page 66 respectively. The Directors' Remuneration Report, including the processes undertaken when reviewing remuneration, can be found on pages 61 to 65.

The number of formal meetings of the Board and its Committees held during the year ended 30 November 2023 and the attendance of individual Directors are shown below:

	Board	Audit Committee	Management Engagement Committee	2023 Annual General Meeting
Number of Formal Meetings	7	3	3	1
Simon Cordery	7	3	3	1
Cecilia McAnulty	7	3	3	1
Susie Arnott	7	3	3	1
Angela Henderson [^]	6	2	2	1
Robert Kyprianou [*]	3	2	2	1
Katrina Hart [~]	1	1	1	–

[^] Unable to attend meeting due to bereavement. Papers for all meetings were reviewed and an opportunity to raise any issues was provided during an alternative session.

^{*} Retired from the Board on 30 March 2023.

[~] Retired from the Board on 1 December 2022.

Report on Corporate Governance continued

Service Provider Performance Evaluation Process

Investment Manager (the 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 subject to the Investment Management Agreement. 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 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 any issues.

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

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

DIVISION OF RESPONSIBILITIES (PRINCIPLES F-I, PROVISIONS 8-21)

Chair

The Chair is responsible for the leadership of the Board and works with the Company Secretary to set the Board's meeting agendas and balance the issues presented to each meeting. Open and honest debate is encouraged at each Board meeting and the Chair keeps in touch with both the Company Secretary and other Directors between Board meetings. Simon Cordery was appointed to the Board in 2019 and appointed as Chair in March 2023. The Chair 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.

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 24 of the AIC Code, the Board's policy is that the maximum tenure for its Chair is up to twelve years where up to nine years have been served as a non-executive Director.

Senior Independent Director

Due to the size and structure of the Board it is considered unnecessary to appoint 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. As and when required, the Chair of the Audit Committee leads on specific matters such as the annual evaluation of the Chair.

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 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 such advice has been sought during the year.

Company Secretary

The Directors have access to the advice and services of the Company Secretary which is provided in compliance with the IMA through Polar Capital Secretarial Services Limited. An appointed representative, Jumoke Kupoluyi, ACG, is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board and Manager operate in a supportive, cooperative and open environment. The Board acknowledges that PIRC (Pensions and

Investment Research Consultants Limited, an independent corporate governance and Shareholder advisory consultancy) has recently confirmed its voting guidelines to recommend voting against the laying of the Annual Report at an AGM where the Manager provides company secretarial services to the Company. The Board believes that the benefits gained by utilising the services of a Company Secretary provided by the Manager significantly outweigh the potential for a conflict of interest perceived by PIRC. The Company Secretary is provided to the Company as an independent service and the appointed representative acts as an officer of the Company and not an employee of the Manager when working with the Board and the Company.

Meetings

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 share buyback and issuance programme, the setting and monitoring of investment strategy and performance, review of financial statements, ESG and Shareholder issues including investor relations. The level of share price discount or premium to the net asset value together with policies for issuance or repurchase of ordinary 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 at each Board meeting. Through this process the Board supervises the management of the investment portfolio, the risks to which the Company is exposed and their mitigation, and the quality of services received by the Company.

Directors' Professional Development

When new Directors are appointed, they are offered an induction programme provided by the Manager. Directors are also welcome to visit the Manager at any time to receive an update on any aspect of interest or a refresher on the Manager's operations both generally and those which are specific to the Company. Directors are also provided on a regular basis with key information of 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

The Board has 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. The Company's Articles contain provisions to permit the Board to authorise acceptable conflicts or potential conflicts. Where a conflict situation arises, the conflicted Director may be excluded from any discussions, decisions or votes 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 from the Company other than their emoluments in their capacity as a Director of the Company.

The Board as part of its year-end review has 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 conflicts 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 or the Director.

The Directors' interests in the ordinary shares of the Company are set out on page 64 of the Directors' Remuneration Report.

Capacity and Overboarding

Prior to appointment, current and planned commitments of board candidates are considered and it is determined before interview stage whether the Board feels that the candidate has the capacity to dedicate to the Company. Once appointed, all Directors are required to seek permission and approval from the Board prior to accepting any new appointments, including a change of role. Following notification, the Board will consider the type of role, expected time commitments and the impact on the Director's ability to discharge their duties to the Company. Directors are also required to provide a list of their existing significant external commitments and estimated time commitments for each for the Board to assess any risk of insufficient capacity or over boarding.

Report on Corporate Governance continued

The Board continues to be satisfied that the external commitments of all non-executive Directors serve to enhance their skills and experience and do not affect their ability to commit sufficient time to their roles as Directors of the Company, as evidenced by their attendance records and contributions in meetings.

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

Board Composition, Diversity and Recruitment

The Board is responsible to Shareholders for the overall management of the Company's affairs. During the year under review, there were six non-executive Directors, reducing to four following the retirement of Katrina Hart on 1 December 2022 and Robert Kyprianou on 30 March 2023. With effect from 1 December 2022, Susie Arnott and Angela Henderson were appointed to the Board as non-executive Directors.

Each Director has different qualities and areas of expertise on which they may lead when issues arise. The Board has a policy to consider diversity and seeks to follow the diversity recommendations of the Hampton-Alexander and Parker Reviews, amongst other factors. Consideration is given to all forms of diversity to balance both the expertise on, and the structure of, the Board as a whole.

The Board notes the reporting requirements of the FCA Diversity and Inclusion Policy and has chosen to align its diversity reporting reference date with the Company's financial year end, 30 November 2023. The Board's current composition meets two of the three 'comply or explain' targets with three of the four members being female and one of the two senior positions being occupied by a female. The Board is conscious that following its recent recruitment process and refreshment of the Board, it still does not meet the FCA's ethnicity recommendations; however it believes it has followed a stringent process and appointed the appropriate candidates with the requisite skillsets required of the wider Board. The Board will continue to consider diversity at all stages of recruitment to the Board and will work hard to ensure the broadest range of candidates are found when recruiting new directors.

As required under LR 9.8.6R(10), further detail in respect of the diversity targets as at 30 November 2023 are provided in the tables below. As an externally managed investment trust, the Company has no executive directors or employees therefore columns relating to executive roles/management have been omitted from the tables. As per the AIC's Guidance, the Company considers the roles of Board Chair and Chair of the Audit Committee as senior board positions and the disclosures are made on this basis.

	Number of board members	Percentage of the board	Number of senior positions on the board (Chair and Audit Chair)
Men	1	25%	1
Women	3	75%	1

	Number of board members	Percentage of the board	Number of senior positions on the board (Chair and Audit Chair)
White British or other (including minority-white groups)	4	100%	2
Minority Ethnic	–	–	–

The Board as the Nomination Committee met in November 2023 and considered the near-term recruitment needs of the Board. Having considered a variety of factors, the Committee concluded that at the present time, the Board worked efficiently and had the requisite skill sets to lead the Company effectively. The Board via the Nomination Committee also 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 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. All the Directors were considered independent of the Manager and had no relationship or conflicts which were likely to affect their judgement.

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 Chair where the Chair has been appointed from the role of the non-executive director. The refreshment of the Board was undertaken in two phases which completed in March 2023. Following the completion of this process the Board considers that its overall composition is well placed for the effective governance of the Company.

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 stands for re-election annually. The rationale for re-election of each Director is included in the Board of Directors information on pages 8 and 9 and the Chair'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 Chair's performance is conducted by the Board led by the Chair of the Audit Committee. The Chair 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 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 using 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 Manager.

Report on Corporate Governance continued

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 internal controls process was active throughout the year under review and up to the date of approval of this Annual Report. However, such an internal controls 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 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 Manager include results of tests on the policies and procedures in operation during the year under review, 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 considers ad hoc reports from the 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 Manager and various third-party suppliers, when required, the Board receives 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 principal risks and uncertainties to which the Company is subject are detailed in the Strategic Report. 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 remuneration level 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 approved by shareholders at the AGM in March 2023, is detailed within the Directors' Remuneration Report on page 61 and explains how the policy is designed to support strategy and promote long-term sustainable success.

Jumoke Kupoluyi, ACG

Polar Capital Secretarial Services Limited
Company Secretary

15 February 2024

Audit Committee Report



Cecilia McAnulty
Audit Committee Chair

I am pleased to present to you my report as Chair of the Audit Committee (the 'Committee').

The Committee comprises all the Directors and the Board is satisfied that the Committee has sufficient recent and relevant financial experience and 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 8 and 9 and I myself, am a Chartered Accountant. The Committee has written terms of reference which are available to view on the Company's website www.polarcapitalglobalfinancialstrust.com

During the year ending 30 November 2023, the Audit Committee met three times, with a quorum of members of the Committee attending each meeting.

Matters Considered in Connection with the Financial Year Ended 30 November 2023:

During the year the Committee considered the following:

Audit Regulation

- Since my last report to you, the Committee has not had to consider any new material regulations. The Committee continues to follow developments in the relevant regulatory environment to consider any new and ongoing requirements and determine how to apply any relevant best practice to the Company. The Committee continues to review the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with the Auditors.
- As reported last year, the Committee is aware of the extensive proposals outlined by the Department for Business and Trade ("DBT") which seek to strengthen the UK's audit and corporate governance framework. The Committee will continue to monitor the detail of this, implement any legislation arising from the reforms and consider any suggested guidance from the DBT for good practice. The Committee will report on any changes made in future Annual Reports following the introduction of any revised legislation.

Annual External Audit, including:

- The appointment of the Auditors;
- The scope of the annual audit and agreement with the Auditors of the key areas of focus;
- The reports from the Auditors concerning their audit of the annual Financial Statements of the Company;
- The performance of the Auditors and the level of fees charged for their services;
- The independence and objectivity of the Auditors;
- The financial disclosures in the annual and interim reports to Shareholders;
- The policy and extent of any non-audit services (including fees paid) in line with the FRC guidance;
- The going concern statement, longer-term viability statement, including the impact of the 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.

Internal Audit

As the Company is an externally managed investment trust we continue to conclude that the need for an internal audit function is unnecessary but will keep this under review.

Accounting Policies and related matters

- The appropriateness and any changes to the accounting policies of the Company including any judgements required by such policies and the reasonableness of such. During the year the Committee ensured that the accounting policies as set out on pages 82 to 107 were consistent with previous years and applied throughout the year. The Committee confirmed there have been no changes to currently adopted policies and no new UK-adopted international accounting standards ("UK-adopted IAS") or amendments to UK-adopted

Audit Committee Report continued

IAS which had any significant impact on the Company's Financial Statements; and

- The financial disclosures contained in the Annual Report and Half Year Report to shareholders.

Investment Matters

- The investment management process, including confirmation of the existence and ownership of investments through the review of quarterly Depository Reports and meeting with the Depository 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 and emerging risks, adjustments to existing risks and the mitigation and controls in place to manage those risks; and
- Reports from the Manager and its external Auditors 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 AGM held in March 2023 and recommended to the Board that it should continue. Shareholders should be reminded that the dividend policy is an objective and not an absolute guarantee. The Dividend Policy will be proposed for approval by Shareholders at the AGM to be held in April 2024. The Board seeks to balance its objective of growing dividends for Shareholders with future earnings prospects and the availability of revenue reserves.

Consideration of the Half-Year Report and Financial Statements

- Prior to publication, the Committee considered, reviewed and confirmed the half year report and financial statements, which are not audited or reviewed by the Auditors, to ensure 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 2022.

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 Auditors 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.

Tax matters

- The Committee is responsible for reviewing the outstanding tax reclaims and where necessary the payment or receipt of overseas tax. In the year under review, £74,000 was received by the Company from overseas tax reclaims and there remained £1,487,000 (2022: £1,184,000) of outstanding reclaims at the year end. This increase in the tax receivable balance reflects new reclaims since the last year end and delays experienced in processing tax reclaims due to the pandemic when some markets suspended the processing of reclaims. In addition, some tax offices are in the course of changing their reclaim processes from paper to digital which has resulted in a hiatus in recovery of claims. As at the year ended 30 November 2023, the outstanding tax reclaims were aged between 0.5 to 5.6 years and have been filed with the relevant tax authorities. The outstanding reclaims at the year-end are within the statute of limitations and we anticipate these will be received in the near future. In addition, the Committee reviewed the provision for the Indian capital gains tax. The Indian capital gains tax provision represents an estimate of the amount of tax payable by the Company. This additional tax only becomes payable at the point at which the underlying investments are sold and any profit crystallised. Further details of the Indian capital gains tax can be found on pages 83 to 84 and 90.

Significant Matters in Relation to the Financial Statements for the Year Ended 30 November 2023

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, ownership of investments and the income received from such	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.

