

Interim Results Presentation

December 2016

Tim Woolley (CEO)

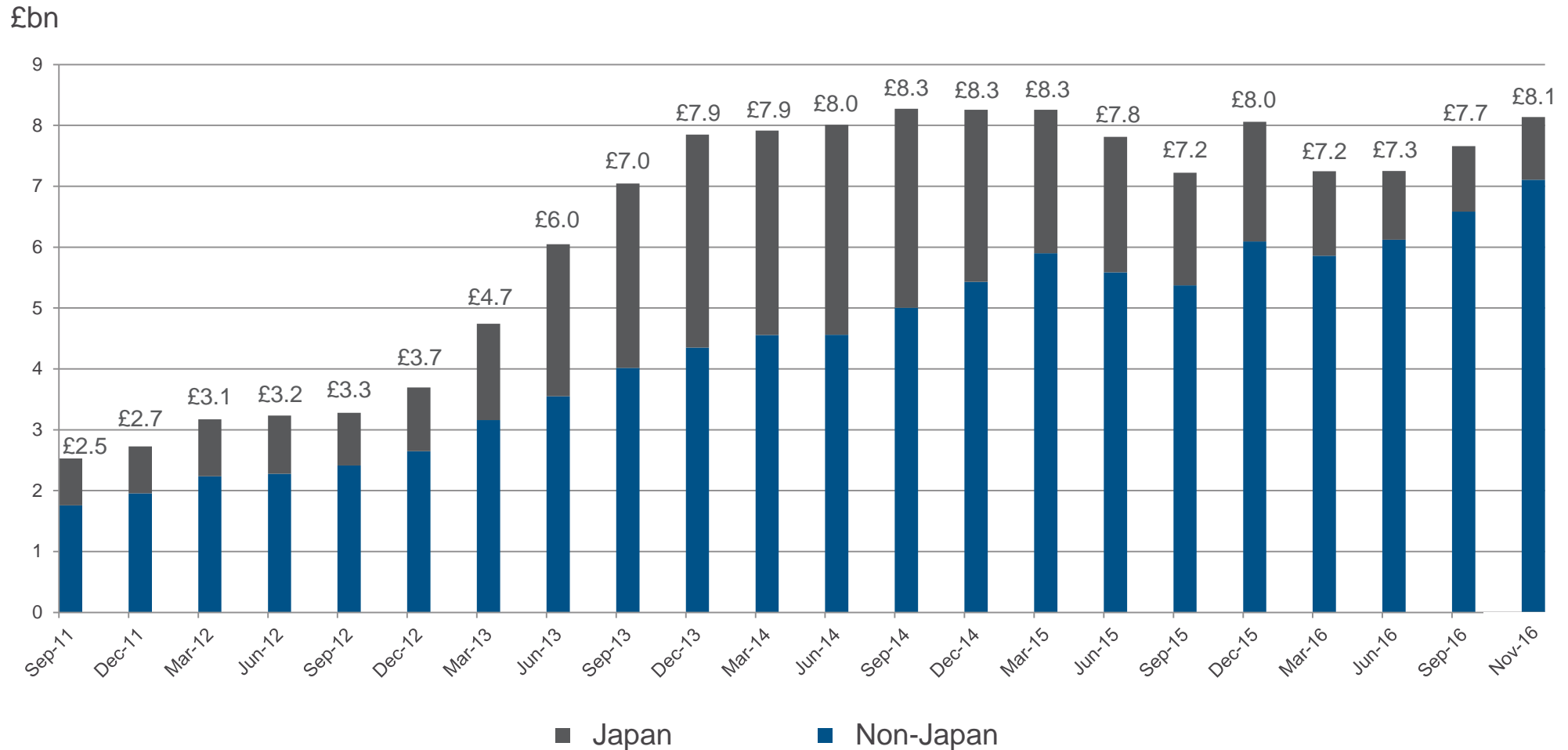
John Mansell (COO)



- Japan
- Dividend
- Fund Flows
- Fund Performance
- Industry
- Financials
- UK Value Fund Launch
- Outlook

