

Results Presentation

June 2017

Tim Woolley (CEO)

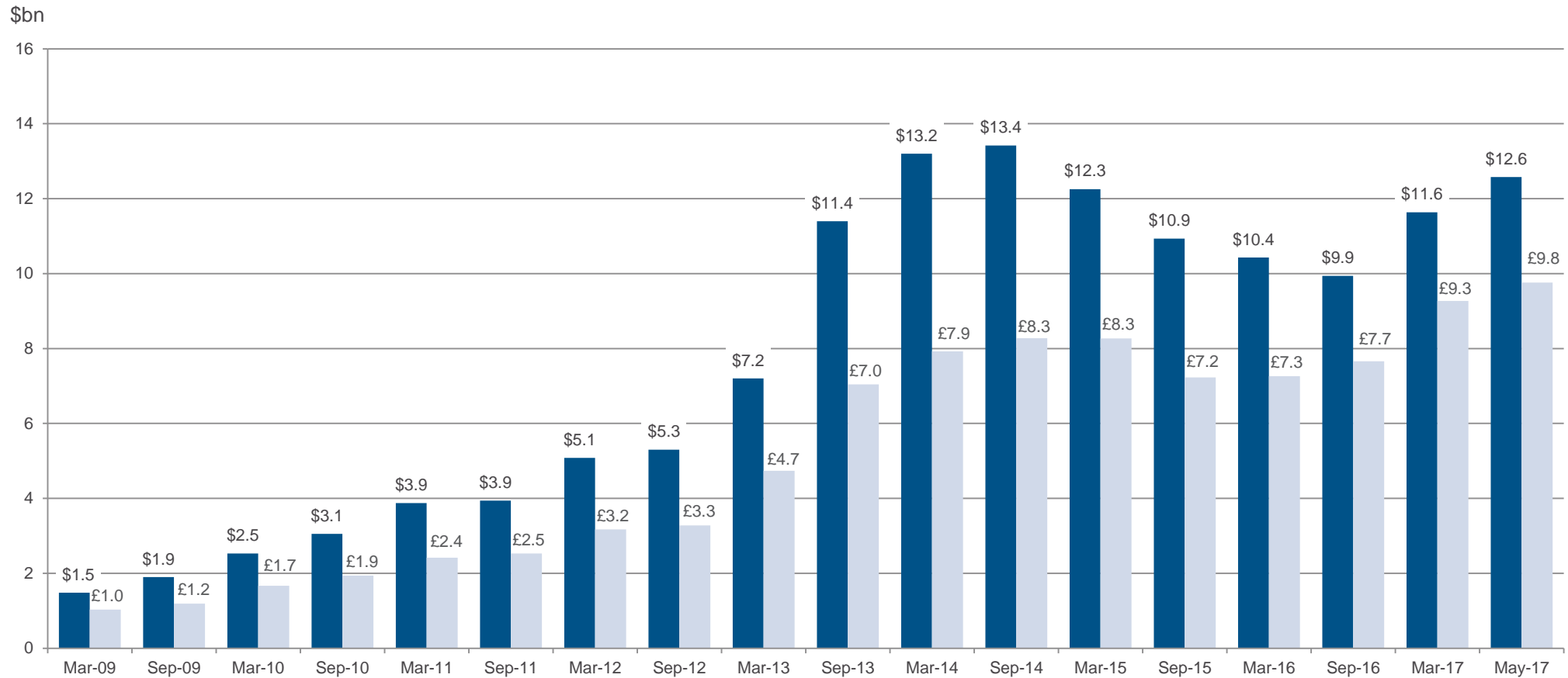
John Mansell (COO)



- AUM
- Fund Flows
- Fund Performance
- Industry
- Leadership Change
- Financials
- Dividend
- Outlook

AUM

Signs of renewed AUM growth



Source: Polar Capital, 31 May 2017. Past performance is not indicative or a guarantee of future results.