There were no adverse matters brought to the Committee's attention in respect of the 2023 audit which were material or significant or which should be brought to shareholders' attention.

Conclusions in Respect of the Annual Report and Financial Statements

To reach the conclusion that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria satisfied. In so doing the Committee has considered the following:

- The ongoing 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 Manager and the Committee;
- The internal control environment as operated by the Manager and other suppliers including any checks and balances within those systems; 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 2023, 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 2023

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 (PwC or the 'Auditors') have provided audit services to the Company from its incorporation in 2013 to date and the audit partner who led our statutory audit for the year under review was Kevin Rollo. 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 Company's last audit tender was completed in December 2021 ahead of PwC's ten-year anniversary as Auditors of the Company. Following the tender process which included an assessment of several providers on a range of criteria including independence, proposed audit approach, sector experience, fee level, depth and quality of team, and the result of any FRC quality control reviews, the incumbent auditors PwC were re-appointed as the Company's Auditors. PwC have confirmed their continued independence and have expressed their willingness to be appointed, in accordance with s487 of the Companies Act 2006. A resolution proposing their re-appointment and to authorise the Directors to determine their remuneration will therefore be proposed at the AGM.

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. The fees paid to PwC in respect of the audit of the

Audit Committee Report *continued*

annual Financial Statements amounted to £49,980 (2022: £44,000). The fee represents a further increase on the prior year to reflect the additional work required by the auditors because of new auditing standards, specifically IAS 315, inflation and the level of audit work required to perform a robust quality audit.

The year-on-year increase in audit fees continues to be in line with increases experienced across the investment trust sector in the current and recent years. Audit firms generally have increased the fees that they charge to investment trusts to reflect the increased level of work that they have been required to perform, and the increased risk that they perceive, in the context of more rigorous and robust levels of audit scrutiny and regulation. The Audit Committee continues to keep fee levels under close review and insists that all fee increases are justified.

Effectiveness of Audit

The Committee, on behalf of the Board, is responsible for overseeing the relationship with the external Auditors including ensuring the quality and effectiveness of the audit. 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 Manager and others involved in the audit process. Based on its review the Audit Committee concluded that the Auditors remained independent and continued to act in an independent manner. The Auditors are provided with an opportunity to address the Committee without the Manager present, to raise any concerns or discuss any matters relating to the audit work and the co-operation of the Manager and others in providing any information, and the quality of that information including the timeliness in responding to audit requests.

Non-Audit Work

The Committee's policy on the provision of non-audit services by the Auditors 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 Auditors would be compromised. The Company's policy on the provision of non-audit services by the Auditors is available on the Company's website. The policy is produced in line with the FRC Ethical Standards (updated in March 2020) and any non-audit services are required to be pre-approved by the Audit Committee.

In the event of non-audit services being 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, no non-audit services were provided by the Auditors.

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. The Committee frequently reviews the risk map to identify the principal and emerging risks facing the business including those that might threaten the Company's business model, future performance, liquidity and reputation. Alongside this, the Committee considered the likelihood, impact, mitigating factors and controls to reduce the impact of such risks as described on pages 38 to 41. This process was carried out throughout the year and is how the risk map is monitored and kept relevant by reflecting any changes to the source and level of risks facing the Company. The Committee actively monitors the system of internal controls through the regular review of the risk map and the internal control environment to provide assurance that they continue to operate as intended.

As part of the year end processes the Committee undertook a review of the effectiveness of the system of internal controls considering any issues that had arisen during the year. The Committee acknowledges that the Company is reliant on the systems utilised by external suppliers. Representatives of the Manager reported to the Committee on the system of internal controls that is in place for the performance of the Manager's duties under the IMA. The Committee and the Manager received presentations and internal control reports from other key suppliers on the quality and effectiveness of the services provided to the Company. In addition, the Manager also conducted a due diligence site visit with HSBC where they received thorough presentations from representatives covering the work of the Operations, Risk Administration and Accounting Teams, and the Custodian and Depository. No matters of concern with any areas of service were raised at any of the meetings or on reviewing the internal controls reports.

The Committee has discussed with the Investment Manager policies on whistleblowing, cyber security, anti-bribery and the Modern Slavery Act and is satisfied that the Manager has controls and monitoring processes to implement its policies across the main contractors which supply goods and services to the Manager and to the Company. The Company has adopted an Anti-Corruption policy which incorporates Anti-Bribery, Anti-Slavery and the Corporate Criminal Offence of Tax Evasion. In addition to this the Company has issued a

data privacy notice in relation to the General Data Protection Regulation. All such policies can be found on the Company's website.

The Committee further considered the policy and controls used by the 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 year ended 30 November 2023 and up to the date of this report.

Other Significant Issues Considered by the Audit Committee During the Year

Geopolitical Events

This time last year we were reporting on the impact of the Russian war on Ukraine as well as the effects of inflation and rising interest rates. Whilst we are seeing signs of inflation slowing and energy prices reducing, the continuation of the Russian war on Ukraine, the impact on supply chains and high interest rates continue to be felt by consumers. The Middle East crisis has created further market volatility. Geopolitical events such as these can have a significant impact on global financial markets, and hence on the Company's portfolio performance. Further details can be found in the Investment Manager's Report on pages 12 to 19. The Committee continues to monitor the impact of these and other events which appear in our assessment of risk and of the ability of the Company to achieve its investment objective.

The Committee regularly reviews the operational resilience of its various service providers in connection with the mitigation of the business risks posed by geopolitical events. Many of the external service providers have continued to utilise a successful hybrid working model following a period of fully remote working during the pandemic. The Committee is pleased to confirm that all service providers have continued to demonstrate their ability to provide services to the expected level, with no breaks in the services or significant operational failures occurring.

Going Concern and Longer-term Viability

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 replaced it with the requirement for the Company to make tender offers at five-yearly intervals, 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 has considered the performance of the Company, its financial position, cash flows and liquidity in addition any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern including:

- 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 2025; and
- The factors impacting the forthcoming year as set out in the Strategic Report section, comprising the Chair'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 27 to the Financial Statements includes the Company's policies and process for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities. Exposure to credit risk and liquidity risk are also disclosed.

The Committee is mindful of the uncertainties detailed above and the longer-term impact these factors may have on the market and global economy and will continue to keep this under review. Based on the information provided to the Committee and its assessment of the financial position of the Company, the Committee has recommended that a going concern basis should be adopted by the Board for the preparation of the Financial Statements for the year ended 30 November 2023. 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 38 to 41 together with the mitigating factors which are assumed to operate appropriately so that the Board may state that 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.

The Board has selected five years from the year end 30 November 2023 as an appropriate period of assessment. The assessment period is selected as the period post the

Audit Committee Report *continued*

Company's reconstruction in 2020 through and post 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. In current market conditions 97.3% of the portfolio could be liquidated 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 two unquoted investments, Atom Bank and Moneybox, which at the year-end equated to 1.1% of total net assets;
- The expenses of the Company are predictable and modest in comparison with the assets of the Company and there are no capital commitments foreseen which would alter that position; and
- The Company has four non-executive Directors and no employees and consequently does not have redundancy or other employment related liabilities or responsibilities.

The Committee has also had regard to the following assumptions in considering the Company's 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 attractive to 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
- Should the performance of the Company be less than the Board deems acceptable it has appropriate powers to replace the Investment Manager.

Stress Testing

In addition to the above, stress testing was undertaken in determining the Company's longer-term viability and the appropriateness of preparing the Financial Statements on a going concern basis. In conducting the stress tests, the Company's principal risks were grouped into three buckets according to their post mitigation scores and, where possible, material values were attached to the key risks materialising and evaluated to assess the effect of this on the Company's ability to continue as a going concern and its viability over a five-year period.

The stress tests also used a variety of falling parameters to demonstrate the impact on the Company's share price and NAV. 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 positive 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. 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 Manager and Auditors 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. The Committee seeks to improve its effectiveness and follow best practice guidance from the FRC and other bodies.

Cecilia McAnulty

Chair of the Audit Committee

15 February 2024

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the 'Regulations') and the Listing Rules of the Financial Conduct Authority in respect of the year ended 30 November 2023. It has been audited where indicated.

Chair's Report

The Board has determined that due to its size and the fact that all the Directors are non-executive and independent, the functions normally carried out by a remuneration committee will be performed by the full Board.

Shareholders approved the current Directors' Remuneration Policy by way of an ordinary resolution passed at the AGM on 30 March 2023. Such policy came into effect on 1 December 2023 and shall remain in force until 30 November 2026.

Company's Policy on Directors' Remuneration effective 1 December 2023

How policy supports strategy and promotes long-term sustainable success

Operation

The Board consists entirely of independent non-executive Directors, who meet regularly to deal with the Company's affairs.	Non-executive Directors have formal letters of appointment which contain the responsibilities and obligations of the Directors in relation to undertaking their role and managing conflicts of interest; 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 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 Chair of the Company and Chair of the Audit Committee. 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.

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 2023.

Directors' Remuneration Report continued

The result of the Shareholder votes on the Directors' Remuneration Policy and the latest Implementation Report were as follows:

	Implementation Report for the Year ended 30 November 2022	Remuneration Policy for the three years ended 30 November 2023
Approved at AGM on 30 March 2023		
Votes for	99.98%	99.98%
Votes against	0.02%	0.02%
Votes abstained	0.00%	0.00%

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 2023

Fees and Expenses – Annual Review

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 Committee believes it is important that these reviews happen annually.

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.

Directors' fees were last increased with effect from 1 December 2021, when an inflationary increase was awarded. The Board undertook the annual review of fees paid to the Directors in October 2023 which included a selection of peer comparisons and external reports including the Nurole Compensation Report and the Trust Associates 2023 Fee Review. Consideration was also given to the rise in inflation and the retail price index since the last change in Directors' fees. As a result, the Committee resolved to implement the following annual fee increases with effect from 1 December 2023:

- Chair £41,000pa to £43,000pa (4.9% increase);
- Non-executive Director £29,500pa to £31,000pa (5.1% increase); and
- Supplement for performing the role of Chair of the Audit Committee £5,500pa to £5,750pa (4.5% increase).

Article 105, of the Company's Articles of Association stipulates the aggregate amount available for Directors' Remuneration as £250,000; at the rates agreed the Board falls within the aggregate limit with remaining allowance to accommodate overlapping transition periods for new directors.

In accordance with the Shareholder Rights Directive, the Board confirms that no variable pay awards were made to the Directors and there were no deferral periods or share based pay equivalents. The 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 2018	30 November 2019	30 November 2020	30 November 2021	30 November 2022	30 November 2023	Year to 30 November 2024
Chair	+5.7%	–	–	–	+10.8%	–	4.9%
Non-Executive Director	+6.0%	–	–	–	+11.3%	–	5.1%
Chair of the Audit Committee	+5.0%	–	–	–	+10.0%	–	4.5%

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 (2022: nil). The policy for claiming such expenses was not changed during the year.

Letters of Appointment

In accordance with recommended practice, the Directors do not have service agreements but instead each Director has received a letter setting out the terms of their appointment under which they provide their services to the Company. A Director may resign by giving one month's notice in writing to the Board at any time. The Directors are not entitled to payment for loss of office.

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 Chair £41,000; other Directors £29,500 with the Chair of the Audit Committee receiving an extra £5,500 for performing that additional role.

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

	Date of Appointment	Year ended 30 November 2023 £	Year ended 30 November 2022 £
Simon Cordery (Chair)	1 July 2019	37,211	29,500
Cecilia McAnulty (Chair of the Audit Committee)	1 November 2021	35,000	33,096
Susie Arnott	1 December 2022	29,500	–
Angela Henderson	1 December 2022	29,500	–
Robert Kyprianou (retired as Chair on 30 March 2023)	7 June 2013	13,509	41,000
Katrina Hart (retired on 1 December 2022)	7 June 2013	82	29,500
Joanne Elliott (retired on 7 April 2022)	7 June 2013	–	11,046
Total		144,802	144,142

* Joanne Elliott was Chair of the Audit Committee until her retirement from the Board on 7 April 2022; Joanne Elliott was concurrently CFO of the property team at Thames River Capital LLP and payment in respect her services as a director was 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' Remuneration Report continued

Directors' Share Interests (Audited)

The interests of Directors in the ordinary shares of the Company on 30 November 2023 and 30 November 2022 were as follows:

	30 November 2023	30 November 2022
Simon Cordery	41,358	40,124
Cecilia McAnulty	40,000	40,000
Susie Arnott	20,000	–
Angela Henderson	–	–
Katrina Hart*	–	51,595
Robert Kyprianou~	–	113,538
Total	101,358	245,257

*retired on 1 December 2022

~ retired on 30 March 2023

All holdings are beneficially held. There have been no other changes to Directors' Share Interests.

