

POLAR CAPITAL

Interim Results Presentation

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John Mansell (COO)
December 2011

This presentation is for one-on-one use with professional investors only



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Introduction to Polar Capital



Who We Are



- Polar Capital Holdings plc is a specialist investment management company offering professional and institutional investors a range of geographical and sector funds. The Company's investment strategies have a fundamental research driven approach. The Company has long-only and absolute return funds in its product range.
- Polar Capital was founded by fund managers Brian Ashford-Russell and Tim Woolley together with corporate partner Caledonia Investments. It received FSA approval in January 2001.
- Polar Capital currently has 74 employees of whom 37 are investment professionals managing 17 funds and 5 managed accounts.
- These funds have combined assets under management of \$3.9bn as at 30th September 2011.
- The Company was listed in London on the Alternative Investment Market in February 2007 and trades under the ticker Polr.LN



Philosophy

- Primacy of investment performance
- Institutional robustness across operational, compliance, risk and relationship management
- Diversified yet complementary set of funds with a focus on fundamental research driven strategies
- Culture which is flexible, entrepreneurial and transparent
- Environment for employees in which talent can flourish and be well rewarded
- To have high equity ownership amongst staff

Overview

Management

Tim Woolley
CEO / Co-Founder

Tom Bartlam
Non Executive Chairman

John Mansell
Chief Operating Officer

Board

Non-Executive Directors

Hugh Aldous
Brian Ashford-Russell
Jamie Cayzer-Colvin
Michael Thomas
George Bumeder

Investment Teams

Technology

Japan

UK

Europe

Healthcare

Financials

Emerging Markets

Global Convertibles

North America

European MN

Business Infrastructure

Sales & Marketing

Operational Support

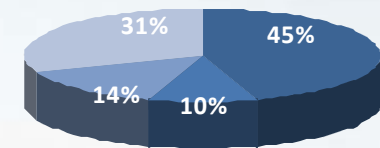
Risk Management

Compliance

Technology

Finance

Ownership



■ Polar Capital
■ XL
■ Caledonia
■ Free Float

Office Locations

London, UK
Tokyo, Japan
Connecticut, USA
Jersey, Channel Islands

Business Review



Goals and Strategy

Goals

- To be a leading global investment management boutique
- To be a strong dependable partner to our clients offering them a range of interesting and differentiated investment products
- To maintain a robust operational infrastructure
- To maintain high levels of client service and support
- To maintain a strong balance sheet
- To maintain high levels of corporate governance and transparency

Strategy for further growth

- Attract further inflows into existing products
- Launch new products with current teams
- Attract more top quality managers
- Consider opportunistic corporate activity
- Continue to invest further in client servicing and support

AUM Flows

AUM at start of period: 31 March 2010

\$2.53bn

Gross inflows	quarter 1 [long 324 hedge 127]	\$451m
	quarter 2 [long 190 hedge 33]	\$223m
	quarter 3 [long 328 hedge 59]	\$387m
	quarter 4 [long 529 hedge 27]	<u>\$556m</u>

\$1,617m

Gross outflows	quarter 1 [long 55 hedge 77]	\$(132)m
	quarter 2 [long 102 hedge 157]	\$(259)m
	quarter 3 [long 115 hedge 107]	\$(222)m
	quarter 4 [long 153 hedge 134]	<u>\$(287)m</u>

\$(900)m

Acquisition of HIM Capital

\$249m

Performance and currency movements

\$378m

AUM at end of period: 31 March 2011

\$3.87bn

Gross inflows	quarter 1 [long 715 hedge 62]	\$777m
	quarter 2 [long 452 hedge 28]	<u>\$480m</u>

\$1,260m

Gross outflows	quarter 1 [long 165 hedge 133]	\$(298)m
	quarter 2 [long 296 hedge 31]	<u>\$(327)m</u>