Japan

Japan and non-Japan AUM

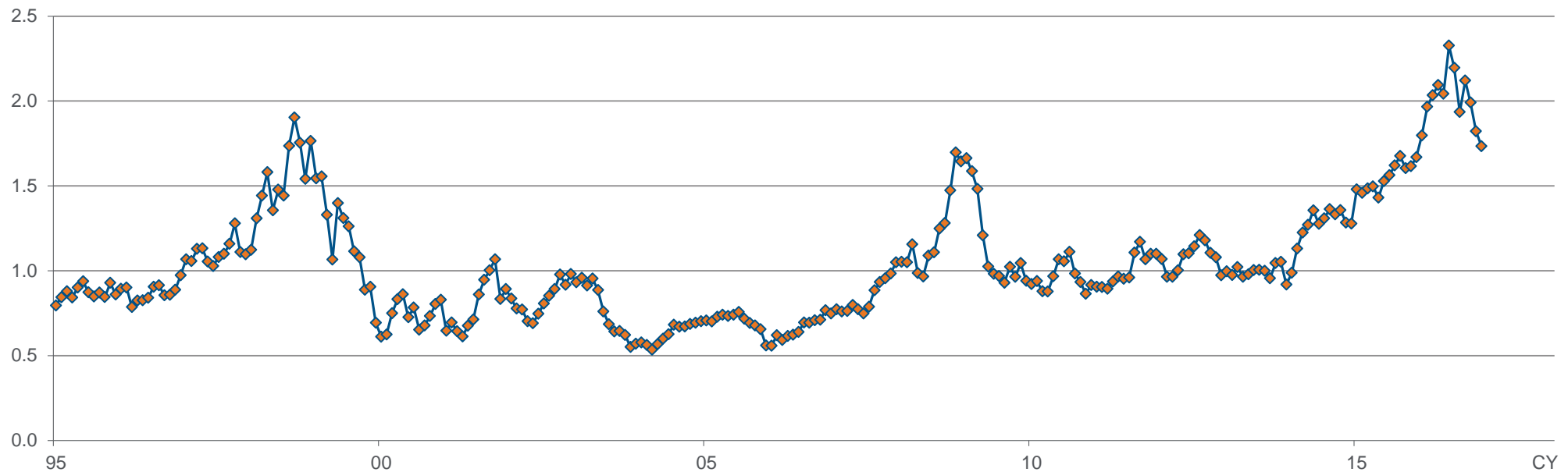


Source: Polar Capital, 30 November 2016. Past performance is not indicative or a guarantee of future results.

Low beta valuations at extreme levels – price to book

- Valuation distortion caused by QE and ultra-low interest rates
- Valuation differential between high beta (cyclicals/financials) and low beta (defensives) at levels exceeding the Asian financial crises and Lehman's
- Historically, corrections from these extreme levels have taken less than 12 months

Low-beta stock's PBR/high-beta stock's PBR



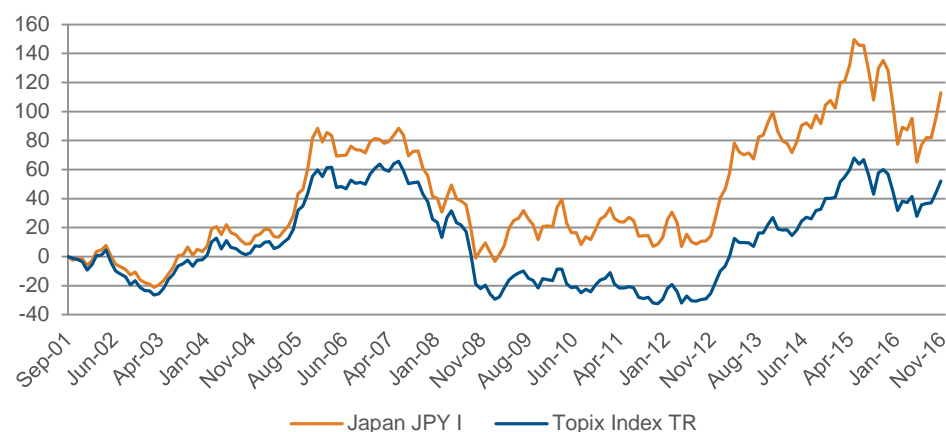
Source: Daiwa Capital Markets, 6 December 2016. Past performance is not indicative or a guarantee of future results. CY = Current Fiscal Year.