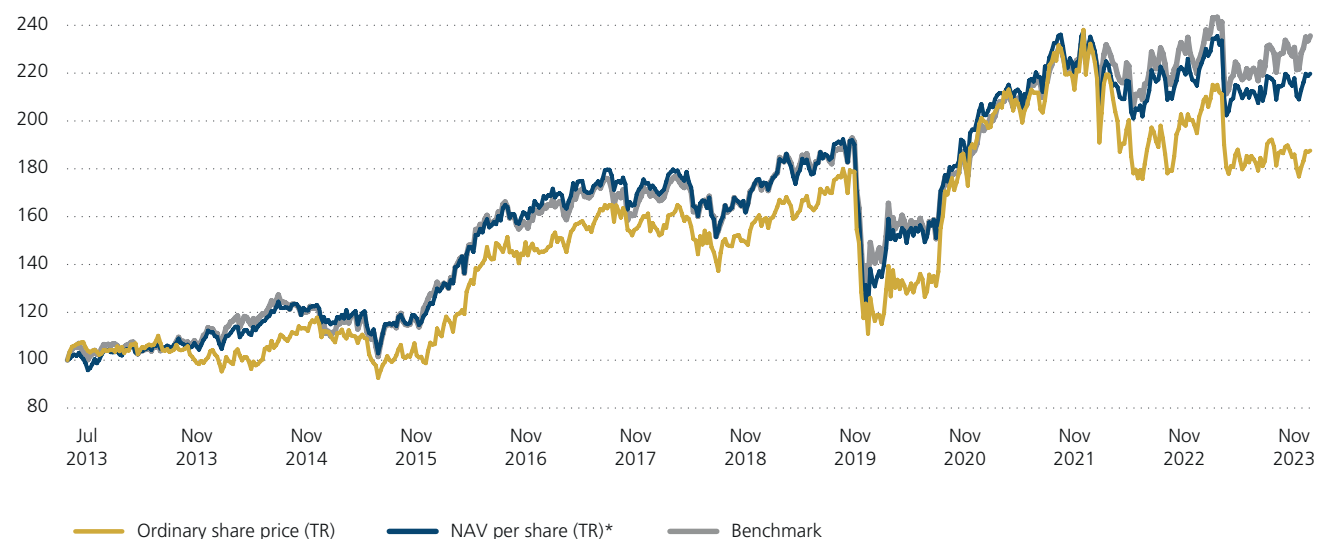
While it is no longer a requirement, Directors are actively encouraged to maintain a holding of ordinary shares in the Company.

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.

Total return per ordinary share

Rebased to 100



* For information purposes.

The chart above, in accordance with legislation, shows the total return per ordinary share, and does not consider 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.

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 following the reconstruction of the Company on 23 April 2020, being the MSCI ACWI Financials Net Total Return Index.

Relative Importance of Spend on Pay

Under the Regulations (Schedule 8, Part 3 (20)), the Directors' Remuneration Report must show a comparison of all remuneration paid to employees* to all distributions (including dividends and share buy backs) paid to Shareholders for the current year, preceding year and the difference between those years. This is to assist the Directors in understanding the relative importance of spend on pay.

*The Company does not have any employees therefore for the purposes of comparison the remuneration paid to the non-executive Directors is included.

	2023 £'000	2022 £'000	Change	
			£'000	%
Directors' total remuneration	145	144	1	1%
Dividends paid or declared in respect of the financial year*	14,191	14,588	(397)	(3%)
(Loss)/profit on ordinary activities after tax	(15,525)	5,450	(20,975)	(385%)
Ordinary shares repurchased into treasury	23,139	9,175	13,964	152%
Issue of ordinary shares out of treasury	–	10,960	(10,960)	(100%)
Issue of new ordinary shares	–	45,047	(45,047)	(100%)
Issue of new ordinary shares pursuant to placing	–	45,308	(45,308)	(100%)

*The total dividends paid or declared is based on the number of shares in issue on the ex-dividend date. The first interim dividend of 2023, was paid on 31 August 2023 on 315,955,329 shares (2022: 330,440,000 shares), the second interim dividend of 2022 will be paid on 29 February 2024 on 307,160,405 shares (2022: 324,779,000 shares). No payments were made in the period to any past Directors (2022: £nil).

Approved by the Board and confirmed as a true reflection of the major decisions made by the Board acting in the capacity of a Remuneration Committee, in relation to the remuneration of the Directors on 13 February 2024.

Simon Cordery

Chair

15 February 2024

Report of the Management Engagement Committee



Susie Arnott

Chair of the Management Engagement Committee

The Management Engagement Committee (“the Committee”) comprises all of the directors, all of whom are independent and non-executive. It is chaired by Susie Arnott, and meets at least twice a year and at such other times as may be necessary. The Committee has written terms of reference, which are available to view on the Company’s website, www.polarcapitalglobalfinancialstrust.com. The terms of reference define the Committee’s responsibilities and duties.

The Committee is responsible for reviewing the performance of the Investment Manager along with the Company’s other service providers, keeping under review the terms of the Investment Management Agreement (‘IMA’) and the Manager’s appointment as AIFM, prior to making its recommendation to the Board on whether the retention of the Investment Manager is in the interests of shareholders.

The Committee’s terms of reference were updated during the financial year under review to integrate ESG oversight into the scope of the Committee’s responsibilities. As part of this role, the Committee provides oversight of the Manager’s investment process, ensuring ESG is integrated by Polar Capital to ensure the Manager and the Company are effective in meeting their social and regulatory requirements.

Performance Evaluation Process

Investment Manager

During the year, the Management Engagement Committee carried out the detailed review of the Investment Manager’s services and consider its continued appointment for the next financial year ending 30 November 2024.

In addition, the Committee reviewed the current fee arrangements with the Manager taking into consideration the performance of the Manager in managing the assets of the Company, the provision of operational and administrative services and the performance of the Company in both absolute and relative terms against the Benchmark and peers since launch and post the reconstruction in April 2020. No change to the fee arrangements was proposed for the year under review or the year ahead.

The Committee has reviewed in detail the performance of the Investment Manager in managing the portfolio over the longer-term. Despite challenging market conditions and disappointing short term performance, the Board supports the strong fundamental approach taken by the team and welcomed the recent recruitment of an experienced senior fund manager, which should broaden and enhance the skills of the investment team.

The Committee also considered the quality of support from the marketing and administrative functions of the Manager, including the quality of shareholder communications. Following the review, the Committee concluded that it is in the best interests of shareholders that the appointment of Polar Capital LLP as Investment Manager is continued.

ESG

The Board and Committee regularly monitor the Investment Manager’s approach to ESG including its methodology and integration into the investment process. On a quarterly basis, the Board reviews the Company’s ESG Dashboard which includes both metrics regarding the Company’s MSCI ESG fund score as well as bespoke ratings derived from detailed in-house analysis. Engagement and specific action have become increasingly meaningful areas and the Managers’ methodology incorporates these interactions with investee companies into the process, through engagement reports and trade exclusions.

As noted earlier in the Annual Report, the Managers are required to have consideration of ESG factors when reviewing new, continuing or exiting investments but are not required to take an investment decision solely on the basis of ESG factors.

During the year under review, the Committee considered the developments in ESG as well as the format and content of reports provided to the Board to ensure the quality of information provided to the Board is of the highest standard.

Further information on how the Investment Manager considers ESG in its engagement with investee companies can be found in the ESG report on pages 27 to 32.

Other Suppliers

The Board monitors directly or through the Investment Manager the performance of its other key service providers and whether they continue to provide both appropriate services and value for money.

- The Board has directly appointed HSBC Bank Plc as Administrator, Custodian and 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 the Board periodically and joins the Board on request to discuss markets and other issues.
- The Registrar, Equiniti Limited, is directly appointed by the Board and the performance of its duties is monitored by the Company Secretary.
- Other suppliers such as printers, website designers and PR agents are monitored by the Company Secretary and each supplier reports to the Board as and when deemed necessary.

Committee Evaluation

The activities of the Management Engagement Committee were considered as part of the annual Board evaluation process. This year, an internal evaluation was completed and the findings of the evaluation processes were satisfactory with no matters of concern or requirements for change needed.

Susie Arnott

Chair of the Management Engagement Committee

15 February 2024

Statement of Directors' Responsibilities

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

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 the UK-adopted International Accounting Standards (UK-adopted IAS) and applicable law. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Financial Statements in accordance with UK-adopted IAS.

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 they have been prepared in accordance with UK-adopted IAS, 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 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. They are responsible for such internal controls as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK 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's 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 profit/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.

Simon Cordery

Chair

15 February 2024

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 2023 and of its returns and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2023; 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.

We have provided no non-audit services to the company in the period under audit.

Independent Auditors' Report continued

Our audit approach

Overview

Audit scope

- The Company is an Investment Trust Company and engages Polar Capital LLP (the "Manager") to manage its assets. The Company also engages Polar Capital LLP (the "Manager") to manage its day to day operations.
- 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.

Key audit matters

- Valuation and existence of investments
- Income from and losses on investments

Materiality

- Overall materiality: £4,881,000 (2022: £5,412,000) based on approximately 1% of net assets.
- Performance materiality: £3,660,000 (2022: £4,059,000).

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.

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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments Refer to Note 2 Accounting Policies (g) Investments Held at Fair Value Through Profit or Loss and Note 13 Investments Held at Fair Value Through Profit or Loss.</p> <p>The investment portfolio at the year-end comprised of listed investments valued at £512.78 million and two unlisted investments valued collectively at £5.05 million.</p> <p>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.</p>	<p>We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>For unlisted investments, we assessed the appropriateness of the valuation methodology applied by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used in determining the fair value of unlisted investments.</p>

Key audit matter	How our audit addressed the key audit matter
<p>We also focussed on the accounting policy for the valuation of investments held at fair value through profit or loss as incorrect application could indicate a misstatement in the valuation of investments.</p>	<p>For each unlisted investment we performed procedures to assess whether significant estimates and judgements made were supportable. Where applicable per investment we:</p> <ul style="list-style-type: none"> • Compared the valuation to the price of recent transactions; • Sought publicly available third party information that would support or challenge management’s valuation; • Validated the accuracy of publicly available inputs to the model and challenged management to provide supporting evidence for non-publicly available inputs; and • Checked mathematical accuracy of the valuation. <p>We tested the existence of the investment portfolio by agreeing investment holdings to an independent confirmation obtained from the custodian, HSBC Bank plc.</p> <p>We assessed the accounting policy for investments held at fair value through profit or loss for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with the stated accounting policy.</p> <p>We did not identify any material matters to report.</p>
<p>Income from and losses on investments Refer to the Note 2 Accounting Policies (c) Income, (g) Investments Held at Fair Value Through Profit or Loss, Note 3 Investment Income and Note 5 Losses on Investments Held at Fair Value.</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that ‘income’ refers to all the Company’s income streams, both revenue and capital (including gains and losses on investments).</p> <p>We focused this risk on the accuracy and occurrence of gains/losses on investments and occurrence, accuracy and completeness of dividend income and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies’ Statement of Recommended Practice (the “AIC SORP”).</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP, and that income from investments has been accounted for in accordance with the stated accounting policy.</p> <p>We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent third-party data.</p> <p>We tested occurrence by testing that 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.</p> <p>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 dividends during the year.</p> <p>We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions.</p> <p>The gains and losses on investments held at fair value comprise realised and unrealised gains and losses.</p>

Independent Auditors' Report continued

Key audit matter	How our audit addressed the key audit matter
	<p>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.</p> <p>For realised gains and losses, we tested a sample of disposals by agreeing the proceeds to bank statements and we reperformed the calculation of a sample of realised gains and losses.</p> <p>We did not identify any material misstatements as a result of our testing.</p>

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.

The impact of climate risk on our audit

In conducting our audit, we made enquiries of the Directors and the Investment Manager to understand the extent of the potential impact of climate change risk on the company's financial statements. The Directors and Investment Manager concluded that the impact on the measurement and disclosures within the financial statements is not material because the company's investment portfolio is mainly made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the company's investment activities. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

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 company materiality	£4,881,000 (2022: £5,412,000).
How we determined it	approximately 1% of net assets
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £3,660,000 (2022: £4,059,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £244,000 (2022: £270,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers;
- assessing the premium/discount at which the Company's share price trades compared to the net asset value per share; and
- assessing the implication of significant reductions in net assets as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent Auditors' Report continued

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

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.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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, 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 financial statements such as 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 Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- 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 manual journal entries posted by the Administrator during the preparation of the financial statements; and to incorporate unpredictability around the nature, timing or extent of our testing.
- challenging assumptions in the significant accounting estimates, in relation to the valuation of unlisted investments (see related key audit matter above);
- incorporating unpredictability around the nature, timing or extent of our testing.

