

Results Presentation

December 2014

Tim Woolley (CEO)

John Mansell (COO)



Highlights

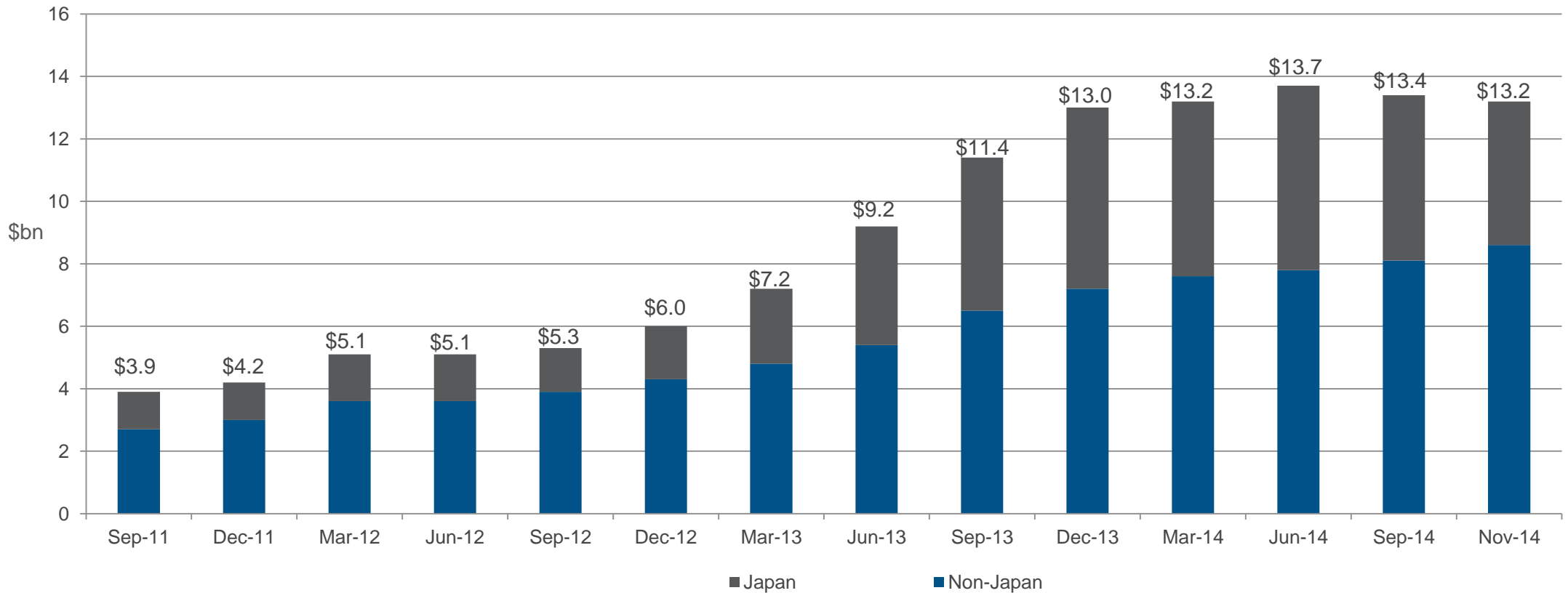
- AUM
 - AUM at 30 September 2014 increased to US\$13.4bn from US\$13.2bn at 31 March 2014
 - AUM at 30 November 2014 US\$13.2bn
- Profitability and EPS
 - Pre-tax (pre SBP) profits up to £12.7m (2013: £10.6m)
 - Core operating profit excluding performance fees £13.9m (2013: £10.4m)
 - Adjusted diluted EPS up to 10.75p (2013: 8.77p)¹
- Mark to market value of performance fee profits
 - At 30 November 2014, value of annual performance fee profits £4.2m
- Dividend
 - Initial dividend of 5.5p (2014: 4.0p); predicted on half of first half's core earnings
 - Relative increase in first dividend provides no guidance in respect of second dividend
 - Total dividend will be predicated on total core earnings and performance fees received in the year
 - Second dividend payable in July 2015 will be a balancing payment to make up total annual dividend
- Balance Sheet
 - Strong balance sheet comprising cash and investments of £63.4m (2013: £56.7m)

Source: Polar Capital.

