

POLAR CAPITAL HOLDINGS PLC

2010 Interim Results

Tim Woolley (CEO)
John Mansell (COO)
December 2010





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BUSINESS REVIEW

Polar Capital Overview

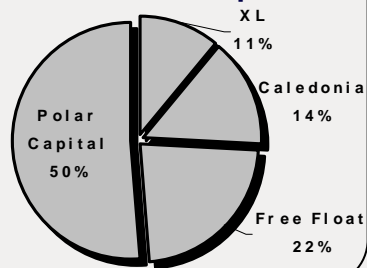
As at 30 November 2010



Polar Capital was established in 2001 and has \$3.3bn AUM, with 63 employees.

The Firm was listed on the London Stock Exchange (AIM) in February 2007. The firm offers managers a level of infrastructure and corporate governance normally found in much larger organisations

Ownership



Management

Tim Woolley
CEO/ Co- Founder

Tom Bartlam
Non Executive Chairman

John Mansell
Chief Operating Officer

Total Assets Under Management
\$3.3bn

Business Infrastructure

Sales and Marketing

Operational Support

Risk Management

Compliance

Technology

Finance

Funds

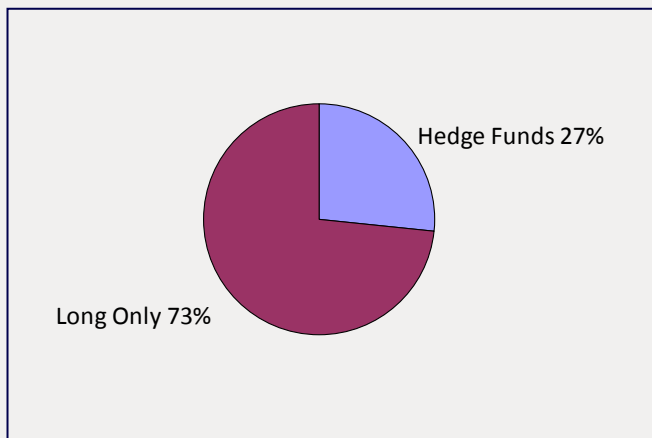
Technology	Ben Rogoff Nick Evans	USD1090m
Japan	James Salter Gerard Cawley	USD800m
UK	Philip Hardy Nick Shenton	USD220m
European	Robert Gurner	USD550m
Macro	Paul Lambert	USD80m
Healthcare	Dan Mahony Gareth Powell	USD200m
Financials	John Yakas Alec Foster Nick Brind	USD 250m
Convertibles	David Keetley Steve McCormick	USD 30m
Global Emerging Markets	William Calvert	USD 80m