Performance track record

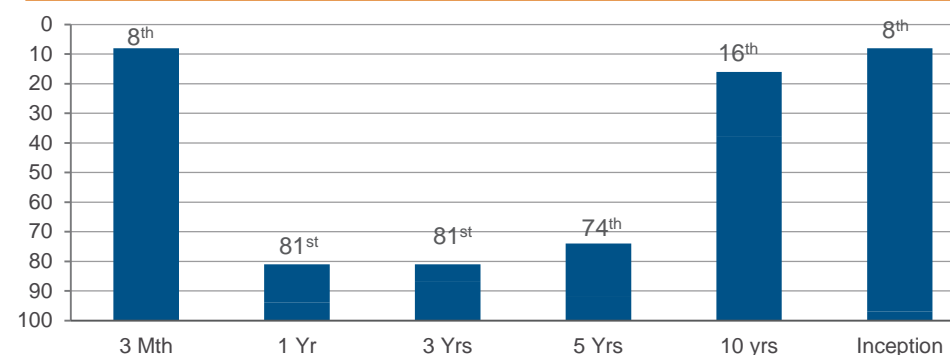
Performance vs. benchmark since inception to 30 November 2016 (JPY I class net of fees)^{1,2}

	3 Month	1 Year	3 Year Annualised	5 Year Annualised	10 Year Annualised	Ann. Since Inception (19 October 2001)
Polar Capital Japan Strategy	16.93%	-9.52%	3.30%	14.73%	2.19%	5.12%
Benchmark ¹	11.48%	-4.92%	7.45%	17.44%	0.16%	2.81%
Difference	5.45%	-4.60%	-4.15%	-3.83%	2.03%	2.31%

Cumulative performance JPY I share class^{1,2}



Percentile ranking versus Lipper peer group since inception³



Source: Northern Trust International Fund Administration Services (Ireland) Ltd, monthly percentage growth, JPY, net of fees. The JPY Class I was launched on 06 April 2009. The index performance figures are sourced from Bloomberg and are in JPY terms. Past performance is not indicative or a guarantee of future results. **1.** On 1 January 2012 the benchmark for the Polar Capital Japan Strategy changed to the Topix Index Total Return. Prior to this date, the benchmark returns are for the Topix Index. **2. Performance is representative of the Institutional JPY share class which launched on 6 April 2009. Prior to this the performance figures are representative of the JPY share class which launched on 19 October 2001.** **3. Source:** Lipper. Figures quoted are representative of the Polar Capital Japan Strategy JPY Institutional class net of fees as at 30 November 2016. 10 year and Inception figures are stated from the JPY R Inc class inception 19 October 2001. The JPY Institutional class inception date is 6 April 2009. Past performance is not indicative or a guarantee of future results.

Dividend

- First dividend of 5.5p payable January 2017 (2016: 5.5p)
- Expect to maintain last year's 25p for the full year
- 2018 dividend expected to be defended, even uncovered, so long as
 - Evidence of return to growth and imminent EPS coverage anticipated
 - Balance sheet remains strong
 - No compelling alternative use of cash

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

Fund Flows

AUM at 31 March 2015

£8.3 bn

Gross inflows	Total	[long 2,275	hedge 208]	£2,483m
Gross outflows	Total	[long 2,924	hedge 196]	£(3,120)m

Net flows **£(637)m**

Performance and currency movements **£(363) m**

AUM at 31 March 2016

£7.3 bn

Gross inflows	quarter 1	[long 316	hedge 64]	£380m
	quarter 2	[long 344	hedge 108]	£452m
Gross outflows	quarter 1	[long 756	hedge 80]	£(836)m
	quarter 2	[long 715	hedge 44]	£(759)m

Net flows **£(763)m**

Performance and currency movements **£1.1bn**

AUM at 30 September 2016

£7.7bn

Source: Polar Capital.