1: Adjustment excludes cost of share based payments and amortisation of intangibles.

Past performance is not indicative or a guarantee of future results.

Significant AUM growth but not linear



Source: Polar Capital, 28 November 2014.

AUM Growth Analysis



	30 Sep 2013 US\$m	30 Sep 2014 US\$m	% Increase Year on Year
Japan	4,914	5,300	8%
Long Only (ex Japan)	5,360	7,139	33%
Technology	1,488	1,899	28%
Healthcare	794	1,170	47%
Financials	975	979	0%
GEMs	749	972	30%
North America	1,321	2,024	53%
Global Alpha	33	95	186%
Absolute Return Funds	841	983	17%
Overall	11,115	13,422	21%

Source: Polar Capital.

AUM at 31 March 2013

\$7.2bn

Gross inflows Total [long 8,725 hedge 199] **\$8,924m**

Gross outflows Total [long 3,812 hedge 170] **\$(3,982)m**

Net flows \$4,942m

Closure of UK team \$(293)m

Performance and currency movements \$1,392m

AUM at 31 March 2014

\$13.2bn

Gross inflows quarter 1 [long 1,013 hedge 116] **\$1,129m**

quarter 2 [long 1,078 hedge 63] **\$1,141m**

Gross outflows quarter 1 [long 1,341 hedge 39] **\$(1,380)m**

quarter 2 [long 1,175 hedge 23] **\$(1,198)m**

Net flows -\$308m

Closure of EMN team -\$67m

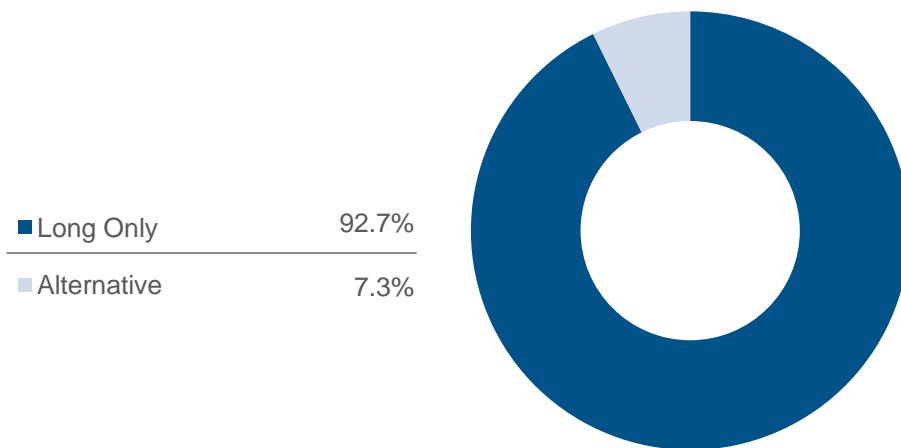
Performance and currency movements \$548m

AUM at 30 September 2014

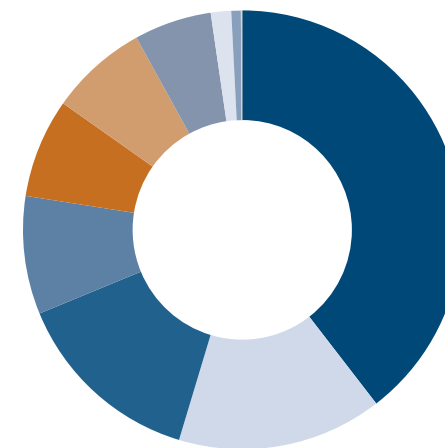
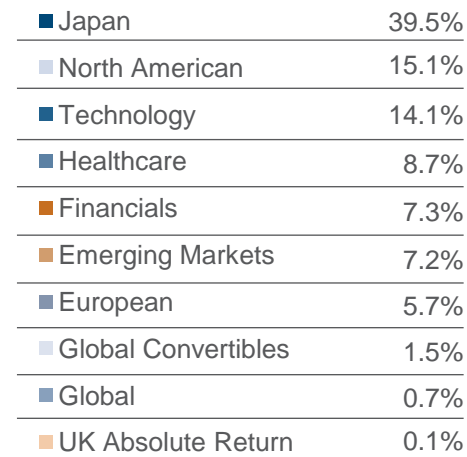
\$13.4bn

Source: Polar Capital.