\$(625)m

Performance and currency movements

\$(565)m

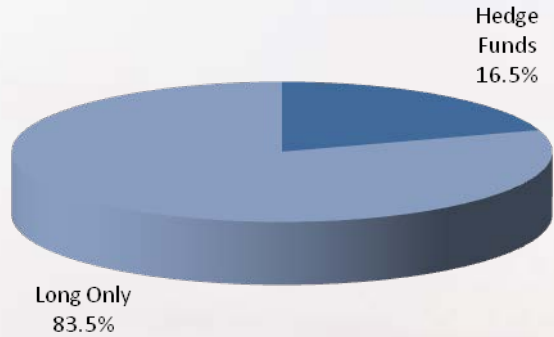
AUM at 30 September 2011

\$3.94bn

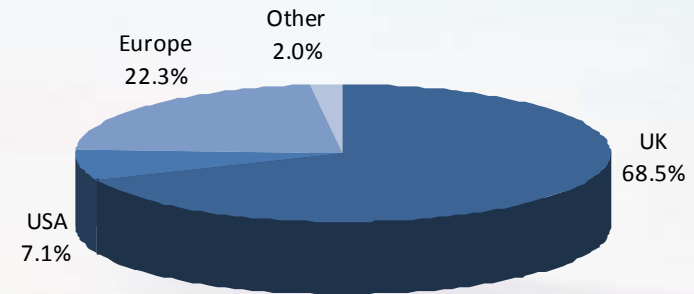
Assets Under Management

Analysis

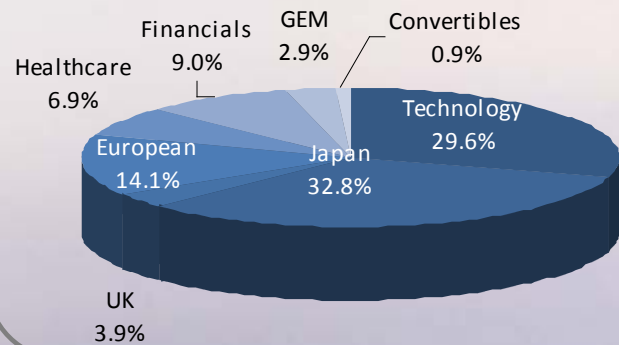
AUM Split by Strategy



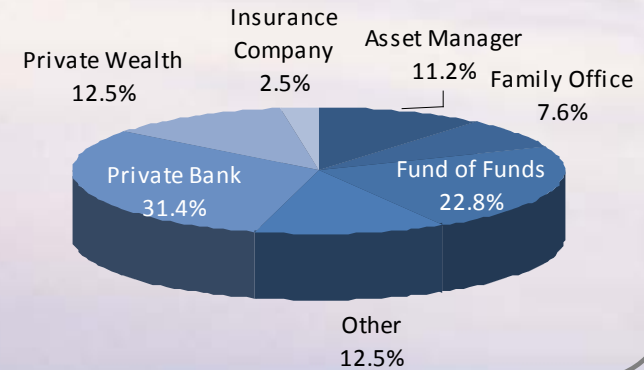
Investor Mix by Geography



AUM Split by Business Unit



Investor Mix (404 Clients)



Product Overview

Long Only

UCITS

Global Technology

Japan

Healthcare Opportunities

Asian Financials

Financial Opportunities – May 2011

Financials Income

Global Insurance

Emerging Markets Growth

Emerging Markets Income

North American – November 2011

Investment Trusts

Technology

Global Healthcare Growth and Income

Managed Accounts

Japan

UK

Emerging Markets

Hedge and Absolute Return

Cayman

UK

European Forager

European Conviction

ALVA Global Convertible

Ratio European Opportunities – October 2011

UCITS

UK Absolute Return

Pan European – February 2012

Investment Teams

The Original Vision Still Holds True



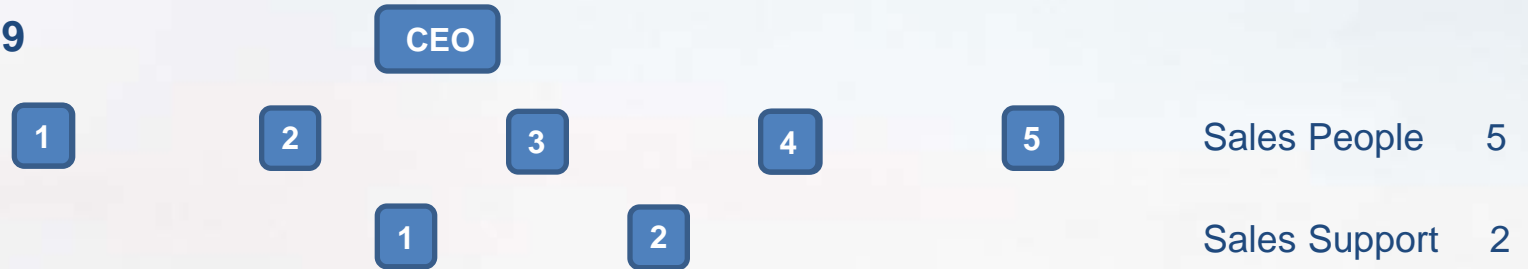
Ten to Twelve World Class Investment Teams