AUM Growth Analysis

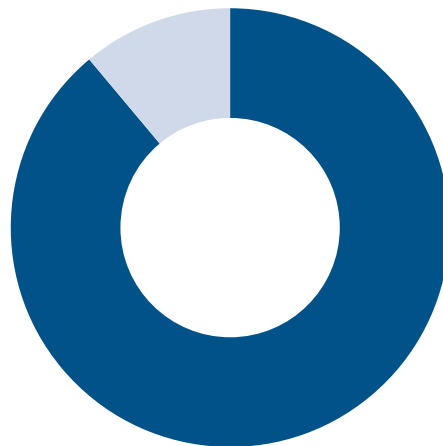


	30 Sep 2015 £'m	30 Sep 2016 £'m	% Increase Year on Year
Japan	2,005	1,078	(46.2%)
Long Only (ex Japan)	4,467	5,735	28.4%
Technology	1,233	1,780	44.3%
Healthcare	960	1,034	7.8%
Financials	682	863	26.5%
GEMs	333	411	23.5%
North America	1,164	1,505	29.3%
Global Alpha	67	88	32.5%
European Income	29	53	86.2%
Absolute Return Strategies	751	848	12.9%
Overall	7,224	7,661	6.1%

Source: Polar Capital.

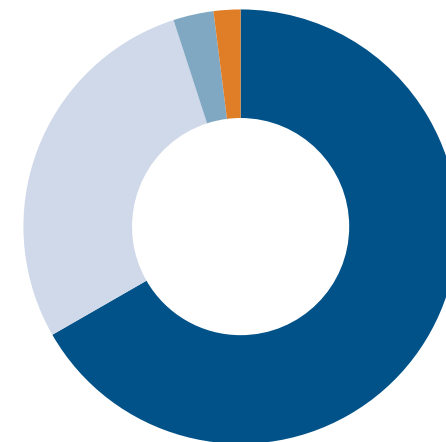
AUM split by strategy

■ Long Only	88.9%
■ Alternative	11.1%



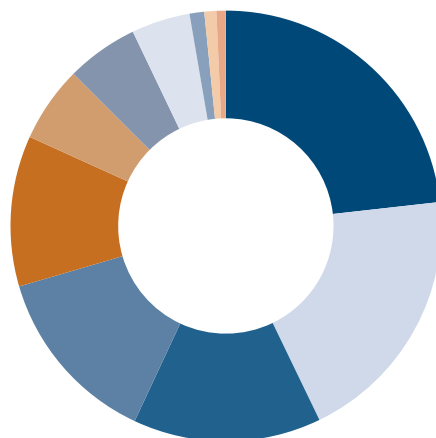
Investor mix by geography

■ UK	66.7%
■ Europe	28.3%
■ USA	3.0%
■ Other	2.0%



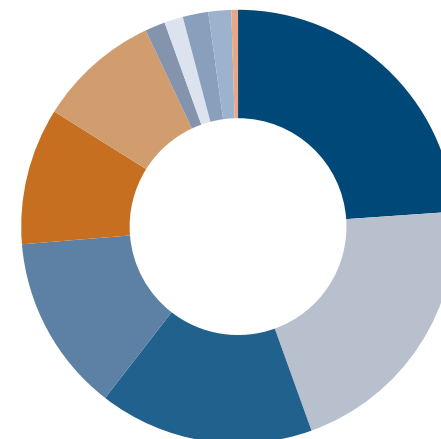
AUM split by business unit

■ Technology	23.2%
■ North American	19.6%
■ Japan	14.1%
■ Healthcare	13.5%
■ Financials	11.3%
■ Convertibles	5.7%
■ Emerging Markets	5.4%
■ European (long/short)	4.4%
■ Global	1.1%
■ UK Absolute Return	0.9%
■ European Income	0.7%



Investor mix by holdings

■ Bank	23.9%
■ Polar Investment Trusts	20.6%
■ Private Wealth Manager	16.0%
■ Asset Manager	13.2%
■ Platform	10.2%
■ Fund Of Funds	9.1%
■ Pension Fund/Foundation	1.5%
■ Other	1.4%
■ Consultants	1.9%
■ Family Office	1.7%
■ Insurance Company	0.5%



Source: Polar Capital, 30 September 2016. Totals may not sum due to rounding.

