



POLAR
CAPITAL

Results Presentation

June 2014

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Section I

- Business Review

Section II

- Financial Review



Highlights

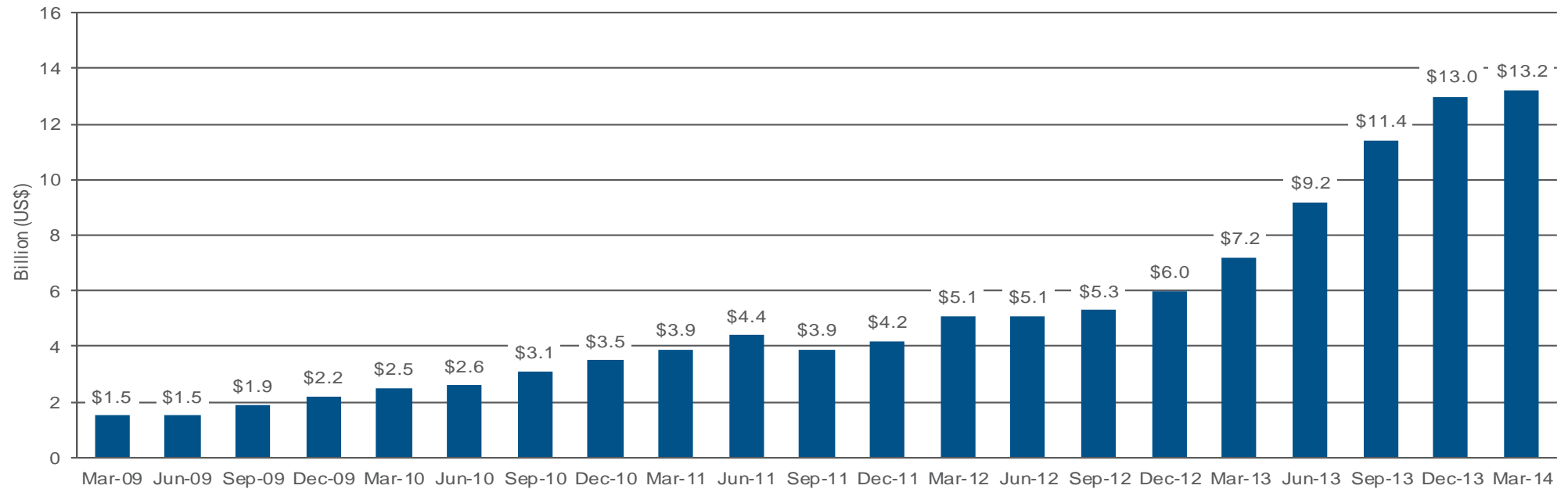
- AUM
 - AUM at 31 March 2014 increased 80% to US\$13.2bn from US\$7.2bn at March 2013
- Profitability
 - Pre-tax (pre SBP) profits up over 100% to £34.2m (2013: £16.8m)
 - Core operating profit excluding performance fees £24.6m (2013: £10.0m)
- EPS and Dividend
 - Adjusted diluted EPS up almost 100% to 29.04p (2013: 14.77p)¹
 - Total dividend of 25.0p (2013: 13.0p)
- Balance Sheet
 - Strong balance sheet comprising cash and investments of £90.9m (2013: £62.1m)

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, 31 March 2014.

AUM Growth Analysis



	31 March 2013 US\$'m	31 March 2014 US\$'m	% Increase Year on Year
Japan	2,388	5,629	136%
Long Only (ex Japan)			
Technology	1,255	1,794	43%
Healthcare	616	1,184	92%
Financials	669	1,064	59%
GEMs	571	831	46%
North America	634	1,729	173%
Absolute Return Funds	837	934	12%
Overall	\$7.2bn	\$13.2bn	80%

Source: Polar Capital.

AUM at 31 March 2013

\$7.2bn

Gross inflows	quarter 1 [long 2,337	hedge 34]	\$2,371m
	quarter 2 [long 2,346	hedge 41]	\$2,387m
	quarter 3 [long 1,559	hedge 49]	\$1,608m
	quarter 4 [long 2,483	hedge 75]	\$2,558m
Gross outflows	quarter 1 [long 524	hedge 15]	\$(539)m
	quarter 2 [long 918	hedge 52]	\$(970)m
	quarter 3 [long 606	hedge 54]	\$(660)m
	quarter 4 [long 1,764	hedge 49]	\$(1,813)m

Net flows	\$4,942m
Closure of UK team	\$(293)m
Performance and currency movements	\$1,392m

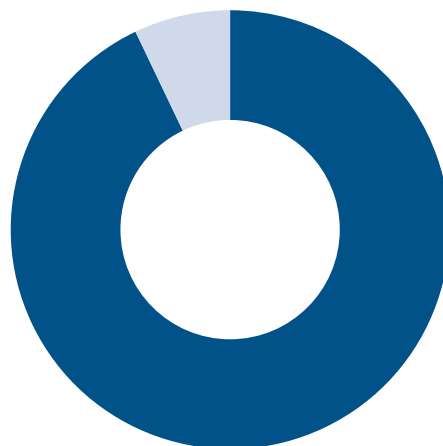
AUM at 31 March 2014

\$13.2 bn

Source: Polar Capital.