Fund Flows

AUM at 31 March 2017			£7.25bn
Gross inflows	quarter 1 [long 316m	hedge 64m]	
	quarter 2 [long 344	hedge 108]	
	quarter 3 [long 861	hedge 56]	
	quarter 4 [long 934	hedge 66]	
Gross outflows	quarter 1 [long 756	hedge 80]	
	quarter 2 [long 715	hedge 44]	
	quarter 3 [long 544	hedge 59]	
	quarter 4 [long 655	hedge 126]	
Net flows			-£0.23bn
Performance and currency movements			£2.25bn
AUM at 31 March 2017			£9.27bn

Source: Polar Capital, 31 March 2017. Totals may not sum due to rounding. Past performance is not indicative or a guarantee of future results.

Fund Flows 12 Months To March 2017



Inflows

Technology £88.7m

Healthcare £233.8m

Financials £337.4m

Convertibles £73.3m

Global £12.1m

UK Absolute £77.6m

European Income £87.2m

UK Value £163.6m

Outflows

Japan **£837.9m**

Europe L/S **£166.3m**

North America **£234.5m**

GEMS **£65.1m**

Source: Polar Capital, 31 March 2017. Totals may not sum due to rounding.

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AUM Growth Analysis

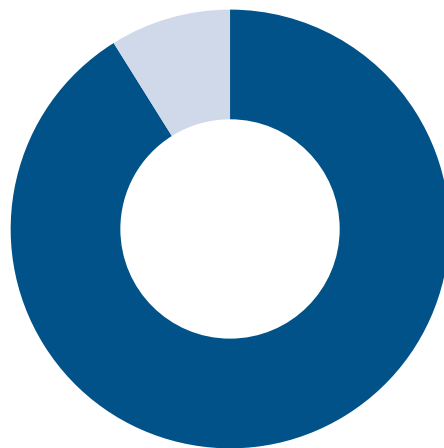


	31 March 2016 £'m	31 March 2017 £'m	% Increase Year on Year
Japan	1,513	968	-36%
Long Only (ex Japan)			
Technology	1,375	2,190	59%
North America	1,522	1,744	14%
Healthcare	916	1,430	56%
Financials	731	1,319	80%
GEMs	357	394	10%
Global Alpha	70	105	49%
European Income	31	128	317%
UK Value		169	
Absolute Return Funds	733	826	12%
Overall	7,247	9,273	28%

Source: Polar Capital, 31 March 2017. Totals may not sum due to rounding.

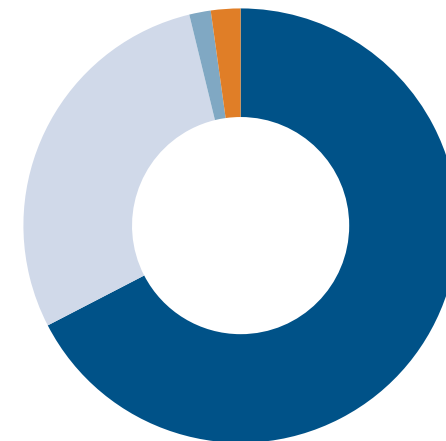
AUM split by strategy

■ Long Only	91.1%
■ Alternative	8.9%



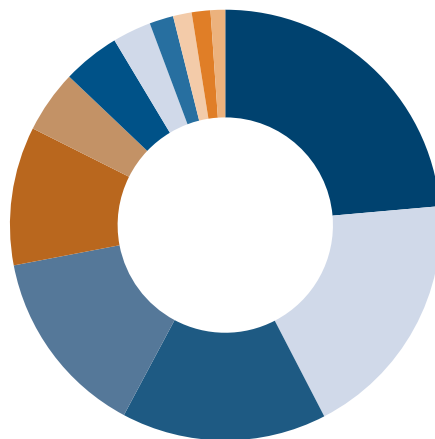
Investor mix by geography

■ UK	67.4%
■ Europe	28.8%
■ USA	1.6%
■ Other	2.2%



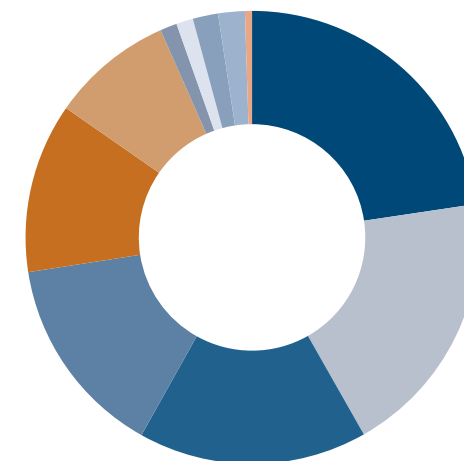
AUM split by business unit

■ Technology	23.6%
■ North American	18.8%
■ Healthcare	15.4%
■ Financials	14.2%
■ Japan	10.4%
■ Convertibles	4.7%
■ Emerging Markets	4.3%
■ European (long/short)	2.9%
■ UK Value	1.8%
■ UK Absolute Return	1.4%
■ European Income	1.4%
■ Global	1.1%