November Fund Flows

Inflows >= £20m

Outflows >= £20m

Healthcare Opportunities	£161.9m	Japan	£31.3m
North America	£68.5m		
Insurance	£48.4m		
Biotechnology	£25.1m		
Income Opportunities	£24.4m		
Healthcare Blue Chip	£20.4m		

Source: Polar Capital, 30 November 2016.

Performance

As at 30 November 2016

	3 Months Quartile	1 Year Quartile	3 Years Quartile	5 Years Quartile	Since Inception Quartile
Healthcare Opportunities (USD)	2	3	1	1	1
Biotechnology (Retail USD)	1	1	1	n/a	1
Healthcare Blue Chip (I USD)	2	1	n/a	n/a	2
Emerging Markets Growth (Retail USD)	3	2	3	3	2
Emerging Markets Income (Retail USD)	2	2	3	2	1
Asian Financial (USD)	4	1	1	3	1
Financial Opportunities (Retail USD)	2	3	2	2	1
Income Opportunities (Retail GBP)	1	1	1	1	1
Global Insurance (Retail GBP)	3	1	1	1	1
Global Technology (USD)	3	1	1	1	1
Global Convertibles (I USD Acc)	2	3	1	n/a	1
UK Absolute Equity (I GBP Inc)	4	1	n/a	n/a	1

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

Lipper Figures For Regional Strategies



As at 30 November 2016

	3 Months Quartile	1 Year Quartile	3 Years Quartile	5 Years Quartile	Since Inception Quartile
Japan (Retail JPY)	1	4	4	4	1
Japan Alpha (Retail JPY)	1	4	4	n/a	3
Global Alpha (Retail USD)	2	2	2	n/a	2
North American (Retail USD)	1	2	1	1	1
European Income (Retail EUR)	4	3	n/a	n/a	2
European Ex UK Income (I EUR)	3	1	n/a	n/a	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 30 November 2016

Strategies	Inception date	YTD	Annualised returns		
			3 years	5 years	Inception
Forager (AX EUR)	1 August 2003	-5.89%	-0.71%	3.89%	8.57%
Conviction (EUR)	1 April 2006	1.38%	-2.91%	-0.02%	3.65%
ALVA (A USD)	1 November 2010	1.44%	1.51%	4.36%	4.38%
Global Convertibles (I USD Acc) ¹	2 September 2013	-1.41%	0.79%	n/a	3.46%
UK Absolute Equity (I GBP Inc) ¹	29 September 2014	7.18%	n/a	n/a	16.83%

Source: Polar Capital. **Basis:** Net of fees. Currency as stated. Past performance is not indicative or a guarantee of future results. 1. These funds are sub funds of the Polar Capital Funds Plc.

Industry

- FCA Review
- Regulation
- Pricing
- Consolidation

Financials

Highlights

- AUM
 - AUM at 30 September 2016 £7.7bn (\$9.9bn) from £7.3bn (\$10.4bn) at March 2016
 - AUM at 30 November 2016 £8.1bn (\$10.2bn)
- Profitability
 - Pre-tax (pre SBP) profits £11.2m (2015: £13.3m)
 - Core operating profit excluding performance fees £9.2m (2015: £12.4m)
- EPS and Dividend
 - Adjusted diluted EPS 9.33p (2015: 11.46p)¹
 - Dividend of 5.5p (2015: 5.5p) to be paid in January 2017
- Balance Sheet
 - Strong balance sheet comprising cash and investments of £71.8m (2015: £75.1m)

Source: Polar Capital. 1: Adjustment excludes cost of share based payments. Past performance is not indicative or a guarantee of future results.

Profitability – by period

	6 Months to September 15	6 Months to March 16	Year to March 16	6 Months to September 16
Average AUM	£7.8bn	£7.5bn	£7.7bn	£7.4bn
Core operating profit	£12.4m	£11.3m	£23.7m	£9.2m
Performance fee profit	-	£3.0m	£3.0m	-
Interest and similar income	£0.9m	£(0.1)m	£0.8m	£2.0m
PBT pre S.B.P.	£13.3m	£21.0m	£27.5m	£11.2m

Source: Polar Capital.