Pre 2010	2010	2011	2012
Technology	Technology	Technology	Technology
Japan	Japan	Japan	Japan
Europe	Europe	Europe	Europe
UK	UK	UK	UK
Healthcare	Healthcare	Healthcare	Healthcare
	Financials	Financials	Financials
	Convertibles	Convertibles	Convertibles
	GEMs	GEMs	GEMs
		North America	North America
		European M/N	European M/N
			Other 1
			Other 2

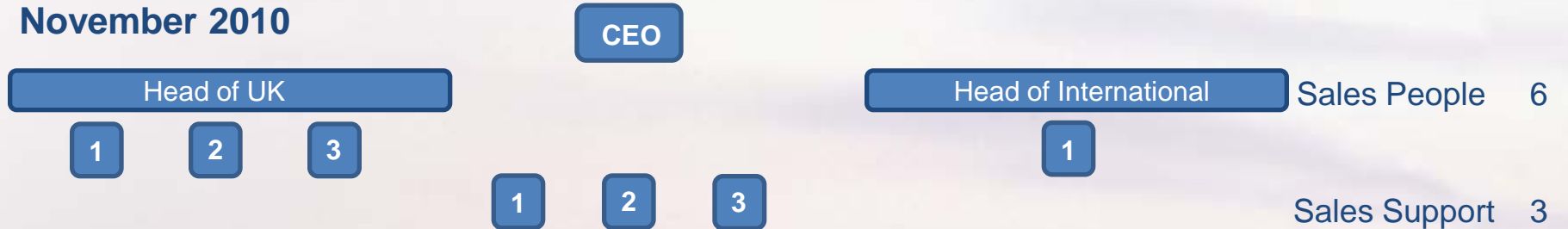


Sales Organisation

November 2009



November 2010



November 2011



Lipper Figures for UCITS Funds

30th November 2011



Fund	3 Months		6 Months		1 Year		3 Years		5 Years	
	% 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 Fund	297 / 377	4	209 / 372	3	45 / 366	1	49 / 340	1	11 / 311	1
Healthcare Opportunities	2 / 114	1	7 / 114	1	8 / 113	1	46 / 100	2	N/A	N/A
Emerging Markets Growth	234 / 555	2	74 / 534	1	N/A	N/A	N/A	N/A	N/A	N/A
Emerging Markets Income	139 / 555	1	39 / 534	1	N/A	N/A	N/A	N/A	N/A	N/A
Asian Financial	62 / 97	3	20 / 97	1	31 / 95	2	6 / 91	1	5 / 70	1
Financial Opportunities	36 / 97	2	22 / 97	1	N/A	N/A	N/A	N/A	N/A	N/A
Financials Income	26 / 97	2	17 / 97	1	12 / 95	1	N/A	N/A	N/A	N/A
Global Insurance	1 / 97	1	3 / 97	1	2 / 95	1	19 / 91	1	9 / 70	1
Global Technology	8 / 53	1	35 / 53	3	40 / 51	4	5 / 45	1	8 / 44	1
North America	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Please refer to the Important Information at the end of this presentation
Source: Lipper. Past performance is not indicative of future results.