Investor mix by holdings

■ Bank	22.6%
■ Polar Investment Trusts	19.1%
■ Private Wealth Manager	16.3%
■ Asset Manager	14.4%
■ Platform	12.1%
■ Fund Of Funds	8.7%
■ Pension Fund/Foundation	1.2%
■ Other	1.2%
■ Consultants	1.8%
■ Family Office	1.9%
■ Insurance Company	0.5%



Source: Polar Capital, 31 March 2017. Totals may not sum due to rounding.

Performance

Lipper Figures For Long And Alternative UCITS Funds



As at 31 May 2017

	3 months		1 year		3 years		5 years		Since Inception	
	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile
Healthcare Opportunities (USD)	76/108	3	35/101	2	26/86	2	5/79	1	4/64 (3 December 2007)	1
Biotechnology (Retail USD)	21/39	3	5/36	1	4/33	1	n/a	n/a	3/32 (1 November 2013)	1
Healthcare Blue Chip (I USD Acc)	70/108	3	40/101	2	n/a	n/a	n/a	n/a	24/87 (11 September 2014)	2
Emerging Markets Growth (Retail USD)	414/671	3	338/652	3	337/543	3	302/432	3	149/348 (1 December 2010)	2
Emerging Markets Income (Retail USD Acc)	378/671	3	378/652	3	395/543	3	251/432	3	43/356 (21 January 2011)	1
Asian Opportunities ¹ (USD)	183/374	2	131/367	2	11/321	1	24/274	1	10/73 (5 December 1996)	1
Financial Opportunities (Retail USD Inc)	33/62	3	40/62	3	18/62	2	32/58	3	11/54 (3 May 2011)	1
Income Opportunities (Retail GBP Acc)	17/465	1	27/453	1	16/377	1	5/318	1	7/220 (15 October 2009)	1
Global Insurance (Retail GBP Acc)	44/62	3	48/62	4	5/62	1	5/58	1	2/12 (19 October 1998)	1
Global Technology (USD)	7/47	1	3/44	1	4/41	1	6/40	1	4/26 (19 October 2001)	1
Global Convertibles (I USD Acc)	124/148	4	91/138	3	19/112	1	n/a	n/a	6/102 (2 September 2013)	1
UK Absolute Equity (I GBP)	2/83	1	1/77	1	n/a	n/a	n/a	n/a	1/62 (29 September 2014)	1

Source: Lipper. **Basis:** Net of fees. Currency as stated. Past performance is not indicative or a guarantee of future results. **1.** On 29 December 2016 the Polar Capital Asian Financials Fund was renamed the Polar Capital Asian Opportunities Fund. Investors must review the Fund's prospectus for further information.

Lipper Figures For Regional Funds



As at 31 May 2017

	3 months		1 year		3 years		5 years		Since Inception	
	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile	% Growth to universe position/ universe total	Quartile
Japan (Retail JPY Inc)	272/313	4	38/301	1	161/258	3	180/237	4	8/123 (19 October 2001)	1
Japan Alpha (Retail JPY Inc)	244/313	4	24/301	1	158/258	3	n/a	n/a	127/240 (31 October 2012)	3
Global Alpha (Retail USD)	1084/1593	3	895/1471	3	511/1140	2	n/a	n/a	417/979 (30 November 2012)	2
North American (Retail USD Inc)	163/790	1	89/749	1	90/656	1	93/559	1	61/535 (15 November 2011)	1
European Income (Retail EUR Acc)	25/105	1	67/105	3	n/a	n/a	n/a	n/a	31/92 (31 October 2014)	2
European Ex UK Income (I EUR Acc)	20/105	1	17/105	1	n/a	n/a	n/a	n/a	9/98 (30 June 2015)	1
UK Value Opportunities (I GBP Acc)	15/260	1	n/a	n/a	n/a	n/a	n/a	n/a	28/260 (31 January 2017)	1

Source: Lipper. Basis: Net of fees. Currency as stated. Past performance is not indicative or a guarantee of future results.