Analysis of Assets Under Management

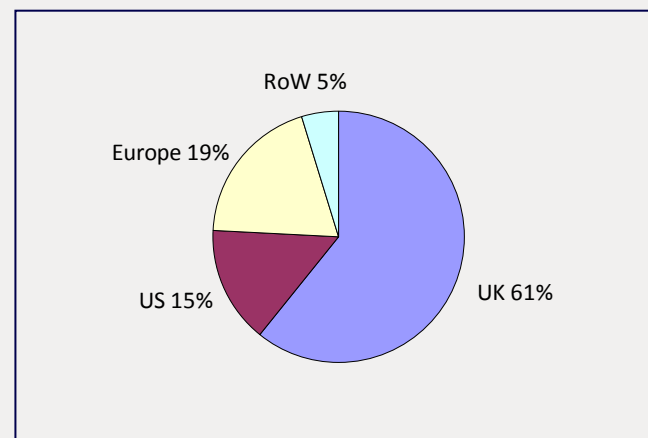
As at 30 November 2010



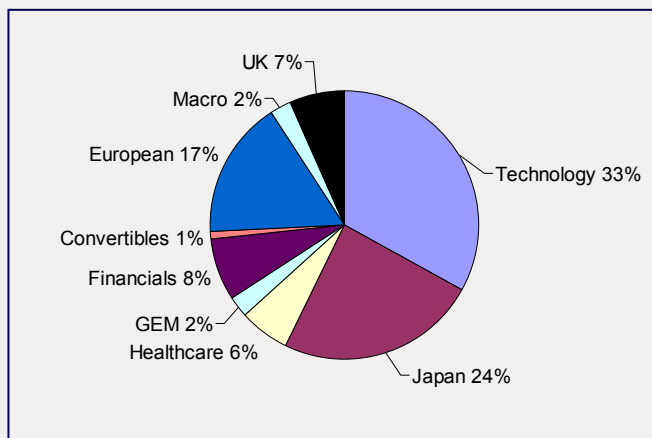
AuM split by strategy



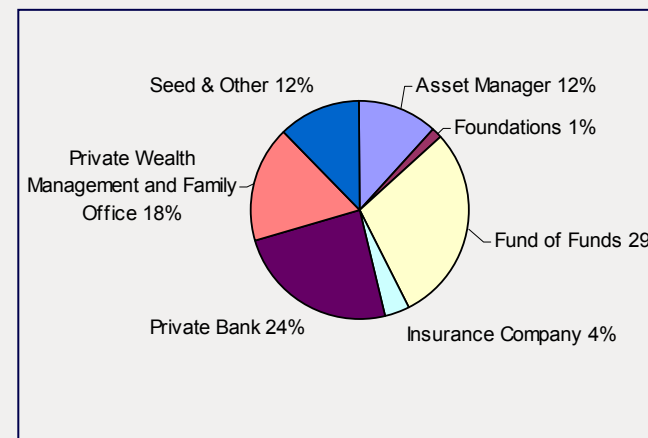
Investor Mix (by Geography)



AuM split by business unit



Investor Mix





Capacity of Funds

Hedge Fund Strategies

UK*	\$0.22bn	\$1.00bn
European Conviction	\$0.10bn	\$1.00bn
European Forager	\$0.45bn	\$0.50bn
Discovery*	\$0.08bn	\$2.00bn

Long Only Strategies

Technology Trust	\$0.70bn	\$0.75bn
Global Technology UCITS	\$0.40bn	\$0.75bn
Japan UCITS*	\$0.80bn	\$1.50bn
Healthcare Opportunities UCITS	\$0.07bn	\$0.50bn
Healthcare Trust	\$0.13bn	\$0.20bn

Recent Additions

Hedge Fund Strategies

Convertibles	\$0.03bn	\$2.00bn
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Long Only Strategies

Far Eastern Financial Fund	\$0.06bn	\$0.40bn
European Financial Fund	\$0.03bn	\$0.50bn
Insurance Portfolio Fund	\$0.10bn	\$0.40bn
Financial Income Fund	\$0.04bn	\$0.40bn
Global Emerging Markets	\$0.08bn	\$2.00bn

TOTAL

\$3.3bn	\$13.9bn
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*Fund sizes include mandates run off the same strategy