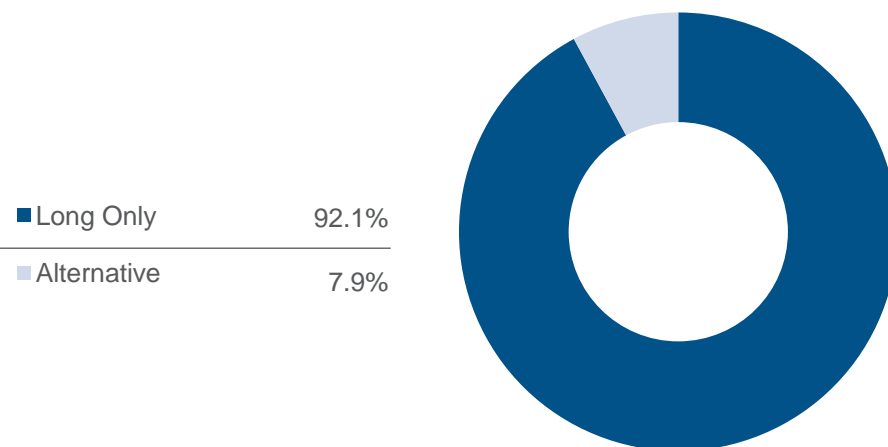
AUM split by strategy – September 2014



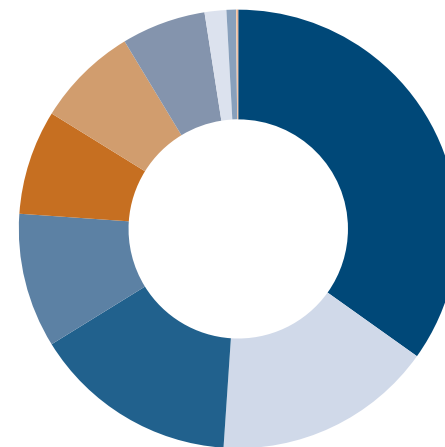
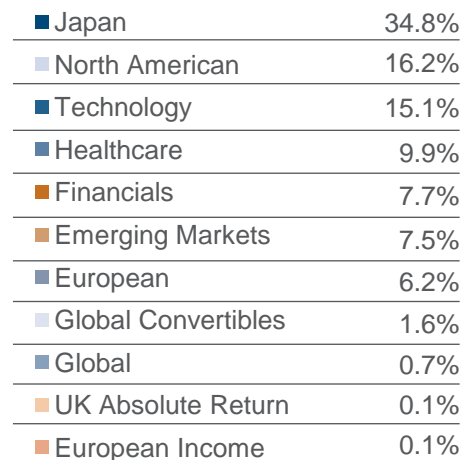
AUM split by business unit – September 2014



AUM split by strategy – November 2014



AUM split by business unit – November 2014



Source: Polar Capital. Totals may not sum due to rounding.

Is Our Diversification Strategy Working?

Not at the moment!

	March 2012	March 2013	March 2014	September 2014	November 2014
Technology	29%	17%	14%	14%	15%
Japan	30%	33%	43%	40%	35%
Europe	12%	10%	-	-	-
North America	-	-	13%	15%	16%
Total	71%	60%	70%	69%	66%
Number of teams	10	11	9	11	11
Number of teams with assets > \$500m	3	7	7	7	7
Number of teams with assets > \$1 bn	2	2	5	6	6

Source: Polar Capital, 30 November 2014. Based on the top 3 strategies.

Strategies	AUM 30 September 2014	Capacity
2001 Technology	\$1.9bn	\$2bn+
2001 Japan	\$5.3bn	\$6bn+
2003 Europe	\$0.8bn	\$1bn+
2007 Healthcare	\$1.1bn	\$1.5bn+
2010 Financials	\$1.0bn	\$2.5bn+
2010 Convertibles	\$0.2bn	\$1bn+
2010 Emerging Markets	\$1.0bn	\$2bn+
2011 North America	\$2.0bn	\$3bn+
2012 Global Alpha	\$0.1bn	\$5bn+
2014 UK Absolute	-	\$1bn+
2014 Pan Europe Income	-	\$1bn+
Total	\$13.4bn	\$26bn+

Source: Polar Capital.