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As at 31 May 2017

Strategies	Inception date	YTD	Annualised returns		
			3 years	5 years	Inception
Forager (AX EUR)	1 August 2003	9.80%	1.26%	4.92%	9.08%
Conviction (EUR)	1 April 2006	2.11%	-1.42%	1.21%	3.86%

Source: Polar Capital. Basis: Net of fees. Currency as stated. Past performance is not indicative or a guarantee of future results.

Fund Performance Since Inception Versus Benchmark



As at 28 April 2017

	Return net of all Costs %	Benchmark return ¹ %	Difference
Global Technology	247.5	174.0	+73.5
Japan	131.0	60.3	+70.8
Japan Alpha	119.6	126.0	-6.0
Healthcare Opportunities	173.5	77.5	+96.0
Biotechnology	97.0	45.3	+51.7
Healthcare Blue Chip	12.8	12.5	+0.3
Emerging Markets Income	13.7	-0.4	+14.1
Emerging Markets Growth	1.7	6.1	-4.4
Global Insurance	479.0	121.9	+357.0
Financial Opportunities	30.5	26.1	+4.4
Income Opportunities	109.4	20.7	+88.7
Asian Opportunities	241.3	65.8	+175.5
North America	110.7	97.1	+13.6
Global Alpha	44.8	49.6	-4.8
European Income	23.0	21.7	+1.3
European Income (exUK)	31.6	29.2	+2.4
UK Value Opportunities	10.1	3.5	+6.6

Source: Polar Capital. 1. please refer to the Fund's prospectus for full information on the relevant benchmark.

Industry

- Regulation
- Pricing
- Consolidation

Leadership Change

- Gavin Rochussen, previously CEO of J O Hambro, will take over CEO role on 17 July 2017
- Tim Woolley will become a non-executive director
- Gavin has an exceptional record of success as CEO of a global asset management boutique
- Appointment well received by PMs and investment staff, non-investment staff, clients and shareholders
- An exciting new growth phase for the company in the years ahead

Source: Polar Capital.

Financial Review

Highlights

- AUM
 - AUM at 31 March 2017 £9.3bn from £7.3bn at March 2016
- Profitability
 - Pre-tax (pre SBP) profits £24.5m (2016: £26.9m)
 - Core operating profit excluding performance fees £21.8m (2016: £23.6m)
- EPS and Dividend
 - Adjusted diluted EPS 20.4p (2016: 22.0p)¹
 - Total dividend of 25.0p (2016: 25.0p)
- Balance Sheet
 - Strong balance sheet comprising cash and investments of £80.6m (2016: £88.9m)

Source: Polar Capital. 1: Adjustment excludes IFRS costs of preference shares included in share based payments. Past performance is not indicative or a guarantee of future results.

Identification of accounting changes

- **Adjusted EPS:**
 - Previous metric excluded all IFRS SBP costs of (a) options as well as (b) preference shares
 - Now adjusted EPS only excludes IFRS preference share cost. Option and LTIP costs now included in adjusted EPS (2017: £0.9m)
 - Because preference shares are designed to be earnings enhancing. Options and LTIP are not
- **LTIP:**
 - IFRS cost of Gavin Rochussen award of 750,000 shares on arrival to vest over three years will now be included in adjusted EPS (2018: £1.6m)
- **Seed Investments:**
 - In 2017 now fully consolidated into balance sheet. One consequence is £0.5m of FX unrealised hedging profits not taken to P&L

Source: Polar Capital. Past performance is not indicative or a guarantee of future results.

Profitability – by year

	Year to March '15	Year to March '16	Year to March '17
Average AUM	£8.2bn	£7.7bn	£8.0bn
Core operating profit	£27.7m	£23.6m	£21.8m
Performance fee profit	£5.2m	£3.0m	£1.2m
Interest and similar income	£0.8m	£0.3m	£1.5m
PBT pre S.B.P.	£33.7m	£26.9m	£24.5m

Source: Polar Capital.