Performance

at 30 November 2010



UCITS Fund Strategies – Lipper Peer Group Quartile Rankings

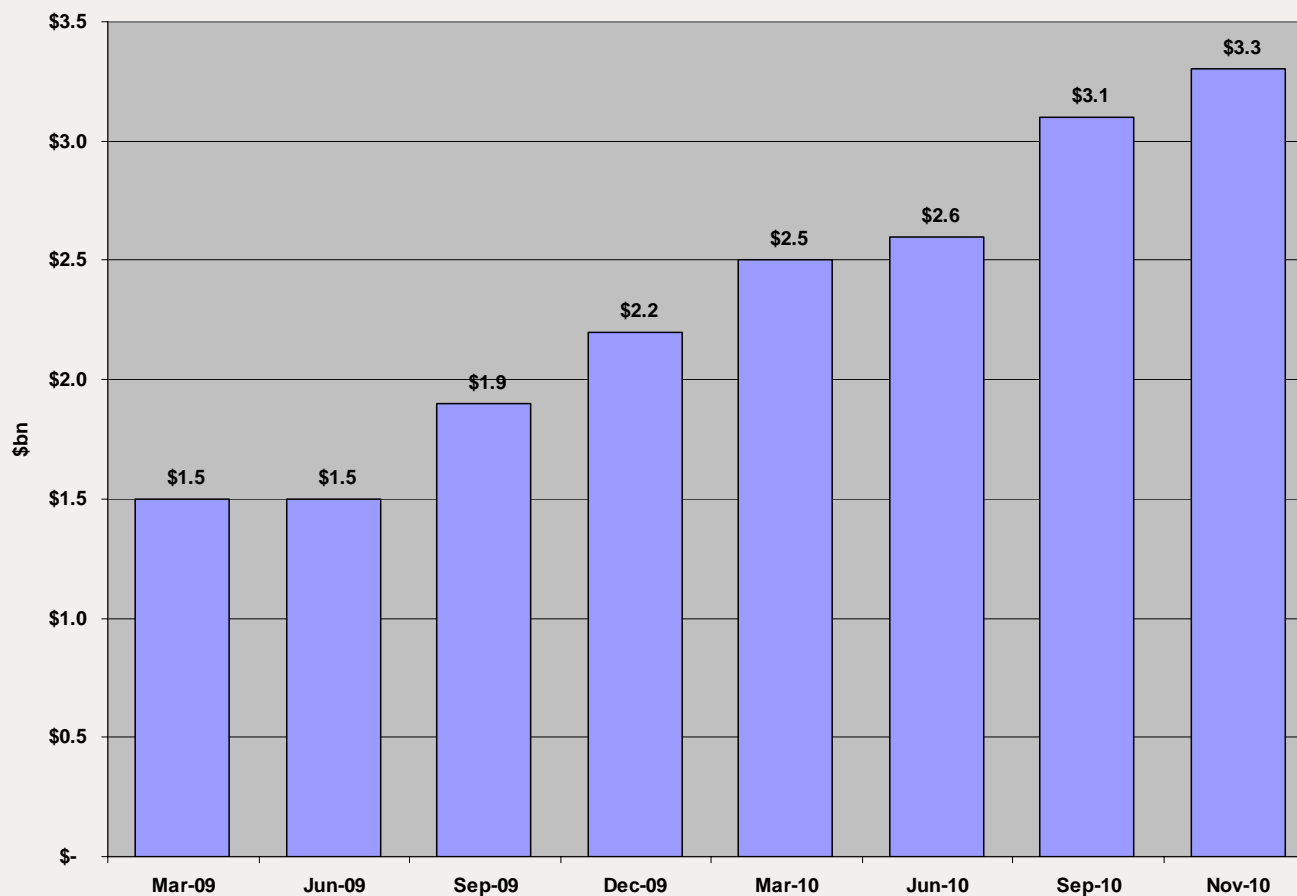
	6 months	1 year	3 years	5 years
Global Technology	1	1	1	1
Japan	4	1	1	1
Healthcare Opportunities	4	2	N/A	N/A
Far Eastern Financial Fund	1	1	1	1
European Financial Fund	1	3	1	1
Insurance Portfolio Fund	2	1	1	1
Financial Income Fund	1	N/A	N/A	N/A

Hedge Fund Strategies – Annual Return

	2006	2007	2008	2009	2010 (YTD)
UK	6.10	3.53	5.98	10.89	(0.69)
Forager	21.76	11.85	(12.24)	24.90	7.84
Conviction	N/A	5.56	12.78	8.88	(0.72)
Discovery	N/A	14.36	13.47	(10.43)	(7.48)
ALVA Convertible	N/A	N/A	N/A	N/A	(0.39)



Polar AUM – Good Recovery Since Crisis



Strategy



Positioning

- Highly differentiated performance of funds
- Balance of long and hedge fund product
- Impressive asset gathering from invigorated sales force
- Strong operating infrastructure positions the business well for changes in the operating and regulatory environment
- Strong balance sheet
- Good internal morale

Strategy

- Continue to invest further in sales and marketing
- Attract AUM into current products
- Launch new products with current teams
- Attract top quality managers to join Polar Capital
- Consider opportunistic corporate activity

Strategy

Signs of Success



Continue to Invest Further In Sales and Marketing

- Added experienced sales person for London market
- Added two additional sales support persons
- Added another experienced sales person for UK regions
- Adding another experienced sales person for international sales