Lipper Figures For Long Only Strategies



28 November 2014

	3 months	6 months	1 year	3 years	5 years	Since inception
Strategies	Quartile	Quartile	Quartile	Quartile	Quartile	Quartile
Japan (Institutional JPY)	4	4	4	4	2	1 19/10/2001
Japan Alpha (Retail USD)	3	3	4	n/a	n/a	2 31/10/2012
Healthcare Opportunities (Retail USD)	3	1	1	1	1	1 3/12/2007
Biotechnology (Retail USD)	2	2	1	n/a	n/a	1 1/11/2013
Emerging Markets Growth (Retail USD)	2	2	3	2	n/a	2 1/12/2010
Emerging Markets Income (Institutional USD)	2	1	2	1	n/a	1 21/1/2011
Asian Financial (Institutional USD)	1	1	1	4	1	1 5/12/1996
Financial Opportunities (Retail USD)	2	1	1	3	n/a	1 3/5/2011
Income Opportunities (Retail GBP)	2	2	1	1	1	1 15/10/2009
Global Insurance (Retail GBP)	1	1	2	2	1	2 19/10/1998
Global Technology (Retail USD)	3	1	2	2	1	1 19/10/2001
North American (Retail USD)	2	3	2	2	n/a	2 15/11/2011
Global Alpha (Retail USD)	2	3	3	n/a	n/a	2 30/11/2012