Costs

	6 Months to September 15	6 Months to March 16	Year to March 16	6 Months to September 16
Salaries and bonuses	£8.4m	£8.2m	£16.6m	£8.4m
Core distributions	£9.2m	£8.0m	£17.2m	£7.1m
Core compensation costs	£17.6m	£16.2m	£33.8m	£15.5m
NIC on options	£0.3m	£0.3m	£0.6m	-
Other operating costs	£5.5m	£5.8m	£11.3m	£6.0m
Core operating costs	£23.4m	£22.3m	£45.7m	£21.5m
Performance fee interests	-	£4.2m	£4.2m	-
Total operating costs	£23.4m	£26.5m	£49.9m	£21.5m

Source: Polar Capital.

Other operating costs

	6 Months to September 15	6 Months to March 16	Year to March 16	6 Months to September 16
IT	£2.0m	£2.2m	£4.2m	£2.3m
Rent and rates	£1.4m	£1.3m	£2.7m	£1.3m
Professional fees	£0.4m	£0.4m	£0.8m	£0.5m
Insurance	£0.2m	£0.3m	£0.5m	£0.3m
Travel and entertainment	£0.6m	£0.9m	£1.5m	£0.7m
Other	£0.9m	£0.7m	£1.6m	£0.9m
Other operating costs	£5.5m	£5.8m	£11.3m	£6.0m

Source: Polar Capital.

Cash and investments

	September 2015 £m	March 2016 £m	September 2016 £m
Cash	£25.1m	£48.8m	£32.2m
Available for sale investments			
Alternative fund seed	£22.5m	£15.3m	£16.7m
Long only seed	<u>£27.5m</u>	<u>£24.8m</u>	<u>£22.9m</u>
	£50.0m	£40.1m	£39.6m
Total cash and investments	£75.1m	£88.9m	£71.8m

Source: Polar Capital.

Shareholder analysis at 30 September 2016

	Holding	Percentage			
Directors, founders and staff	28.1m	31%			
Caledonia	7.8m	9%			
XL	7.0m	8%			
EBT	1.1m	1%			
Hargreave Hale	8.9m	9%			
Blackrock	6.3m	7%			
Liontrust	3.3m	4%			
Unicorn	2.8m	3%			
Artemis	2.8m	3%			
Rathbone	2.3m	2%			
Others	20.9m	23%			
Total shares in issue	91.3m	100%			
			Free Float = 51%		
			At Share Price of		
			£4.00	£5.00	£6.00
Dilutive effect of share appreciation rights	3.4m		4.4m	5.6m	6.7m
Conventional options	0.6m		0.7m	0.7m	0.7m
Issuance satisfied by EBT	-1.1m		-1.1m	-1.1m	-1.1m
Net dilutive effect of options	2.9m		4.0m	5.2m	6.3m
Vesting of crystallisations	0.0m		0.0m	0.0m	0.0m
Diluted share capital	94.2m		95.3m	96.5m	97.6m

Source: Polar Capital.

UK Value Fund Launch

- Georgina Hamilton joined in October
- George Godber to join in April 2017
- Fund launch at the end of January 2017
- Fund structure is open-ended long only UCITS Dublin fund
- Fund capacity £1.2bn

Source: Polar Capital.

Outlook

Challenges

- Japan – will value remain out of favour?
- European long / short – QE environment proving challenging
- Regulation – continues to increase adding cost and complexity
- Markets – uncertain and volatile

Opportunities

- Long only strategies – client interest in Global Technology, Healthcare Opportunities, Biotechnology, North America, Global Alpha, Global Insurance, GEMS Income, European Income, UK Value
- Absolute return – client interest in UK Absolute and GCB
- New teams

Despite the setback in our total AUM over recent years, we are pleased with the progress we have made with our non-Japan business

Substantial opportunity for growth remains given better market conditions and Japan may move from a ‘challenge’ to an ‘opportunity’ again over the next twelve months

Source: Polar Capital.

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