Independent Auditors' Report continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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

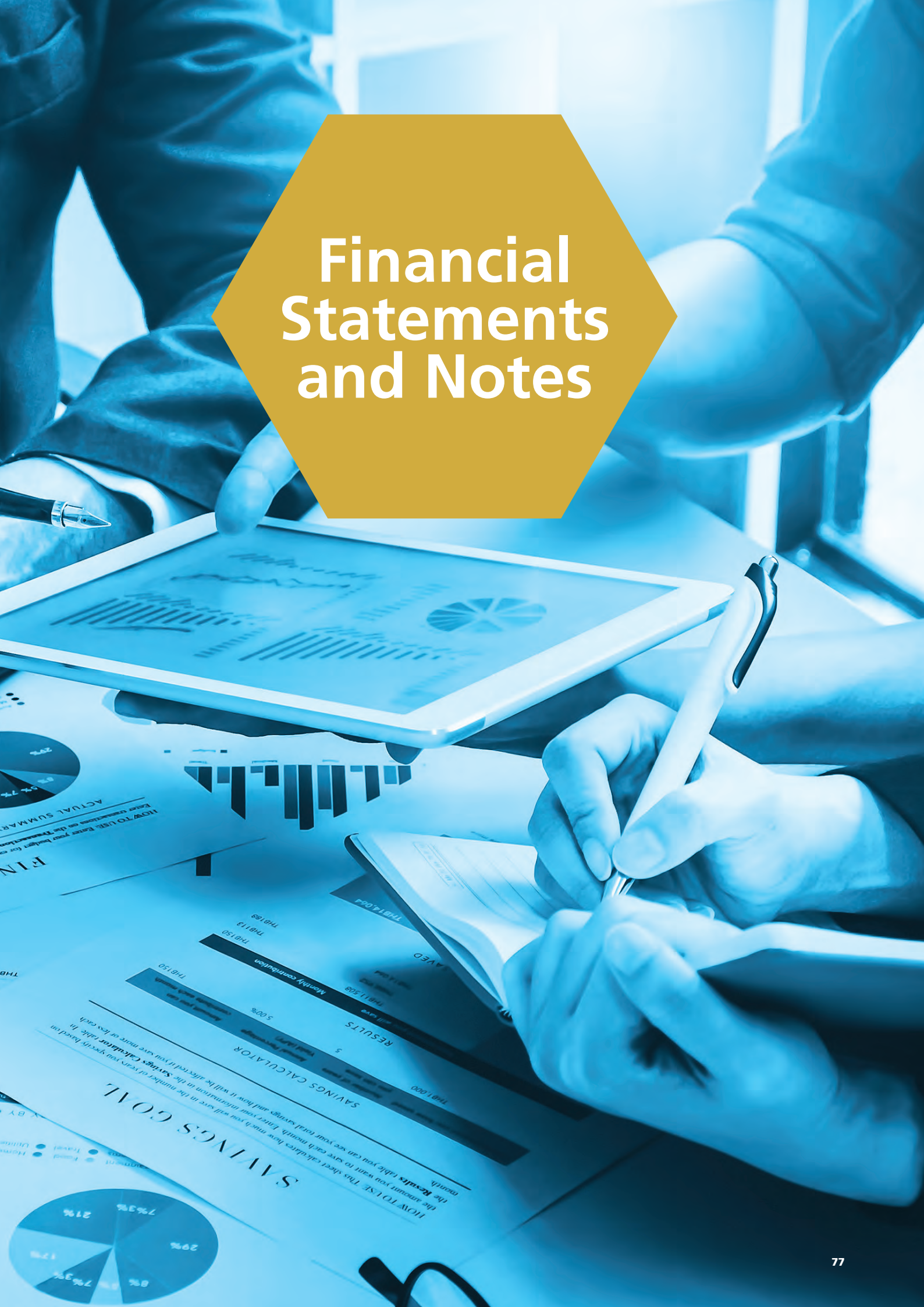
Following the recommendation of the Audit Committee, we were appointed by the members on 17 May 2013 to audit the financial statements for the year ended 30 November 2013 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 30 November 2013 to 30 November 2023.

Kevin Rollo (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 February 2024

Financial Statements and Notes



Statement of Comprehensive Income

For the year ended 30 November 2023

	Notes	Year ended 30 November 2023			Year ended 30 November 2022		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	19,143	–	19,143	17,473	–	17,473
Other operating income	4	916	–	916	146	–	146
Losses on investments held at fair value	5	–	(25,777)	(25,777)	–	(5,540)	(5,540)
Losses on derivatives		–	(442)	(442)	–	(103)	(103)
Other currency losses	6	–	(152)	(152)	–	(819)	(819)
Total income/(expense)		20,059	(26,371)	(6,312)	17,619	(6,462)	11,157
Expenses							
Investment management fee	7	(704)	(2,815)	(3,519)	(727)	(2,907)	(3,634)
Performance fee	7	–	–	–	–	1,164	1,164
Other administrative expenses	8	(774)	(20)	(794)	(870)	(19)	(889)
Total expenses		(1,478)	(2,835)	(4,313)	(1,597)	(1,762)	(3,359)
Profit/(loss) before finance costs and tax		18,581	(29,206)	(10,625)	16,022	(8,224)	7,798
Finance costs	9	(722)	(2,887)	(3,609)	(249)	(996)	(1,245)
Profit/(loss) before tax		17,859	(32,093)	(14,234)	15,773	(9,220)	6,553
Tax	10	(1,986)	695	(1,291)	(1,484)	381	(1,103)
Net profit/(loss) for the year and total comprehensive income/(expense)		15,873	(31,398)	(15,525)	14,289	(8,839)	5,450
Earnings/(losses) per ordinary share (pence)	11	4.97	(9.84)	(4.87)	4.45	(2.75)	1.70

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards.

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 82 to 107 form part of these Financial Statements.

Statement of Changes in Equity

For the year ended 30 November 2023

Notes	Year ended 30 November 2023						
	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 2022	16,588	251	311,380	128,256	74,905	9,892	541,272
Total comprehensive (expense)/income:							
(Loss)/profit for the year ended 30 November 2023	–	–	–	–	(31,398)	15,873	(15,525)
Transactions with owners, recorded directly to equity:							
Issue costs relating to prior year share placings	21	–	(11)	–	–	–	(11)
Shares bought back and held in treasury	22	–	–	(23,139)	–	–	(23,139)
Equity dividends paid	12	–	–	–	–	(14,399)	(14,399)
Total equity at 30 November 2023	16,588	251	311,369	105,117	43,507	11,366	488,198

Notes	Year ended 30 November 2022						
	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 2021	13,967	251	219,163	131,947	83,744	8,175	457,247
Total comprehensive (expense)/income:							
(Loss)/profit for the year ended 30 November 2022	–	–	–	–	(8,839)	14,289	5,450
Transactions with owners, recorded directly to equity:							
Issue of shares out of treasury	21, 22	–	4,483	6,477	–	–	10,960
Issue of new ordinary shares (including costs)	19, 21	1,282	43,765	–	–	–	45,047
Issue of new ordinary shares pursuant to placings (including costs)	19, 21	1,339	43,969	–	–	–	45,308
Shares bought back and held in treasury	22	–	–	(9,175)	–	–	(9,175)
Equity dividends paid	12,22	–	–	(993)	–	(12,572)	(13,565)
Total equity at 30 November 2022	16,588	251	311,380	128,256	74,905	9,892	541,272

The notes on pages 82 to 107 form part of these Financial Statements.

Balance Sheet

As at 30 November 2023

	Notes	30 November 2023 £'000	30 November 2022 £'000
Non current assets			
Investments held at fair value through profit or loss	13	518,124	572,748
Current assets			
Cash and cash equivalents	15	37,262	29,793
Fair value of open derivative contracts	13	506	6
Receivables*	14	8,419	3,161
		46,187	32,960
Total assets		564,311	605,708
Current liabilities			
Bank overdraft	15	(1)	–
Fair value of open derivative contracts	13	(316)	–
Payables	16	(6,502)	(3,778)
		(6,819)	(3,778)
Non-current liabilities			
Bank loan	17, 18	(69,031)	(60,507)
Indian capital gains tax provision	18	(263)	(151)
		(69,294)	(60,658)
Net assets		488,198	541,272
Equity attributable to equity shareholders			
Called up share capital	19	16,588	16,588
Capital redemption reserve	20	251	251
Share premium reserve	21	311,369	311,380
Special distributable reserve	22	105,117	128,256
Capital reserves	23	43,507	74,905
Revenue reserve	24	11,366	9,892
Total equity		488,198	541,272
Net asset value per ordinary share (pence)	25	158.06	166.34

* In the prior years overseas tax recoverable was disclosed separately on the face of the balance sheet. The total receivable has been re-presented to include overseas tax recoverable. Full disclosure of the overseas tax recoverable is available in Note 14.

The Financial Statements on pages 78 to 107, including the associated notes, were approved and authorised for issue by the Board of Directors on 15 February 2024 and signed on its behalf by:

Simon Cordery
Chair

The notes on pages 82 to 107 form part of these Financial Statements.

Registered number: 8534332

Cash Flow Statement

For the year ended 30 November 2023

Notes	Year ended 30 November 2023 £'000	Year ended 30 November 2022 £'000
Cash flows from operating activities		
(Loss)/profit before tax	(14,234)	6,553
Adjustment for non-cash items:		
Losses on investments held at fair value through profit or loss	25,777	5,540
Losses on derivative investments*	442	103
Scrip dividends received	–	(11)
Amortisation on fixed interest securities	(186)	(3)
Adjusted profit before tax	11,799	12,182
Adjustments for:		
Purchases of investments, including transaction costs	(284,542)	(508,484)
Sales of investments, including transaction costs	311,263	414,210
Purchases of derivative financial instruments*	(1,794)	(109)
Proceeds on disposal of derivative financial instruments*	1,168	–
Increase in receivables	(549)	(832)
Increase/(decrease) in payables	479	(510)
Indian capital gains tax	114	(18)
Greek sales tax	–	(6)
Overseas tax deducted at source	(1,596)	(2,071)
Net cash generated from/(used in) operating activities	36,342	(85,638)
Cash flows from financing activities		
Net proceeds from issue of shares out of treasury	–	11,301
Net proceeds from issue of new ordinary shares	–	45,140
Net proceeds from share placings	–	45,308
Shares repurchased into treasury	(22,988)	(9,137)
Issue cost paid	(11)	(93)
Loan repaid	17	(1,647)
Loan drawn	17	10,094
Exchange (gains)/losses on the loan facility*	(1,367)	1,642
Equity dividends paid	12	(13,565)
Net cash (used in)/generated from financing activities	(28,874)	89,043
Net increase in cash and cash equivalents	7,468	3,405
Cash and cash equivalents at the beginning of the year	29,793	26,388
Cash and cash equivalents at the end of the year	37,261	29,793

* The prior year has been updated for presentational purposes only. There is no impact to the movement in the total cash flows and the year end cash position.

The notes on pages 82 to 107 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 November 2023

1. General Information

Polar Capital Global Financial Trust plc is a public limited company registered in England and Wales whose shares are traded on the London Stock Exchange.

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158/1159 of the Corporation Tax Act 2010 and its investment approach is detailed in the Strategic Report.

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 Company's Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("UK-adopted IAS") and with the requirements of the Companies Act 2006.

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 July 2022 is consistent with the requirements of UK-adopted IAS, 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 2023 is shown in the balance sheet on page 80. As at 30 November 2023 the Company's total assets exceeded its total liabilities by a multiple of over 7.4. 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 34 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. The assessment took account of the Company's current financial position, its cash flows and its liquidity position. In addition to the assessment the Company carried out stress testing, 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 for at least 12 months. 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.

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 36.

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 2023. 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.

Notes to the Financial Statements continued

For the year ended 30 November 2023

2. Accounting Policies continued

(f) Taxation continued

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 UK capital gains.

The company is liable to Indian capital gains tax under Section 115 AD of the Indian Income Tax Act 1961. The Indian capital gains tax provision represents an estimate of the amount of tax payable by the Company. Tax amounts payable may differ from this provision depending on when the Company disposes of its investments. The current provision for Indian capital gains tax is calculated based on the long term (securities held more than one year) or short term (securities held less than one year) nature of the investments and the applicable tax rate at the year end. Currently, the short-term tax rate is 15% and the long-term tax rate is 10%. The estimated tax charge is subject to regular review including a consideration of the likely period of ownership, tax rates and market valuation movements. The provision at the year end is recognised in the Balance Sheet and the year-on-year movement in the provision is recognised in the Statement of Comprehensive Income.