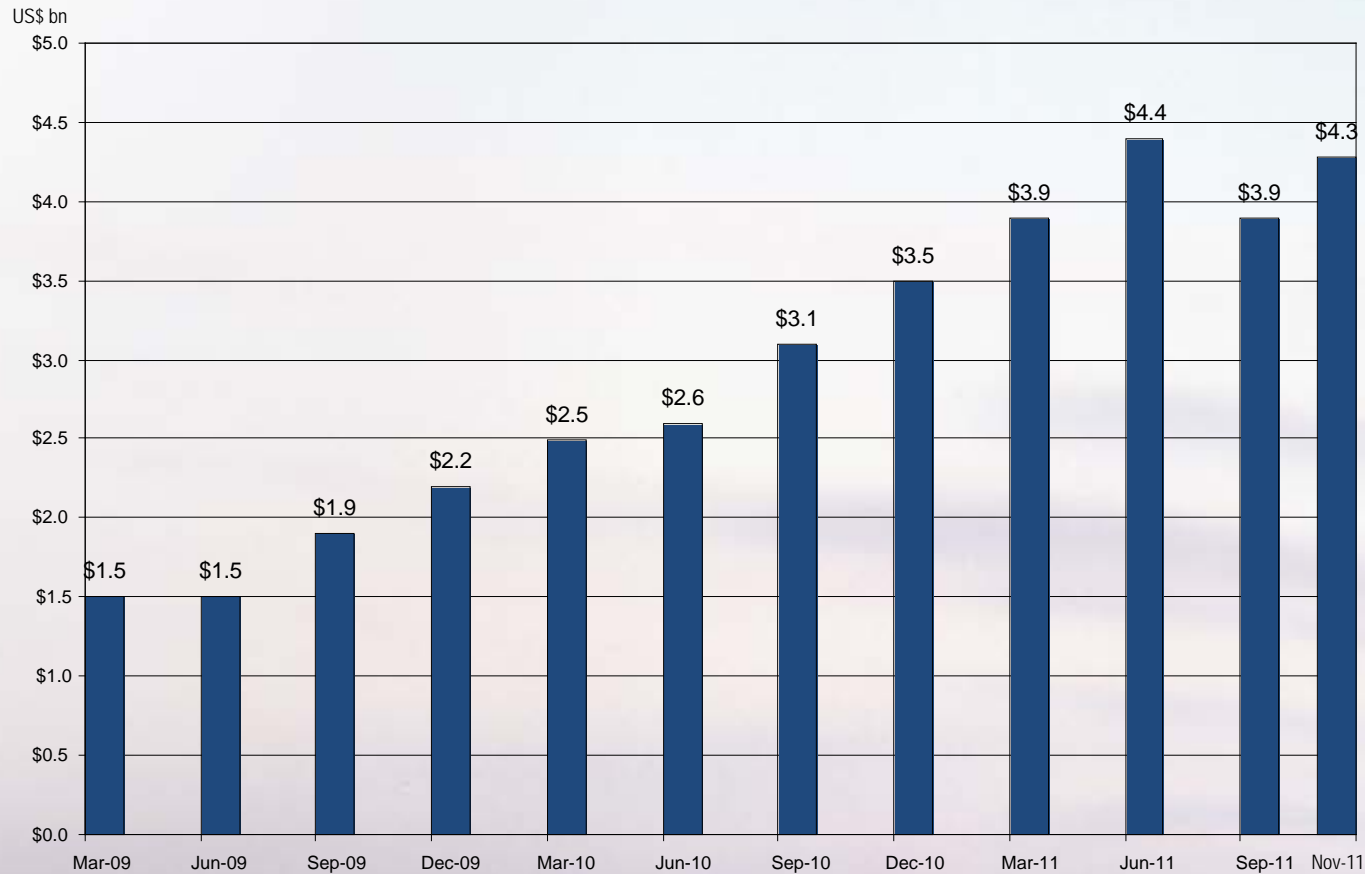
Hedge/Absolute Return Strategies

30th November 2011

Fund	YTD	Annualised returns		
		3 years	5 years	Inception
UK Absolute Return	-12.67%	-0.20%	N/A	-0.61%
UK Hedge	-14.31%	-1.36%	1.27%	5.54%
Forager	2.63%	12.76%	6.99%	11.49%
Conviction	7.56%	6.06%	6.49%	7.01%
ALVA	2.88%	N/A	N/A	5.31%

Polar Capital AUM

Good Recovery Since Crisis



Financial Review



Financial Review

Highlights

- AUM
 - AUM at 30 September 2011 increased to \$3.94bn from \$3.86bn at March 2011
 - AUM at 30 November 2011, up pleasing further 8.6% to \$4.28bn

- Profitability for six months to September 2011
 - Pre-tax (pre SBP) profits up to £4.8m (2010: £2.3m)

- EPS and Dividend
 - Adjusted diluted EPS up to 4.25p (2010: 2.17p)
Adjustment excludes cost of share based payments and amortisation of intangibles
 - Initial dividend 1.5p (2010: 1.5p)

- Balance Sheet
 - Strong balance sheet comprising cash and investments of £42.0m

Financial Review

Profitability

	6 months to Sep 10	6 months to Mar 11	Year to Mar 11	6 months to Sep 11
Average AUM	\$2.7bn	\$3.6bn	\$3.2bn	\$4.2bn
Core operating profit	£1.7m	£1.9m	£3.6m	£3.5m
Performance fee profit	£0.5m	£5.2m	£5.7m	£1.5m
Interest and similar income	£0.1m	£0.8m	£0.9m	£(0.2m)
PBT pre S.B.P.	£2.3m	£7.9m	£10.2m	£4.8m