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

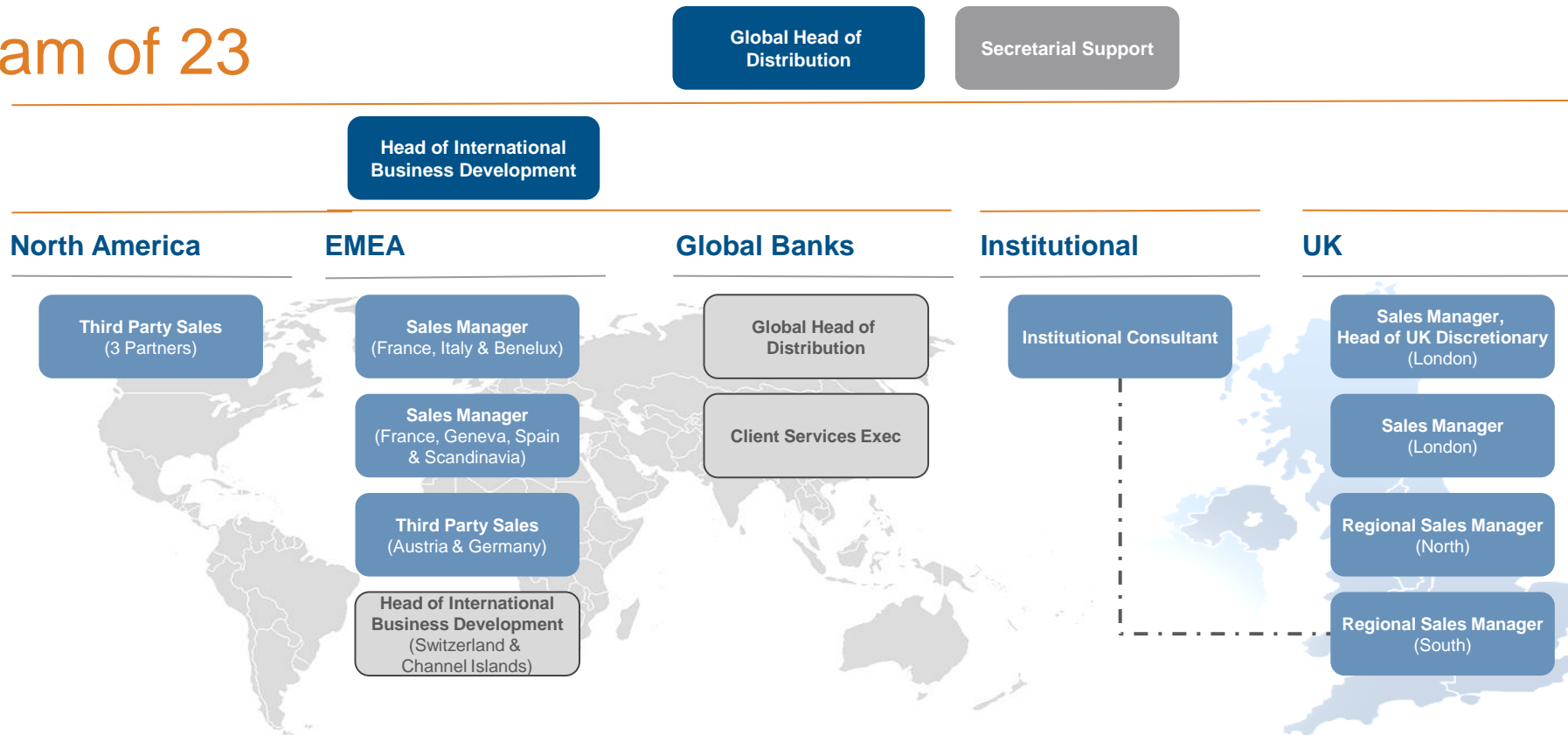
28 November 2014

Strategies	Inception date	YTD	Annualised returns		
			3 years	5 years	Inception
Forager (AX EUR)	1 August 2003	4.50%	9.28%	8.40%	10.89%
Conviction (EUR)	1 April 2006	1.49%	3.42%	3.89%	5.75%
ALVA (A USD)	1 November 2010	0.49%	6.40%	n/a	5.88%
Global Convertibles (Class I USD Acc) ¹	2 September 2013	2.44%	n/a	n/a	10.61%

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

1. This Fund is a sub fund of the Polar Capital Funds Plc.

Team of 23



Client Services and Marketing

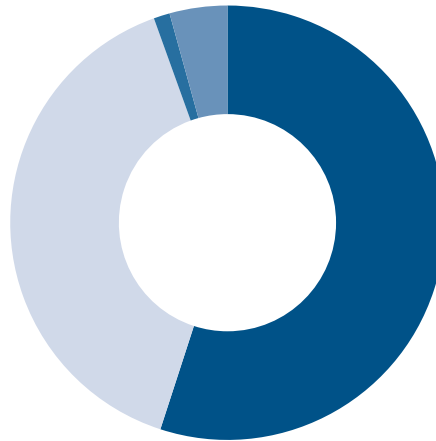


Source: Polar Capital. December 2014.

Representative of dual role.

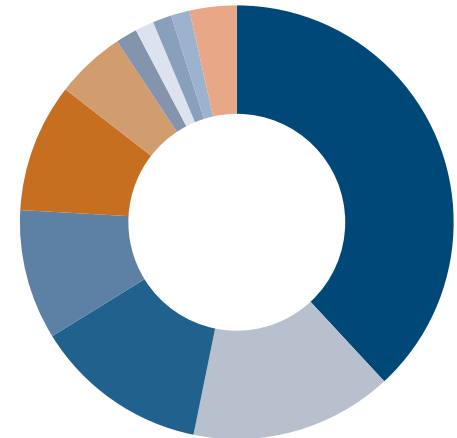
Investor mix by geography

■ UK	55.0%
■ Europe	39.5%
■ USA	1.2%
■ Other	4.3%



Investor mix by holdings

■ Bank	38.1%
■ Private Wealth Manager	15.1%
■ Polar Capital Investment Company	13.0%
■ Fund of Funds	9.7%
■ Asset Manager	9.6%
■ Platform	5.2%
■ Family Office	1.6%
■ Insurance Company	1.4%
■ Pension Fund/Foundation	1.4%
■ Consultants	1.4%
■ Other	3.5%



Source: Polar Capital, 30 September 2014. Totals may not sum due to rounding.