Attract AUM into Current Products

- Positive AUM growth for past twelve months

Launch New Products With Current Teams

- Successful launch of Global Healthcare Growth and Income Trust in June
- £89m raised despite challenging markets

Opportunistic Corporate Activity

- Acquisition of HIM Capital

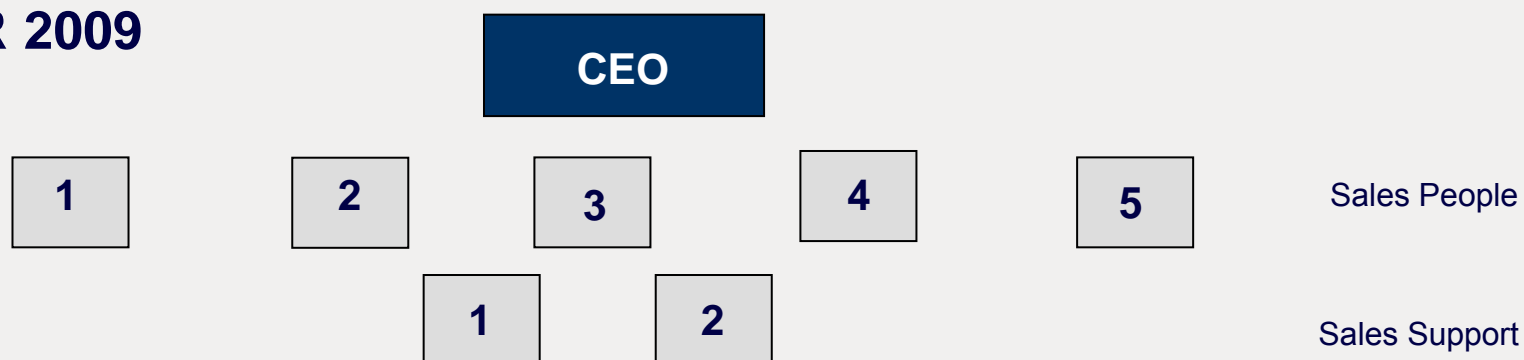
Attracting Top Quality Managers

- Highly rated ex AXA GEM team joined in October 2010
- Experienced and successful Convertibles team joined in October 2010