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 UK-adopted IAS. 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 and purchased options are valued at fair value using quoted bid prices.

Index futures are valued at the difference between exchange settlement prices and inception prices.

All investments, classified as fair value through profit or loss, are further categorised into the fair value hierarchy detailed on page 94.

Changes in fair value of all investments and derivatives held at fair value are recognised in the capital return column of the Statement of Comprehensive Income. Gains or losses on derivative financial instruments are treated as capital or revenue depending on the motive and circumstances of the transaction. Where positions are undertaken to protect or enhance capital, the returns are capital and where they are generating or protecting revenue, the returns are revenue.

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 2022. 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 a relevant comparable.

(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

Interim dividends payable to Shareholders are recognised in the financial statements in the period in which they are paid.

(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 and more than one year under non-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.

When making a distribution to Shareholders, the Directors determine the profits available for distribution by reference to the 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on the available cash resources of the Company and other accessible sources of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

Notes to the Financial Statements continued

For the year ended 30 November 2023

2. Accounting Policies continued

(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.

Where the shares held in treasury are reissued, the amount of the sales proceed up to the repurchased cost of those shares is transferred back into special distributable reserve, the excess of the sales proceeds over the repurchased cost is transferred to share premium.

(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) 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.

(s) Key Estimates and Judgements

The preparation of financial statements in conformity with UK-adopted IAS 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.

(t) New and Revised Accounting Standards

There were no new UK-adopted IAS or amendments to UK-adopted IAS applicable to the current year which had any significant impact on the Company's financial statements.

- i) There were no relevant standards effective for the current annual reporting period that potentially impact the Company in issue.
- ii) At the date of authorisation of the Company's financial statements, the following relevant standards that potentially impact the Company are in issue but are not yet effective and have not been applied in the financial statements:

Standards & Interpretations		Effective for periods commencing on or after
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Requirement amended to disclose material accounting policies instead of significant accounting policies and provided guidance in making materiality judgements to accounting policy disclosure.	1 January 2023
Definition of Accounting Estimates (amendments to IAS 8)	The amendment introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policy.	1 January 2023

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.

3. Investment Income

	Year ended 30 November 2023 £'000	Year ended 30 November 2022 £'000
Revenue:		
UK dividends	2,391	2,660
Overseas dividends	13,313	13,812
Scrip dividends	-	11
Interest on debt securities	3,439	990
Total Investment Income	19,143	17,473

Included within income from investments is £623,000 (2022: £748,000) of special dividends classified as revenue in nature in accordance with note 2 (c). No special dividends have been recognised in capital (2022: nil).

Notes to the Financial Statements continued

For the year ended 30 November 2023

4. Other Operating Income

	Year ended 30 November 2023 £'000	Year ended 30 November 2022 £'000
Bank interest	916	146
Total other operating income	916	146

5. Losses on Investments Held at Fair Value

	Year ended 30 November 2023 £'000	Year ended 30 November 2022 £'000
Net losses on disposal of investments at historic cost	(1,274)	(11,901)
Less fair value adjustments in earlier years	(26,371)	(32,737)
Losses based on carrying value at previous balance sheet date	(27,645)	(44,638)
Valuation gains on investments held during the year	1,868	39,098
	(25,777)	(5,540)

6. Other Currency Losses

	Year ended 30 November 2023 £'000	Year ended 30 November 2022 £'000
Exchange (losses)/gains on currency balances	(1,519)	823
Exchange gains/(losses) on the loan facility	1,367	(1,642)
	(152)	(819)

7. Investment Management and Performance Fee

	Year ended 30 November 2023 £'000	Year ended 30 November 2022 £'000
Management fee		
– charged to revenue	704	727
– charged to capital	2,815	2,907
Investment management fee payable to Polar Capital LLP	3,519	3,634
Performance fee payable to Polar Capital (charged wholly to capital)*	-	(1,164)

* In 2022, the company underperformed and the prior year provisions have been written back resulting in a credit to the Statement of Comprehensive Income.

Management fees are allocated 20% to revenue and 80% to capital. Details of the investment management and performance fees are set out in the Strategic Report on page 36.

8. Other Administrative Expenses (including VAT where appropriate)

	Year ended 30 November 2023 £'000	Year ended 30 November 2022 £'000
Directors' fees ¹	145	144
Directors' NIC	15	13
Auditors' remuneration - for audit of the Financial Statements ²	50	50
Depositary fee ³	34	35
HSBC administration fee ³	205	171
Registrar fee	39	31
Custody and other bank charges ⁴	87	114
UKLA and LSE listing fees	49	36
Legal & professional fees ⁵	(3)	36
AIC fees	21	19
Directors' and officers' liability insurance	19	16
Corporate broker's fee ⁶	16	43
Marketing expenses ⁷	72	88
Research costs - allocated to revenue ⁸	5	5
Shareholder communications	17	24
Other expenses ⁹	3	45
Total other administrative expenses allocated to revenue	774	870
Research costs - allocated to capital ⁸	20	19
Total other administrative expenses	794	889

1 Full disclosure is given in the Directors' Remuneration Report on page 63.

2 The base audit fee for the statutory audit in the current year was £49,980. The base audit fee for the statutory audit in the prior year was £44,000. Overrun fee of £6,000 incurred in the completion of the 2021 audit due to the change in performance fee methodology.

3 Fees are determined on the pre-approved rate card with HSBC.

4 Fee is based on the value of the assets and geographical activity and determined on the pre-approved rate card with HSBC.

5 Includes VAT recovered which is greater than the total fees paid during the current year.

6 Corporate Broker fee is reduced by the commission received on the share buybacks during the year.

7 Includes bespoke marketing budget of £50,000 (2022: £50,000).

8 Research costs (which applied from 3 January 2018) payable by the Company relate solely to specialist financial research.

9 Includes non-executive Director search costs in the prior year only.

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 2023 was 0.86% (2022: 0.87%). The ongoing charges ratio including the performance fee was 0.86% (2022: 0.65%). See Alternative Performance Measures on pages 109 and 111.

Notes to the Financial Statements continued

For the year ended 30 November 2023

9. Finance Costs

	Year ended 30 November 2023			Year ended 30 November 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on loans and overdrafts	699	2,795	3,494	201	804	1,005
Loan arrangement fees	23	92	115	48	192	240
	722	2,887	3,609	249	996	1,245

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 2023			Year ended 30 November 2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Overseas tax	1,438	–	1,438	1,465	–	1,465
Tax relief in capital	693	(693)	–	19	(19)	–
Withholding tax recovered	(145)	–	(145)	–	–	–
Indian capital gains tax	–	(2)	(2)	–	(368)	(368)
Greek sales tax	–	–	–	–	6	6
Total tax charge/(credit) for the year (see note 10b)	1,986	(695)	1,291	1,484	(381)	1,103

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

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

	Year ended 30 November 2023			Year ended 30 November 2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Profit/(loss) before tax	17,859	(32,093)	(14,234)	15,773	(9,220)	6,553
Tax at the UK corporation effective tax rate of 23% (2022: 19%)	4,108	(7,381)	(3,273)	2,997	(1,751)	1,246
Tax effect of non-taxable dividends	(3,382)	–	(3,382)	(2,940)	–	(2,940)
Losses on investments that are not taxable	–	6,065	6,065	–	1,228	1,228
Overseas tax suffered	1,438	–	1,438	1,465	–	1,465
Indian capital gains tax	–	(2)	(2)	–	(368)	(368)
Greek sales tax	–	–	–	–	6	6
Unrelieved current period expenses and deficits	–	623	623	–	504	504
Withholding tax recovered	(145)	–	(145)	–	–	–
Tax relief on overseas tax suffered	(33)	–	(33)	(38)	–	(38)
Total tax charge/(credit) for the year (see note 10a)	1,986	(695)	1,291	1,484	(381)	1,103

c) Factors that may affect future tax charges:

The Company has an unrecognised deferred tax asset of £2,618,000 (2022: £1,968,000). The deferred tax asset is based on the current corporation tax rate of 25% (2022: 25%).

It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and deficits and therefore no deferred tax asset has been recognised.

Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to obtain approval of such status in the foreseeable future, the Company has not provided UK tax on any capital gains arising on the revaluation or disposal of investments held by the Company.

The Company is liable to Indian capital gains tax under Section 115 AD of the Indian Income Tax Act 1961. A tax provision on Indian capital gains is calculated based on the long term (securities held more than one year) or short term (securities held less than one year) nature of the investments and the applicable tax rate at the year end. The current rates of short-term tax rates are 15% and the long term tax rates are 10% respectively. At the year ended 30 November 2023, the Company has a deferred tax liability of £263,000 (2022: £151,000) on capital gains which may arise if Indian investments are sold.

11. Earnings/(Losses) Per Ordinary Share

	Year ended 30 November 2023			Year ended 30 November 2022		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
The calculation of basic earnings/(losses) per share is based on the following data:						
Net profit/(loss) for the year (£'000)	15,873	(31,398)	(15,525)	14,289	(8,839)	5,450
Weighted average ordinary shares in issue during the year	319,065,538	319,065,538	319,065,538	320,762,691	320,762,691	320,762,691
From continuing operations						
Basic - ordinary shares (pence)	4.97	(9.84)	(4.87)	4.45	(2.75)	1.70

As at 30 November 2023 there were no potentially dilutive shares in issue (2022: nil).

12. Amounts Recognised as Distributions to Ordinary Shareholders in the Year**Dividends paid in the year ended 30 November 2023**

Payment date	No. of shares	Amount per share	Year ended 30 November 2023 £'000
28 February 2023	324,779,000	2.05p	6,658
31 August 2023	315,955,329	2.45p	7,741
			14,399

The revenue available for distribution by way of dividend for the year is £15,873,000 (2022: £14,289,000).

Notes to the Financial Statements continued

For the year ended 30 November 2023

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

The total dividends payable in respect of the financial year ended 30 November 2023, 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	Amount per share	Year ended 30 November 2023 £'000
31 August 2023	315,955,329	2.45p	7,741
29 February 2024	307,160,405	2.10p	6,450
			14,191

The total dividends payable in respect of the financial year ended 30 November 2022, 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	Amount per share	Year ended 30 November 2022 £'000
31 August 2022	330,440,000	2.40p	7,930
28 February 2023	324,779,000	2.05p	6,658
			14,588

All dividends are paid as interim dividends, and all have been charged to revenue, where necessary utilising the revenue reserve and in exceptional circumstances utilising the special distributable reserve. £162,000 for the dividend paid on 31 August 2022 was partially paid from the special distributable reserve.

13. Investments Held at Fair Value Through Profit or Loss

(a) Investments held at fair value through profit or loss

	30 November 2023 £'000	30 November 2022 £'000
Opening book cost	506,766	422,479
Opening investment holding gains	65,982	59,621
Opening fair value	572,748	482,100
Analysis of transactions made during the year		
Purchases at cost	286,636	510,922
Sales proceeds received	(315,669)	(414,737)
Losses on investments held at fair value	(25,777)	(5,540)
Amortisation on fixed interest securities	186	3
Closing fair value	518,124	572,748
Closing book cost	476,645	506,766
Closing investment holding gains	41,479	65,982
Closing fair value	518,124	572,748

The Company received £315,669,000 (2022: £414,737,000) from disposal of investments in the year. The book cost of these investments when they were purchased were £316,943,000 (2022: £426,638,000). 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 2023 £'000	30 November 2022 £'000
On acquisitions	473	565
On disposals	246	327
	719	892

(b) Changes in Derivative Financial Instruments

(i) Futures

	30 November 2023 £'000	30 November 2022 £'000
Valuation at 1 December	6	–
Additions at cost	683	109
Proceeds of disposal	(386)	–
Losses on disposal	(297)	(109)
Valuation (losses)/gains	(294)	6
Valuation at 30 November	(288)	6

The Company invested in currency and index futures during the year for the purposes of efficient portfolio management. As at 30 November 2023, the Company held a long position of 80 CME Japanese Yen December 2023 contracts, a short position of 250 CME British Pound December 2023 contracts and a short position of 20 CME British Pound/Japanese Yen December 2023 contracts with a market value loss of £288,000. (2022: 15 ICF Long Gilt March 2023 with a market value gain of £6,000).