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 deliver first quartile performance over the investment cycle
- To maintain a robust operational infrastructure and 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

- To attract further inflows into existing products
- To launch new products with current teams
- To attract more top quality managers
- To consider opportunistic corporate activity
- To continue to invest further in client servicing and support

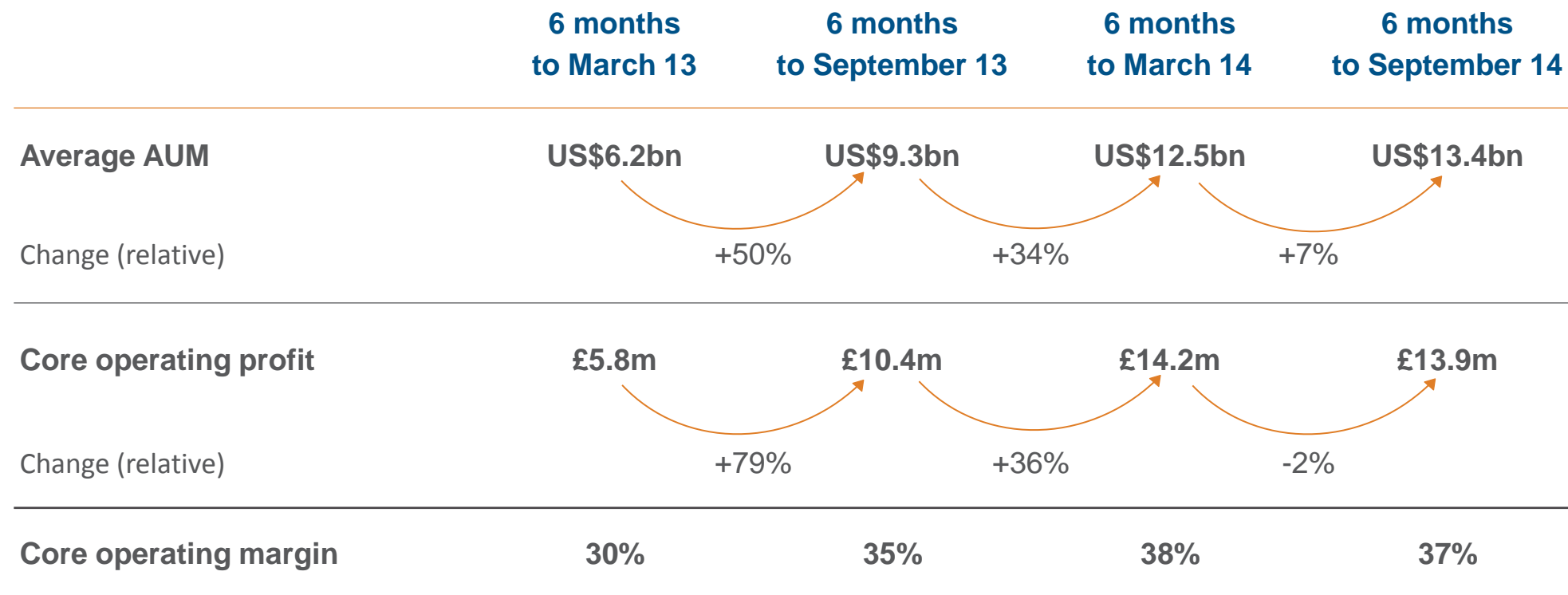
Source: Polar Capital.

Profitability – by period

	6 months to September 13	6 months to March 14	Year to March 14	6 months to September 14
Average AUM	US\$9.3bn	US\$12.5bn	US\$10.8bn	US\$13.4bn
Core operating profit	£10.4m	£14.2m	£24.6m	£13.9m
Performance fee profit	-	£7.6m	£7.6m	-
Interest and similar income	£0.2m	£1.8m	£2.0m	£(1.2)m
PBT pre S.B.P.	£10.6m	£23.6m	£34.2m	£12.7m

Source: Polar Capital.

Margin analysis – 6 month periods



Source: Polar Capital.