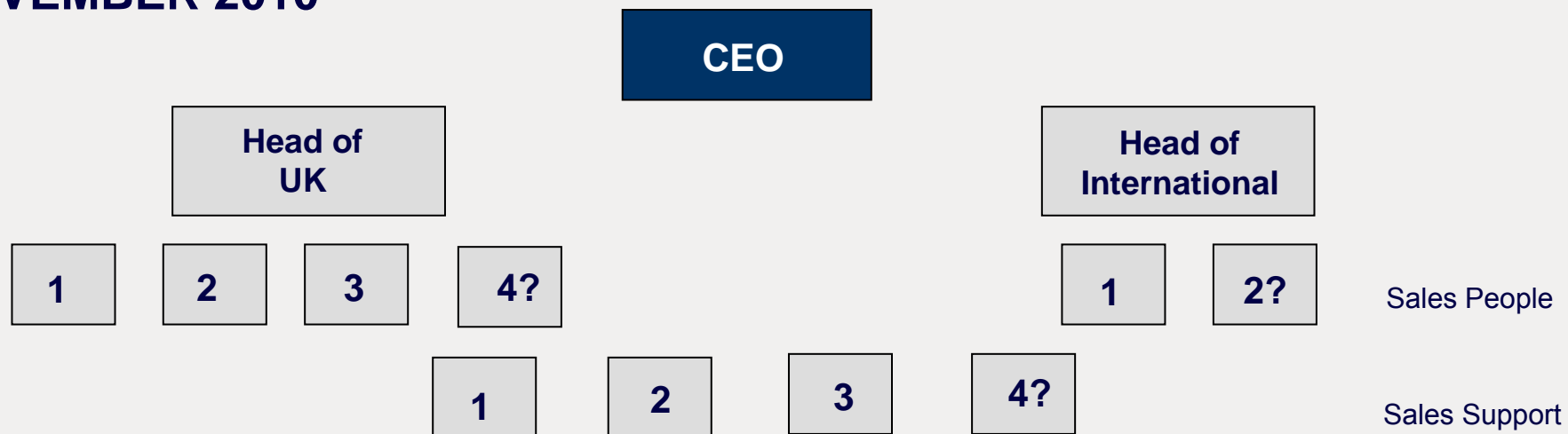


Sales Organisation

NOVEMBER 2009



NOVEMBER 2010





FINANCIAL REVIEW

Financial Review

Highlights



❑ AUM

- AUM at 30 September 2010 up over 20% to \$3.1bn from \$2.5bn at March 2010
- AUM at 30 November 2010 up pleasing further 6% to \$3.3bn

❑ Profitability for six months to September 2010

- Pre-tax (pre SBP) profits up to £1.7m (2009: a loss of £0.9m)
- Encouraging mark to market value of performance fee accruals

❑ Balance Sheet

- Strong balance sheet comprising cash and investments of £37.6m

Financial Review

Profitability



	6 months to Sep 09	6 months to Mar 10	Year to Mar 10	6 months to Sep 10
Average AUM	\$1.66bn	\$2.21bn	\$1.94bn	\$2.70bn
Core operating profit	£(0.9)m	£0.9m	£0.0m	£1.7m
Performance fee profit	£0.1m	£2.4m	£2.5m	£0.5m
Interest and similar income	£0.4m	£0.8m	£1.2m	£0.1m
PBT pre S.B.P.	£(0.4)m	£4.1m	£3.7m	£2.3m

- ❑ Additional teams plus associated costs from October 2010 will move 'breakeven' level of AUM from \$2.0bn to \$2.4bn.
- ❑ Performance fees arrive in Company's second half (mark to market value of accrual at September 2010 of £2.4m in addition to £0.5m already received).

Financial Review

Costs



	6 months to Sep 09	6 months to Mar 10	Year to Mar 10	6 months to Sep 10
Salaries and bonuses	£3.9m	£4.2m	£8.1m	£4.1m
Core distributions	£0.6m	£1.0m	£1.6m	£1.6m
Other staff costs	£0.3m	£0.1m	£0.4m	£0.0m
Core Compensation Costs	£4.8m	£5.3m	£10.1m	£5.7m
Other operating costs	£2.5m	£1.7m	£4.2m	£2.7m
Core Operating Costs	£7.3m	£7.0m	£14.3m	£8.4m
Performance fee interests	-	£3.7m	£3.7m	£0.5m
Total Operating Costs	£7.3m	£10.7m	£18.0m	£8.9m

Financial Review

Other operating costs



	6 months to Sep 09	6 months to Mar 10	Year to Mar 10	6 months to Sep 10
IT	£0.8m	£0.7m	£1.5m	£0.9m
Rent and Rates	£0.5m	£0.3m	£0.8m	£0.6m
Professional Fees	£0.3m	£0.2m	£0.5m	£0.3m
Insurance	£0.2m	£0.2m	£0.4m	£0.2m
Travel and Entertainment	£0.3m	£0.2m	£0.5m	£0.3m
Other	£0.4m	£0.1m	£0.5m	£0.4m
TOTAL	£2.5m	£1.7m	£4.2m	£2.7m

Financial Review

Dividend



- ❑ First dividend of 1.5p (2009: 1.0p) to be paid in January 2011

- ❑ 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

AIFMD Overview



- ❑ Directive finally approved in November 2010

- ❑ **Headline** Little affect on Polar Capital
 - **Products** UCITS product unaffected
 Cayman hedge funds current private placement regime remains until 2015 to be replaced by passporting regime.

 - **Investors** Fear of non-European investor protectionism has been removed

 - **Remuneration** FSA CP10/19 and CRD overlap. FSA guidance awaited (imminently)



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 c.\$13.9 billion of which only \$3.3 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.❑ Recent £89m raised into new Healthcare Investment Trust is evidence of asset raising capabilities.
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">❑ Cash position and public company status gives flexibility to pursue further opportunities.



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