(ii) Options

	30 November 2023 £'000	30 November 2022 £'000
Valuation at 1 December	–	–
Additions at cost	1,111	–
Proceeds of disposal	(782)	–
Gains on disposal	293	–
Valuation losses	(144)	–
Valuation at 30 November	478	–

The Company invested in purchased call and put options during the year for the purposes of efficient portfolio management. As at 30 November 2023, the company held SPDR S&P Regional Banking ETF call options and the market value of this open call option position was £478,000 (2022: £nil).

(c) Fair Value of Open Derivative Contracts

	30 November 2023 £'000	30 November 2022 £'000
CME Japanese Yen December 2023 Futures	28	–
ICF Long Gilt March 2023 Futures	–	6
SPDR S&P Regional Banking ETF Call Options	478	–
	506	6
CME British Pound December 2023 Futures	(231)	–
CME British Pound/Japanese Yen December 2023 Futures	(85)	–
	(316)	–
Total	190	6

Notes to the Financial Statements continued

For the year ended 30 November 2023

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

(d) 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 84.

The following tables set out the fair value measurements using the IFRS 7 hierarchy at 30 November 2023 and 2022:

	As at 30 November 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity Investments and derivative financial instruments	464,999	478	5,054	470,531
Interest bearing securities	47,783	–	–	47,783
Total	512,782	478	5,054	518,314

The Level 2 investment relates to the SPDR S&P Regional Banking ETF Call Options.

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

	As at 30 November 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity Investments and derivative financial instruments	526,173	–	4,551	530,724
Interest bearing securities	42,030	–	–	42,030
Total	568,203	–	4,551	572,754

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

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 2023 £'000	30 November 2022 £'000
Opening balance	4,551	1,921
Additions at cost	–	3,000
Total gains/(losses) included in the Statement of Comprehensive Income - on assets held at the year end	503	(370)
Closing balance	5,054	4,551

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 2(g) on page 84.

A +/- 10% change in the price used to value the investment in the level 3 investments at the year end would result in a +/- £505,000 (2022: £455,000) impact on the gains or losses on investments held at fair value in the Statement of Comprehensive Income.

(e) Unquoted Investments

The value of the unquoted investments as at 30 November 2023 was £5,054,000 (2022: £4,551,000) and the portfolio comprised the following holdings:

	30 November 2023 £'000	30 November 2022 £'000
Atom Bank	1,281	2,241
Moneybox	3,773	2,310
	5,054	4,551

Atom Bank is a UK digital bank founded in 2014 and based in Durham. It currently offers fixed rate and instant access savings products, business banking loans and retail mortgages.

At 31 March 2023 (Atom Bank's financial year end), Atom Bank announced that it had made pre-tax losses of £10,097,000 (2022: £11,927,000) and had net assets attributable to shareholders of £283,134,000 (2022: £251,094,000).

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. In November 2023, the investment of Atom Bank was decreased to the price at which the bank raised £100m of capital. See Note 13(d) on page 94 for further details.

Moneybox is an on-line UK savings and wealth platform and provides mobile applications which enable customers to make regular savings into tax efficient products, such as ISAs, or a personal pension, as well as various savings accounts.

At 31 May 2023 (Moneybox's financial year end), Moneybox announced that it had made pre-tax profit of £4,141,000 (2022: pre-tax loss of £10,198,000) and had net assets attributable to shareholders of £62,569,000 (2022: £31,917,000).

The valuation of Moneybox was reviewed by the Investment Manager and the Board during both the half year and full year financial results process. During the year, the valuation of Moneybox was increased based on the strong performance of the company. The valuation was calculated by calculating the average enterprise value to sales ratio of a peer group of listed companies and then applying a discount to reflect the smaller size and narrower focus of Moneybox. This was cross checked using a discounted cash flow analysis. An increase/decrease in the discount used of 5% would decrease/increase the fair value by £290,000 and an increase/decrease of the multiple of sales of the peer group used of 0.5x would increase/decrease the fair value by £295,000. See Note 13(d) on page 94 for further details.

14. Receivables

	30 November 2023 £'000	30 November 2022 £'000
Securities sold awaiting settlement	4,933	527
Dividends and interest receivable	1,930	1,395
VAT recoverable	36	25
Overseas tax recoverable*	1,487	1,184
Prepayments	33	30
	8,419	3,161

* The prior year figure, previously disclosed on the face of the balance sheet has been re-presented to be included as part of the total receivables figure.

Notes to the Financial Statements continued

For the year ended 30 November 2023

15. Cash and Cash Equivalents

	30 November 2023 £'000	30 November 2022 £'000
Cash at bank	36,406	29,652
Cash held at derivative clearing houses	856	141
Cash and Cash Equivalents	37,262	29,793
Bank overdraft	(1)	–
	37,261	29,793

16. Payables

	30 November 2023 £'000	30 November 2022 £'000
Securities purchased awaiting settlement	4,521	2,427
Repurchase of treasury shares awaiting settlement	189	38
Accruals	1,792	1,313
	6,502	3,778

17. Bank Loans

i) Bank loans

	30 November 2023 £'000	30 November 2022 £'000
The Company has the following unsecured term loans:		
£15m at 3.921% repayable 8 July 2025	15,000	15,000
US\$18.4m at 4.208% repayable 8 July 2025	14,551	15,469
	29,551	30,469
The Company made the following drawdowns from the RBS revolving credit facility of £50m as at year ended 30 November 2023 (30 November 2022: RBS revolving credit facility of £50m):		
£20m repayable 8 July 2025	20,000	20,000
£5m repayable 8 July 2025	5,000	5,000
US\$6m repayable 8 July 2025	4,740	5,038
US\$6m repayable 8 July 2025	4,740	–
£5m repayable 8 July 2025	5,000	–
	69,031	60,507

During the year, the Company had further draw downs of US\$6m and £5m from the three-year £50m revolving credit facility, all expiring on 8 July 2025. As at 30 November 2023, the Company had drawn down £30m and US\$12m (£9.5m) respectively from the revolving credit facility, with £10m remaining available.

The term loans of £15m and USD \$18.4m (£14.6m) held at the year end are due for settlement within 2 years and are stated at their fair value, which equates to amortised cost.

Both 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 relating to the term loan and credit facility are:

- (i) Consolidated Gross Borrowing not to exceed 30% of the Adjusted Portfolio Value at any time.
- (ii) The number of Eligible Investments shall not be less than 50 at any time.
- (iii) The Adjusted Portfolio Value shall at all times be equal to or more than £240,000,000.

ii) Reconciliation of bank loans

	30 November 2023 £'000	30 November 2022 £'000
Bank loans held as at 1 December 2022	60,507	50,418
Term loan of £20m and RCF of £15m & US\$20.4m under RBS facility expired in July 2022	–	(52,000)
Term loans of £15m & US\$18.4m and RCF of £20m under RBS facility due to expire in July 2025	–	50,353
RCF drawn under RBS facility due to expire in July 2025	9,891	10,094
Exchange losses on settlement of RCF balances	–	2,254
Effect of changes in foreign exchange rates on Term loan and RCF	(1,367)	(612)
Bank loans held as at 30 November 2023	69,031	60,507

The movement in the liability arising from the bank loans due to changes in foreign exchange rates is a non-cash movement and is included in the Statement of Comprehensive Income within 'Other currency losses'.

18. Non-current Liabilities

	30 November 2023 £'000	30 November 2022 £'000
Indian capital gains tax provision	263	151
Bank loan	69,031	60,507
	69,294	60,658

19. Called Up Share Capital

	30 November 2023 £'000	30 November 2022 £'000
Allotted, Called up and Fully paid:		
Ordinary shares of 5p each:		
Opening balance of 325,394,000* (2022: 272,980,000)	16,270	13,649
Issue of nil (2022: 25,644,680) new ordinary shares	–	1,282
Issue of nil (2022: 26,775,320) new ordinary shares pursuant to placings	–	1,339
Issue of nil (2022: 6,350,000) ordinary shares out of treasury	–	318
Repurchase of 16,532,313 (2022: 6,356,000) ordinary shares into treasury	(827)	(318)
Allotted, Called up and Fully paid: 308,861,687 (2022: 325,394,000) ordinary shares of 5p	15,443	16,270
22,888,313 (2022: 6,356,000) ordinary shares held in treasury	1,145	318
At 30 November 2023	16,588	16,588

* Excluding shares held in Treasury.

During the year, there were 16,532,313 ordinary shares repurchased into treasury for a total consideration £23,139,000 (2022: £9,175,000). There were no (2022: 6,350,000) ordinary shares issued out of treasury (a total net consideration of 2022: £10,960,000).

There were no new ordinary shares issues in the current year. In the prior year the Company issued 25,644,680 new ordinary shares from the blocklisting facility for a total consideration of £45,140,000 less expenses of £93,000. In addition, the Company also undertook a share placing programme, the first placing at the end of January 2022 and second placing at the end of February 2022 under the Prospectus issued on 12 May 2021. This resulted in a total allotment of 26,775,320 new ordinary shares for a total consideration of £46,022,000 less expenses of £714,000.

Subsequent to the year end to 13 February 2024, the Company has purchased a further 2,311,282 shares out of treasury for a total consideration of £3,592,473 into treasury.

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

Notes to the Financial Statements continued

For the year ended 30 November 2023

20. Capital Redemption Reserve

	30 November 2023 £'000	30 November 2022 £'000
At 1 December 2022	251	251
At 30 November 2023	251	251

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

This reserve is not distributable.

21. Share Premium Reserve

	30 November 2023 £'000	30 November 2022 £'000
At 1 December 2022	311,380	219,163
Issue of nil (2022: 25,644,680) new ordinary shares	–	43,858
Issue of nil (2022: 26,775,320) new ordinary shares pursuant to placings	–	43,969
Issue of nil (2022: 6,350,000) ordinary shares out of treasury	–	4,483
Issue cost	(11)	(93)
At 30 November 2023	311,369	311,380

The cost to the block listing application of £nil (2022: £93,000) has been accounted as an issue cost as defined under IAS 32. The current year cost of £11,000 relates to a VAT adjustment in relation to the prior year issue costs following the submission of the Company's VAT return.

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

This reserve is not distributable.

22. Special Distributable Reserve

	30 November 2023 £'000	30 November 2022 £'000
At 1 December 2022	128,256	131,947
Issue of nil (2022: 6,350,000) ordinary shares out of treasury	–	6,477
Repurchase of 16,532,313 (2022: 6,356,000) ordinary shares into treasury	(23,139)	(9,175)
Interim dividends paid *	–	(993)
At 30 November 2023	105,117	128,256

* In the prior year, the second interim dividend of 2.00p per share for the year ended 30 November 2021 was paid on 28 February 2022. Part of this dividend, amounting to £831,000 was paid out of the special distributable reserve. In addition, the first interim dividend of 2.40p per share for the year ended 30 November 2022 was paid on 31 August 2022. Part of this dividend amounting to £162,000 was paid out of the special distributable reserve.

The special distributable reserve was created following 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.

23. Capital Reserves

	30 November 2023 £'000	30 November 2022 £'000
At 1 December 2022	74,905	83,744
Net losses on disposal of investments	(27,645)	(44,638)
Valuation gains on investments held during the year	1,868	39,098
Net losses on derivative contracts	(442)	(103)
Exchange (losses)/gains on currency balances	(1,519)	823
Exchange gains/(losses) on the loan facility	1,367	(1,642)
Investment management fee charged to capital	(2,815)	(2,907)
Performance fee credited to capital	–	1,164
Research costs charged to capital	(20)	(19)
Finance costs charged to capital	(2,887)	(996)
Indian capital gains tax	2	368
Greek sales tax	–	(6)
Tax relief due from revenue	693	19
At 30 November 2023	43,507	74,905

The balance on the capital reserve represents a profit of £42,095,000 (2022: profit of £65,778,000) on investments held and a gain of £1,412,000 (2022: gain of £9,127,000) on investments sold.

The balance on investments held comprises holding gains on investments (which may become 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 subject to meeting the definition of qualifying consideration as noted in Note 2(o).

24. Revenue Reserve

	30 November 2023 £'000	30 November 2022 £'000
At 1 December 2022	9,892	8,175
Revenue profit	15,873	14,289
Interim dividends paid*	(14,399)	(12,572)
At 30 November 2023	11,366	9,892

* Part of the dividends for the prior year ending November 2022 were paid from the special distribution reserve as noted in Note 22.

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

25. Net Asset Value Per Ordinary Share

	30 November 2023	30 November 2022
Net assets attributable to ordinary shareholders (£'000)	488,198	541,272
Ordinary shares in issue at end of year (excluding shares held in treasury)	308,861,687	325,394,000
Net asset value per ordinary share (pence)	158.06	166.34

As at 30 November 2023, there were no potentially dilutive shares in issue. (2022: nil).