Financial Review

Costs

	6 months to Sep 10	6 months to Mar 11	Year to Mar 11	6 months to Sep 11
Salaries and bonuses	£4.1m	£4.8m	£8.9m	£5.0m
Core distributions	£1.6m	£1.9m	£3.5m	£1.5m
Other staff costs	£0.0m	£0.0m	£0.0m	£0.7m
Core Compensation Costs	£5.7m	£6.7m	£12.4m	£7.2m
Other operating costs	£2.7m	£3.4m	£6.1m	£3.3m
Core Operating Costs	£8.4m	£10.1m	£18.5m	£10.5m
Performance fee interests	£0.5m	£8.5m	£9.0m	£1.8m
Total Operating Costs	£8.9m	£18.6m	£27.5m	£12.3m

Financial Review

Other Operating Costs

	6 months to Sep 10	6 months to Mar 11	Year to Mar 11	6 months to Sep 11
IT	£0.9m	£1.1m	£2.0m	£1.1m
Rent and Rates	£0.6m	£0.5m	£1.1m	£0.6m
Professional Fees	£0.3m	£0.4m	£0.7m	£0.4m
Insurance	£0.2m	£0.2m	£0.4m	£0.2m
Travel and Entertainment	£0.3m	£0.4m	£0.7m	£0.3m
Other	£0.4m	£0.8m	£1.2m	£0.7m
Other Operating Costs	£2.7m	£3.4m	£6.1m	£3.3m

Financial Review

Dividend

- First dividend of 1.5p (2010: 1.5p) to be paid in January 2012
- Dividend reflects:
 - Current run rate profitability of the Company
 - Confidence in Company's prospects

Traditionally there is a second dividend paid later in the year

Financial Review

Cash and Investments



	March 2011 £m	September 2011 £m
Cash	£19.2m	£9.6m
Available for sale investments		
Hedge fund investments	£ 4.2m	£ 4.0m
Hedge fund seed	£15.2m	£14.7m
Long only seed	<u>£ 7.1m</u>	<u>£ 8.2m</u>
	£26.5m	£26.9m
Long only protection and cash collateral	<u>£ 2.9m</u>	<u>£ 5.7m</u>
	£29.4m	£32.6m
Total Cash and Investments	£48.6m	£42.2m

Financial Review

Shareholder Analysis at 30 September 2011

	Holding	Percentage	
Directors, Founders and Staff	32.4m	42%	
Caledonia	10.7m	14%	
XL	8.0m	10%	
EBT	2.1m	3%	
Blackrock	6.1m	8%	} Free Float = 31%
Legal & General	2.7m	3%	
Cazenove	2.5m	3%	
Artemis	2.5m	3%	
Others	9.8m	13%	
Total Shares in Issue	76.8m	100%	

		At share price of		
		<u>£2.00</u>	<u>£2.50</u>	<u>£3.00</u>
Dilutive effect of share appreciation rights	3.5m	4.1m	5.5m	6.5m
Conventional options	3.4m	3.4m	3.4m	3.4m
Issuance satisfied by EBT	<u>-2.1m</u>	<u>-2.1m</u>	<u>-2.1m</u>	<u>-2.1m</u>
Net dilutive effect of options	4.8m	5.4m	6.8m	7.8m
Vesting of Forager crystallisation	<u>7.4m</u>	<u>7.4m</u>	<u>7.4m</u>	<u>7.4m</u>
Diluted share capital	89.0m	89.6m	91.0m	92.0m

Summary

Well Positioned in Challenging Times

Strong Performance		<ul style="list-style-type: none">▪ Consistent and impressive bull and bear market performance.▪ Across long and hedge strategies.
Fund Capacity		<ul style="list-style-type: none">▪ Significant potential for further growth.▪ Total current capacity in the funds of > \$10 billion of which only \$4.3 billion currently utilised.
Impressive Asset Gathering		<ul style="list-style-type: none">▪ Reorganised, reformed and reinvigorated sales team.▪ Good asset inflows across a wide range of products.
Operational Robustness		<ul style="list-style-type: none">▪ High quality, robust and scalable institutional style operational platform.▪ To support expansion through arrival of new teams and/or corporate activity.
Strong Balance Sheet		<ul style="list-style-type: none">▪ Strong cash position and public company status gives flexibility to pursue further opportunities.
Establishment of New Businesses		<ul style="list-style-type: none">▪ Successful integration in 2010 of GEM, Convertibles and Financials teams and in 2011 of the North American and European Market Neutral teams.

House View

This document has been produced based on Polar Capital research and analysis and represents our house view. All sources are Polar Capital unless otherwise stated.

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