Costs

	Year to March 15	Year to March 16	Year to March 17	Comments
Salaries, bonuses and other staff costs	£16.7m	£16.6m	£16.9m	Reduced discretionary bonus pool but small increase in headcount
Core distributions	£19.5m	£17.2m	£14.8m	Decrease in core profits
Core cash compensation costs	£36.2m	£33.8m	£31.7m	
NIC on options	£1.9m	£0.6m	£(0.6)m	Decrease in share price
Other operating costs	£9.1m	£11.3m	£12.6m	See next page
Core operating costs	£47.2m	£45.7m	£43.7m	
Performance fee interests	£7.1m	£4.2m	£1.5m	Reduced performance fees
Total operating costs	£54.3m	£49.9m	£45.2m	

Source: Polar Capital.

Other operating costs

	Year to March 15	Year to March 16	Year to March 17	Comments
IT	£3.9m	£4.2m	£4.7m	Increase in number and rate of Bloomberg terminals
Rent and rates	£1.7m	£2.7m	£2.6m	
Professional fees	£0.7m	£0.8m	£1.0m	
Insurance	£0.5m	£0.5m	£0.5m	
Travel and entertainment	£1.3m	£1.5m	£1.5m	
Other	£1.0m	£1.6m	£2.3m	
Other operating costs	£9.1m	£11.3m	£12.6m	

Source: Polar Capital.

Cash and investments

	March 2016 £m	March 2017 £m
Cash	£48.8m	£58.5m
Investments		
Alternative fund investment	£15.3m	£9.5m
Long only seed	<u>£24.8m</u>	<u>£12.6m</u>
	£40.1m	£22.1m
Total cash and investments	£88.9m	£80.6m

- Reasons for fall:
 - Uncovered dividend £5.3m
 - Additional funding of EBT £3m

Source: Polar Capital.

Shareholder analysis at 31 March 2017

	Holding	Percentage	
Directors, founders and staff	26.7m	29%	
Caledonia	7.5m	8%	
XL	7.0m	8%	
EBT	1.5m	2%	
Hargreave Hale	9.6m	10%	} Free Float = 53%
Blackrock	4.4m	5%	
Artemis	3.0m	3%	
Unicorn	2.8m	3%	
Others	26.7m	32%	
Total shares in issue	91.4m	100%	

		At Share Price of		
		£4.00	£5.00	£6.00
Dilutive effect of share appreciation rights	3.7m	4.2m	5.4m	6.5m
Conventional options	0.6m	0.7m	0.7m	0.7m
GR arrival LTIP	0.8m	0.8m	0.8m	0.8m
Issuance satisfied by EBT	<u>-1.5m</u>	<u>-1.5m</u>	<u>-1.5m</u>	<u>-1.5m</u>
Net dilutive effect of options	3.7m	4.2m	5.4m	6.5m
Vesting of crystallisations	nil	nil	nil	nil
Diluted share capital	95.1m	95.6m	96.8m	97.9m

Source: Polar Capital.

Dividend

- Total dividend for the year 25.0p (2016: 25.0p)
 - Second dividend payable 19.5p (2016: 19.5p)
 - Policy of full, not progressive, dividend unchanged. No desire to cut dividend
- 2018 dividend if kept at 25p is expected to be covered
 - Evidence of a return to growth in 2018 and beyond
- General observations:
 - Balance sheet remains strong
 - No compelling alternative uses of cash

Source: Polar Capital. Past performance is not indicative or a guarantee of future results.

Outlook

Challenges

- Active v Passive
- Regulation - continues to increase adding cost and complexity
- Markets - political uncertainty, Brexit

Opportunities

- Long Only – Technology, Japan, Healthcare, North America, Financials, European Income, UK Value
- Absolute – Europe L/S, Converts, UK Absolute
- New Teams
- Geographic expansion
- Institutional expansion

We enter the new fiscal year with a better balanced business and renewed momentum

Gavin Rochussen's arrival will open new possibilities for growth and expansion over the coming years

Source: Polar Capital.

House View

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