Notes to the Financial Statements continued

For the year ended 30 November 2023

26. 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 has 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 2023 were £3,519,000 (2022: £3,634,000) of which £278,000 (2022: £305,000) was outstanding at the year end.

A performance fee based on cumulative relative performance since 23 April 2020, amounting to £nil (2022: £nil) has been accrued 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 36 for more details.

In addition, the total research costs in respect of the period from 1 December 2022 to the year ended 30 November 2023 were £25,000 (2022: £24,000) of which £8,000 (2022: £11,000) 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 £145,000 (2022: £144,000) to the Directors of which £23,000 (2022: £47,000) was outstanding at the year end. The Remuneration Report is set out on pages 61 to 65. When dividends are paid by the Company these are received by the Directors who own shares at the same rates and terms as by all other Shareholders.

27. 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 34.

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 Manager co-ordinate the risk management and the Manager assesses the exposure to market risk when making each investment decision.

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 27(a)(i)), currency risk (see note 27(a)(ii)), and interest rate risk (see note 27(a)(iii)). Further details are included in the Strategic Report on page 40.

(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 22 to 24. Investments are valued in accordance with the accounting policies as stated in note 2(g).

At the year end, the Company's portfolio included index futures contracts to the value of (£288,000) (2022: £6,000) and purchased call options to the value of £478,000 (2022: £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 2023 £'000	30 November 2022 £'000
Investments held at fair value through profit or loss	518,124	572,748
Derivative financial instruments held at fair value through profit or loss	190	6
	518,314	572,754

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% (2022: 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 2023		30 November 2022	
	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	(109)	109	(120)	120
Capital return	77,312	(77,312)	85,432	(85,432)
Change to the profit after tax for the year	77,203	(77,203)	85,312	(85,312)
Change to equity attributable to shareholders	77,203	(77,203)	85,312	(85,312)

Notes to the Financial Statements continued

For the year ended 30 November 2023

27. Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(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 Manager mitigates risks through an international spread of investments.

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

Foreign currency exposure

The table below (as continued) with non-monetary items on page 103, shows, by currency, the split of the Company's monetary assets, liabilities and investments that are priced in currencies other than Sterling.

	30 November 2023 £'000	30 November 2022 £'000
Monetary Assets:		
Cash and short term receivables		
US dollars	15,217	6,934
Australian dollars	7,471	10,373
Canadian dollars	6,622	7,654
Japanese yen	4,551	4,267
Euros	2,412	1,104
Vietnam dong	507	530
Indian rupee	152	470
Taiwan dollars	104	112
Swiss francs	93	90
Norwegian krona	28	103
Hong Kong dollars	–	1,064
Monetary Liabilities:		
Other payables		
US dollar	(20,671)	(21,314)
Japanese yen	(4,875)	–
Indian rupee	(3,122)	(1,154)
Euros	(705)	(360)
Hong Kong dollars	(1)	(1,064)
Foreign currency exposure on net monetary items	7,783	8,809

	30 November 2023 £'000	30 November 2022 £'000
Non-Monetary Items:		
Investments held at fair value through profit or loss that are equities		
US dollars	269,074	279,038
Euros	54,991	43,925
Indian rupee	25,900	34,915
Canadian dollars	17,271	25,133
Indonesian rupiah	13,376	19,073
Swedish krona	9,660	5,502
Hong Kong dollars	8,177	24,254
Japanese yen	8,021	17,418
Mexican peso	7,100	–
Thai baht	5,174	5,805
Singapore dollars	4,254	13,200
Australian dollars	4,125	4,644
Norwegian krona	–	9,896
Swiss francs	–	8,488
Malaysian ringgit	–	4,775
Total net foreign currency exposure	434,906	504,875

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 20% (2022: 20%) 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 20% (2022: 20%) this would have had the following effect:

	30 November 2023 £'000	30 November 2022 £'000
Statement of Comprehensive Income - profit after tax		
Revenue return	3,015	2,616
Capital return	(470)	(692)
Change to the profit after tax for the year	2,545	1,924
Change to equity attributable to shareholders	2,545	1,924

Notes to the Financial Statements continued

For the year ended 30 November 2023

27. Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(ii) Currency Risk continued

Foreign currency sensitivity continued

Conversely if Sterling had strengthened by 20% (2022: 20%) this would have had the following effect:

	30 November 2023 £'000	30 November 2022 £'000
Statement of Comprehensive Income - profit after tax		
Revenue return	(3,015)	(2,616)
Capital return	470	692
Change to the profit after tax for the year	(2,545)	(1,924)
Change to equity attributable to shareholders	(2,545)	(1,924)

In the opinion of the Directors, while these are regarded as reasonable estimates, neither of the above sensitivity analysis 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 Manager's discretion.

Interest rate exposure

The exposure, at 30 November 2023, 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 2023		Total £'000
	Within one year £'000	More than one year £'000	
Exposure to floating interest rates:			
Cash and cash equivalents	37,262	–	37,262
Bank overdraft	(1)	–	(1)
Bank loans	–	(39,480)	(39,480)
Non-current asset investments held at fair value through profit or loss	–	40,788	40,788
Exposure to fixed interest rates:			
Non-current asset investments held at fair value through profit or loss	–	6,995	6,995
Bank loans	–	(29,551)	(29,551)
Total exposure to interest rates	37,261	(21,248)	16,013

	30 November 2022		Total £'000
	Within one year £'000	More than one year £'000	
Exposure to floating interest rates:			
Cash and cash equivalents	29,793	–	29,793
Bank loans	–	(30,038)	(30,038)
Non-current asset investments held at fair value through profit or loss	–	33,989	33,989
Exposure to fixed interest rates:			
Non-current asset investments held at fair value through profit or loss	–	8,041	8,041
Bank loans	–	(30,469)	(30,469)
Total exposure to interest rates	29,793	(18,477)	11,316

The weighted average interest rate for the fixed rate financial assets was 10.4% (2022: 12.1%) and the effective period for which the rate was fixed was 4.5 years (2022: 6.2years).

During the year, the Company maintained its £15m and USD\$18.4m term loans with The Royal Bank of Scotland International Ltd, on which interest is payable at fixed rates of 3.921% and 4.208% respectively. The loans will expire on 8 July 2025. Details of the amounts drawn on the term loan are given in Note 17.

The Company also maintained its three-year revolving credit facility for the amount of £50 million with The Royal Bank of Scotland International Ltd. Interest is payable at the Compounded Reference Rate based on the secured overnight financing rate (SOFR) as quoted in the market for the relevant currency and period, plus a margin of 1.30%, plus mandatory costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At the year end, the Company had drawn down £30m and US\$12m (£9.5m) respectively 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 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 150 basis points (2022: 100 basis points) in interest rates regarding the Company's monetary financial assets, which are subject to interest rate risk. This level of change is 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 2023		30 November 2022	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Effect on revenue return	440	(440)	238	(238)
Effect on capital return	(474)	474	(240)	240
Effect on net profit and on equity attributable to shareholders	(34)	34	(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.

Notes to the Financial Statements continued

For the year ended 30 November 2023

27. Derivatives and Other Financial Instruments continued

(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 2023 £'000	30 November 2022 £'000
3 months or less:		
Balances due to brokers	4,710	2,465
Accruals	1,792	1,313
Bank overdraft	1	–
Fair value of open derivative contracts	316	–
More than 12 months:		
Indian capital gains tax provision	263	151
Bank loan	69,031	60,507
	76,113	64,436

(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 2023 was £44,631,000 (2022: £31,721,000) comprising:

	30 November 2023 £'000	30 November 2022 £'000
Balances due from brokers	4,933	527
Fair value of open derivative contracts	506	6
Accrued Income	1,930	1,395
Cash and cash equivalents	37,262	29,793
	44,631	31,721

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.

(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 £488,198,000 as at 30 November 2023 (2022: £541,272,000), which are managed to achieve the Company's investment objective set out on page 34.

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 and variable rate revolving credit 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.

28. Capital Commitments, Contingent Assets and Liabilities**Capital Commitments**

The Company has no commitments to further investment in any investee companies (2022: £nil).

29. Post Balance Sheet Events

After the year end and to 13 February 2024, a further 2,311,282 ordinary shares were bought back and held in treasury. Following these buy backs, the total number of ordinary shares in issue was 306,550,405 and the shares held in treasury was 25,199,595.

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.



Shareholder Information

Alternative Performance Measures (APMs)

In assessing the performance of the Company, the Investment Manager and the Directors use the following APMs which are not defined in accounting standards or law but are considered to be known industry metrics:

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 2023	Year ended 30 November 2022
Opening NAV per share	a	166.3p	167.5p
Closing NAV per share	b	158.1p	166.3p
Dividend reinvestment factor	c	1.022930	1.026183
Adjusted closing NAV per share	d = b*c	161.7p	170.7p
NAV total return for the year	(d / a)-1	-2.8%	1.9%

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 2023	Year ended 30 November 2022
NAV per share at inception	a	98.0p	98.0p
Closing NAV per share	b	158.1p	166.3p
Dividend reinvestment factor	c	1.361991	1.331251
Adjusted closing NAV per share	d = b*c	215.3p	221.4p
NAV total return since inception	(d / a)-1	119.7%	125.9%

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 day 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 2023	Year ended 30 November 2022
Rebased NAV per share at reconstruction	a	102.8p	102.8p
Closing NAV per share	b	158.1p	166.3p
Dividend reinvestment factor	c	1.097861	1.073252
Adjusted closing NAV per share	d = b*c	173.6p	178.5p
NAV total return since reconstruction	(d / a)-1	68.8%	73.6%

Alternative Performance Measures (APMs) continued

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 2023	Year ended 30 November 2022
Opening share price	a	154.6p	172.0p
Closing share price	b	138.8p	154.6p
Dividend reinvestment factor	c	1.030408	1.028037
Adjusted closing share price	d = b*c	143.0p	158.9p
Share price total return for the year	(d / a)-1	-7.5%	-7.6%

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 2023	Year ended 30 November 2022
Share price at inception	a	100.0p	100.0p
Closing share price	b	138.8p	154.6p
Dividend reinvestment factor	c	1.353458	1.311772
Adjusted closing share price	d = b*c	187.9p	202.8p
Share price total return since inception	(d / a)-1	87.9%	102.8%

Share Price Total Return 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 2023	Year ended 30 November 2022
Share price at inception	a	100.0p	100.0p
Closing share price	b	138.8p	154.6p
Dividend reinvestment factor	c	1.381556	1.340750
Adjusted closing share price	d = b*c	191.8p	207.3p
Share price total return including subscription share value since inception	(d / a)-1	91.8%	107.3%

(Discount)/Premium

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 2023	30 November 2022
Closing share price	a	138.8p	154.6p
Closing NAV per share	b	158.1p	166.3p
Discount per ordinary share	(a / b)-1	-12.2%	-7.0%

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 movement in the performance fee provision.

		Year ended 30 November 2023	Year ended 30 November 2022
Investment Management Fee (Note 7 on page 88)		£3,519,000	£3,634,000
Other Administrative Expenses (Note 8 on page 89)		£794,000	£889,000
	a	£4,313,000	£4,523,000
Average daily net assets value	b	£502,339,000	£519,515,000
Ongoing Charges excluding performance fee	a / b	0.86%	0.87%
Performance fee (Note 7 on page 88)	c	-	(£1,164,000)
	d = a+c	£4,313,000	£3,359,000
Ongoing charges including performance fee	d / b	0.86%	0.65%

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 2023	30 November 2022
Net assets	a	£488,198,000	£541,272,000
Bank loan	b	£69,031,000	£60,507,000
Total assets	c = (a+b)	£557,229,000	£601,779,000
Cash and cash equivalents (including amounts awaiting settlement)	d	£37,484,000	£27,855,000
Net gearing	(c-d)/a-1	6.5%	6.0%

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.
Administrator	The Company's Administrator is HSBC Securities Services (HSS) who is contracted through Polar Capital LLP to provide accounting and administrative services under the terms of the Investment Management Agreement ("IMA").
AGM	Annual General Meeting – a meeting required to be held in accordance with the Companies Act 2006, within six months of the Company's financial year end. The Annual General Meeting, to be held at 2:00pm on Thursday 18 April 2024 at the office of the manager, Polar Capital, 16 Palace Street, London SW1E 5JD.
AIC	Association of Investment Companies, the industry body for closed ended investment companies.
AIF	Alternative Investment Fund – the Company is an investment trust which is a collective investment undertaking which raises capital from a number of investors (in the case of the Company, by selling shares in the open market on the London Stock Exchange) with a view to investing the capital in accordance with the investment policy (see page 34).
AIFM	Alternative Investment Fund Manager, a body appointed in accordance with the AIFMD (see below). Polar Capital LLP is the appointed AIFM to the Company.
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 UK and European Union, must appoint a Depositary and an Alternative Investment Fund Manager ('AIFM').
Benchmark	The Benchmark is the MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested).
Closed-ended Investment Company	An Investment Company whose shares are traded in the open market, e.g., on the London Stock Exchange.
Custodian	HSBC Bank plc is the Custodian of the Company's assets. The Custodian is a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.
Depositary	The Company's Depositary is HSBC Bank plc. Under AIFMD (see above) 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 for shareholders.