Costs

	6 months to September 13	6 months to March 14	Year to March 14	6 months to September 14	Comments
Salaries and bonuses	£7.9m	£8.0m	£15.9m	£8.5m	Increase in staff numbers
Core distributions	£6.9m	£9.8m	£16.7m	£9.2m	Decrease in Japan profits
Core compensation costs	£14.8m	£17.8m	£32.6m	£17.7m	
Other operating costs	£4.1m	£4.9m	£9.0m	£5.6m	See next page
Core operating costs	£18.9m	£22.7m	£41.6m	£23.3m	
Performance fee interests	-	£11.6m	£11.6m	-	Performance fees in 2 nd half
Total operating costs	£18.9m	£34.3m	£53.2m	£23.3m	

Source: Polar Capital.

Other operating costs

	6 months to September 13	6 months to March 14	Year to March 14	6 months to September 14
IT	£1.5m	£1.8m	£3.3m	£2.1m
Rent and rates	£0.7m	£0.7m	£1.4m	£0.8m
Professional fees	£0.4m	£0.4m	£0.8m	£0.4m
Insurance	£0.2m	£0.2m	£0.4m	£0.3m
Travel and entertainment	£0.5m	£0.7m	£1.2m	£0.7m
Other	£0.8m	£1.1m	£1.9m	£1.3m
Other operating costs	£4.1m	£4.9m	£9.0m	£5.6m

Source: Polar Capital.

Investment positions and profits

	6 months to September 2013			12 months to March 2014			6 months to September 2014		
	Value at Sep 2013	Investments & hedging Realised profit / (loss)	Unrealised profit / (loss) c/fwd	Value at Mar 2014	Investments & hedging Realised profit / (loss)	Unrealised profit / (loss) c/fwd	Value at Sep 2014	Investments & hedging Realised profit / (loss)	Unrealised profit / (loss) c/fwd
Long only investments	£17.2m	-£0.6m	£1.2m	£19.0m	£0.3m	£0.5m	£19.8m	-£0.9m	£1.0m
Alternative investments	£17.3m	£0.8m	£0.0m	£24.9m	£1.7m	£0.0m	£20.6m	-£0.3m	£0.0m
Total investments	£34.5m	£0.2m	£1.2m	£43.9m	£2.0m	£0.5m	£40.4m	-£1.2m	£1.0m
Cash	£22.2m			£47.0m			£23.0m		
Total cash & investments	£56.7m			£90.9m			£63.4m		

Source: Polar Capital.

Dividend

- First dividend payable January 2015 5.5p (2014: 4.0p)
 - Dividend half of first half's core earnings
 - Relative increase in first dividend provides no guidance in respect of second dividend
 - Total dividend will be predicated on total core earnings and performance fees received in the year
 - Second dividend payable in July 2015 will be a balancing payment to make up total annual dividend
- Policy
 - Distribution of majority of earnings; additional cash not needed
 - Full NOT progressive dividend

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

Shareholder analysis at 30 September 2014

	Holding	Percentage	
Directors, founders and staff	27.7m	31%	
Caledonia	8.0m	9%	
XL	7.0m	8%	
EBT	1.5m	2%	
Blackrock	6.5m	7%	} Free Float = 50%
Hargreave Hale	5.0m	6%	
Others	32.6m	37%	
Total shares in issue	88.3m	100%	

		At Share Price of	
		£5.00	£6.00
Dilutive effect of share appreciation rights	7.1m	8.2m	9.3m
Conventional options	0.9m	0.9m	0.9m
Issuance satisfied by EBT	-1.5m	-1.5m	-1.5m
Net dilutive effect of options	6.5m	7.6m	8.7m
Vesting of crystallisations	0.8m	0.8m	0.8m
Diluted share capital	95.6m	96.7m	97.8m

Source: Polar Capital.

Well positioned for long-term growth

Funds and performance

- Expanded and differentiated product offering
- Good performance across a wide range of funds

Fund capacity

- Significant potential for further growth
- Total current capacity in the funds of > US\$26 billion of which at the end of November 2014 only US\$13.2 billion currently utilised

Distribution

- Invested heavily in distribution over recent years
- Achieved good asset flows across a breadth of products

Operations

- High quality, robust and institutional style operational platform
- Meeting the challenge of increased due diligence by clients

Financials

- Increasing profitability and improving margins
- Strong cash position provides comfort and flexibility

Source: Polar Capital.

House View

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