Discount/premium	See Alternative Performance Measure (APM) on page 111.
Earnings per Share (“EPS”)	A company’s profitability expressed on a per share basis and calculated by dividing the company’s annual earnings after tax by the weighted average number of shares in issue.
ESEF	European Single Electronic Format (ESEF) is the requirement whereby reports are prepared and filed in XHTML format. The requirement applied with effect from 1 January 2021 to all issuers in UK (or EU) regulated markets. In addition, for issuers preparing consolidated annual accounts in accordance with IFRS, the XHTML file requires tagging under the IFRS taxonomy.
FCA	The Financial Conduct Authority regulates the financial services industry in the UK. Its role includes protecting consumers, keeping the industry stable, and promoting healthy competition between financial service providers.
IFRS	International Financial Reporting Standards (IFRS) are accounting standards which are developed by the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The IASB sets IFRS Accounting Standards and the ISSB sets IFRS Sustainability Disclosure Standards.
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 Manager/Manager	Polar Capital LLP is the Investment which has 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.
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.
MiFID II	Markets in Financial Instruments Directive, applicable from 3 January 2018.
Market capitalisation	Also sometimes referred to as ‘market cap’, this is a measure which describes the size of a Company or an Investment Trust. It is calculated by multiplying the number of shares in issue by the price of the shares.
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’. 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. The NAV per ordinary share is published daily.
Non-executive Director or NED	The Company is managed by a Board of Directors who are often referred to as independent non-executive Directors. The Company does not have any executive Directors. Remuneration of the Non-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.

Glossary of Terms continued

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.
PwC	The Company's Auditors are PricewaterhouseCoopers LLP, represented by Kevin Rollo, Partner.
SORP	The Statement of Recommended Practice (SORP) for investment trusts is issued by the AIC and it provides recommendations on financial reporting that supplement official accounting standards. (See Note 2(a) on page 82).
Treasury shares	Treasury shares are the Company's own shares that have been bought back from shareholders and not cancelled but held in Treasury. Such shares may be reissued into the market at a premium to NAV. Treasury shares do not attract the right to receive dividends or have any other voting rights.
UK-adopted IAS	The international accounting standards adopted by the UK Endorsement Board after delegation of adoption powers. These include International Accounting Standards (IAS), IFRS and related interpretations, subsequent amendments to those standards and related interpretations, issued or adopted by the IASB.

Corporate Information – AGM

2024 Annual General Meeting (“AGM”)

The Company’s AGM will be held at 2:00pm on Thursday 18 April 2024 at 16 Palace Street, London, SW1E 5JD.

Further information including the full text of the resolutions to be proposed at the AGM and an explanation of each resolution is contained in the Notice of AGM which has been posted to shareholders and is available on the Company’s website.

Shareholders will have the opportunity to ask questions at the meeting but are also encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at cosec@polarcapital.co.uk stating the subject matter as **PCFT-AGM**. We will endeavour to answer relevant questions at the meeting or on the Company’s website as appropriate. For ease of reference and understanding, a brief explanation of the resolutions is provided below.

Resolution 1 relates to the statutory requirement of every company to lay before shareholders the Annual Report and Financial Statements, i.e. this document. The Annual Report has been prepared and approved by the Board of Directors and audited by the externally appointed auditors. The document will be filed at Companies House once published to shareholders. The Annual Report sets out the Company’s business strategy, governance structure and procedures as well as the financial accounts for the financial year under review.

Resolution 2, in compliance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013 (the ‘Regulations’), The Companies (Directors’ Remuneration Policy and Directors’ Remuneration Report) Regulations 2019 and the Listing Rules of the Financial Conduct Authority, the Company is required on a three-yearly basis to provide shareholders with the opportunity to vote on the Company’s Directors’ Remuneration Policy.

In addition to this, on an annual basis, shareholders are presented with the Directors’ Remuneration Implementation Report which looks back at the year under review and advises how the Remuneration Policy was applied. Shareholders last voted on the Remuneration Policy at the AGM in 2023 and the policy came into effect from 1 December 2023, the current policy will remain in force until 30 November 2026 unless amended during any earlier proposed reconstruction following the end of the fixed life.

Resolution 2 therefore, is the annual advisory vote of shareholders on the Remuneration Implementation Report. The Directors’ Remuneration Report is presented on pages 61 to 65.

Resolutions 3 to 6 relate to the annual election and re-election of directors. In line with good corporate governance the tenure policy of directors is nine years, except for the Board’s Chair tenure policy which allows the Chair to remain in role for up to twelve years in certain circumstances. It is recommended that directors stand for re-election on an annual basis to give shareholders the opportunity to vote on each Director. Having undergone a Board Evaluation process, as described on page 53, the Directors have provided a rationale for their support for the reappointment of each director on pages 8 and 9 and within the Notice of AGM.

Resolutions 7 and 8 relate to the statutory appointment or reappointment of the Company’s external auditors and the Directors’ authority to determine their remuneration. Further information is provided in the Audit Committee Report on page 57.

Resolution 9 relates to the Company’s dividend policy. The Company will aim to pay two interim dividends in respect of each full financial year. It continues to be the aim of the Company to maintain an income and growth mandate and the Board will utilise reserves to support the dividend where necessary. The interim dividends will not necessarily be of equal amounts because the dividends from the Company’s underlying investments are expected to arrive irregularly throughout the financial year.

Corporate Information – AGM continued

Resolutions 10 to 12 relate to potential changes in the share capital. **Resolution 10** authorises the Directors to allot (i.e. sell) ordinary shares, whether these be newly created shares or shares held in the Company's treasury account which have been previously bought back in the market. Once allotted the shares are listed on the London Stock Exchange and have the same rights as any other ordinary shares of the Company. **Resolution 11** is proposed in connection with 10 and allows the Directors to allot the shares without pre-emption rights. Under the Companies Act, all shareholders have the right of pre-emption which means that the Company must offer existing shareholders an opportunity to buy the company's shares before they are offered to third parties; being a listed company with many shareholders, the Directors ask to disapply the pre-emption rights which means they are able to offer and allot the shares to specific shareholders or in specific ways to the market, noting that such allotments would be at a premium to the net asset value (NAV) per share and therefore accretive (i.e. positive) to overall shareholder value. While all shareholders can trade the ordinary shares of the Company on the open market there are times when a shareholder would like to acquire greater amounts of shares than are available in the market and might approach the Company through the corporate broker to obtain shares. In a similar but opposite scenario, **resolution 12** provides the Directors' the ability to buy back (i.e. purchase) shares of the Company in the market. Depending on the market environment, and various other factors, the shares of the Company may trade at a discount to NAV (see Glossary on page 113). When this is the case the Company may step in and buy back shares in an effort to reduce the discount and remove excess liquidity in the market. Each of these authorities require shareholder approval and are regular resolutions proposed to each AGM. Each authority remains in place for 12 months or until the limits have been reached.

Corporate Information – Other

History and Structure

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 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.

Share Capital, Voting Rights and Transferability

The Company's share capital is divided into ordinary shares of 5p each. At the year end, there were 331,750,000 ordinary shares in issue (2022: 331,750,000 ordinary shares), of which 22,888,313 (2022: 6,356,000) were non-voting shares held in treasury by the Company. In the year under review the Company bought back a total of 16,532,133 shares (2022: 6,356,000). After the year end and up to 13 February 2024 (the latest practicable date), the Company bought back a further 2,311,282 ordinary shares remaining into treasury.

Ordinary shares carry voting rights which are exercised on a show of hands at a meeting, where each shareholder has one vote, or on a poll, where each share has one vote. Ordinary shares held in treasury carry no voting rights. Arrangements for the casting of proxy votes are provided when a notice of meeting is issued.

Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Further information can be found in the Articles of Association available on the Company's website www.polarcapitalglobalfinancialstrust.com

The Company is not aware of arrangements to restrict the votes or transferability of its shares.

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.

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.

Capital Gains Tax

Information on Capital Gains Tax ('CGT') is available on the HM Revenue & Customs website www.gov.uk/capital-gains-tax.

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares sold and any other allowable deductions such as share dealing costs. The exercise of subscription shares into ordinary shares should not have given rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

Corporate Information – Other continued

The calculations required to compute capital gains may be complex and depend on personal circumstances. Shareholders are advised to consult their personal financial advisor 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).

Company Website

www.polarcapitalglobalfinancialstrust.com

The Investment Manager maintains a website on behalf of the Company 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.com

Statement by the Depositary

The statement of the Depositary's responsibilities in respect of the Company and its report to Shareholders for the year ended 30 November 2023 are available on the Company's website. The Depositary, having carried out such procedures as it considered necessary, was satisfied that in all material respects the Company was managed in accordance with the applicable FCA rules and AIFMD.

Statement by the AIFM

The statement by the AIFM in respect of matters to be disclosed to investors for the year ended 30 November 2023 is available on the Company's website.

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.com

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 cost, 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. 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 Chair.

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.

Investing

The ordinary shares of the Company are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

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.

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.

Investing Risks

Investors should be aware of the following risks when considering investing in the shares of Polar Capital Global Financials Trust plc:

Past performance is not a guide to future performance.

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.

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. To the extent that it does so, asset values 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.

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.

If you are investing through a savings plan, ISA or other investment arrangement it is important that you read the key features documents and understand the risks associated with investing in the shares of the Company. If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Tax rates and reliefs change from time to time and may affect the value of your investment.

For those investors who would like advice:

Private Client Stockbrokers – generally for investors with a large lump sum to invest, a private client stockbroker 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 Personal Investment Management & Financial Advice Association (PIMFA) at www.pimfa.co.uk

Financial Advisers – carry out the share transactions for their clients, they can do this directly but also via a growing number of platforms that offer investment trusts including AJ Bell, Interactive Investor, Embark, Nucleus, Raymond James, Seven IM and Transact. For investors looking to find a financial adviser, please visit www.unbiased.co.uk

Corporate Information – Other continued

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 and Hargreaves Lansdown.

As an investor holding shares through one of these platforms, you are entitled to attend and vote at company general meetings. For example, Interactive Investor allow you to vote your shares at no extra cost through your account and new customers are automatically signed up to the voting and information service, which enables you to receive shareholder materials and vote on decisions directly affecting your UK registered shareholdings.

Please visit the AIC's pages below for further information:

www.theaic.co.uk/how-to-attend-an-AGM

www.theaic.co.uk/how-to-vote-your-shares

Share Dealing Services

The Company has made arrangements with its share registrars, Equiniti Limited, for investors to buy and sell shares through the Shareview.co.uk service.

BOOST your Dividends

Our share registrar Equiniti have launched a brand-new service EQ BOOST. Now you can use your dividend cash value to purchase uplifted retail vouchers from a wide range of renowned UK retailers. We have agreed with Equiniti to offer EQ Boost as an exciting and alternative way of receiving your dividend value.

You will be able to choose EQ Boost through a simple registration/election process on the Shareview link below.

Once you have elected for EQ Boost, on the company's next dividend payment, you will be notified that your money is available for you to purchase e-vouchers direct to your phone/ tablet. It is that simple.

If you decide you would like to go back to receiving cash or shares you can, at any time. Visit www.shareview.co.uk/Clients/EQBoost to start the journey to boost your dividend payments.

For telephone sales call 0345 603 7037 between 8.00am and 5.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday. For Internet sales log on to www.shareview.co.uk/dealing

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 within this Annual Report.

No part of this Annual Report 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.

Boiler Room Scams

Shareholders of 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.

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

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

Simon Cordery, Chair
Cecilia McAnulty
Susie Arnott
Angela Henderson

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

Nick Brind
George Barrow

Company Secretary

Polar Capital Secretarial Services Limited

Represented by Jumoke Kupoluyi, ACG

Depository, Bankers and Custodian

HSBC Bank Plc

8 Canada Square
London
E14 5HQ

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside
London
SE1 2RT

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 7047 **from overseas**)

Shareholder website:
www.shareview.co.uk



See more at:
polarcapitalglobalfinancialtrust.com



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