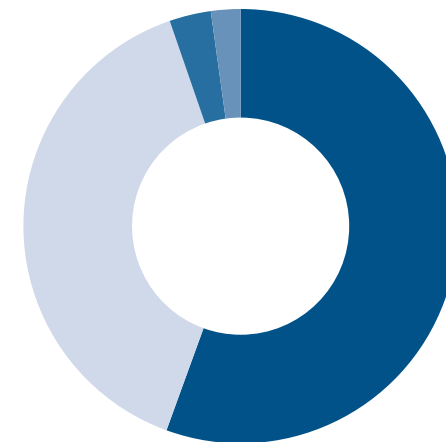
AUM split by strategy

■ Long Only	92.9%
■ Alternative	7.1%



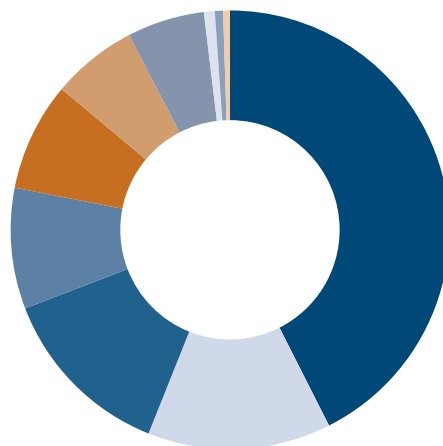
Investor mix by geography

■ UK	55.6%
■ Europe	39.2%
■ USA	3.1%
■ Other	2.2%



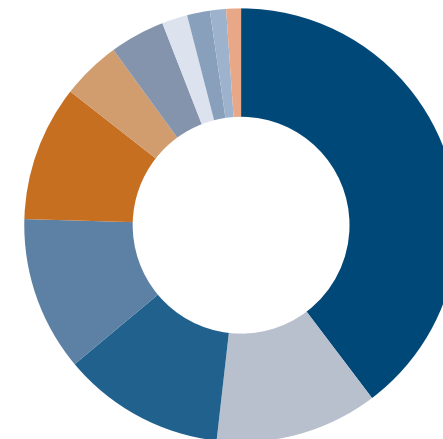
AUM split by business unit

■ Japan	42.5%
■ Technology	13.5%
■ North American	13.1%
■ Healthcare	8.9%
■ Financials	8.0%
■ Emerging Markets	6.3%
■ European	5.7%
■ Convertibles	0.8%
■ Global	0.6%
■ European Market Neutral	0.5%



Investor mix by holdings

■ Bank	39.6%
■ Private Wealth Manager	12.1%
■ Polar Capital Investment Company	12.1%
■ Asset Manager	11.5%
■ Fund Of Funds	10.1%
■ Platform	4.1%
■ Family Office	1.9%
■ Insurance Company	1.7%
■ Pension Fund/Foundation	1.2%
■ Consultants	1.1%
■ Other	4.4%



Source: Polar Capital, 31 March 2014. Totals may not sum due to rounding

Is Our Diversification Strategy Working?



Not at the moment!

	March 2011	March 2012	March 2013	March 2014
Technology	36%	29%	17%	14%
Japan	27%	30%	33%	43%
Europe	15%	12%	10%	-
North America	-	-	-	13%
Total	78%	71%	60%	70%
Number of teams	8	10	11	9
Number of teams with assets > \$500m	3	3	7	7
Number of teams with assets > \$1 bn	2	2	2	5

Source: Polar Capital, 31 March 2014. Based on the top 3 strategies.

Strategies	AUM 31 March 2014	Capacity
Technology	\$1.8 bn	\$2bn+
Japan	\$5.6 bn	\$6bn+
Europe	\$0.8 bn	\$1bn+
Healthcare	\$1.2 bn	\$1.5bn+
Financials	\$1.1 bn	\$2.5bn+
Convertibles	\$0.1 bn	\$1bn+
Emerging Markets	\$0.8 bn	\$2bn+
North America	\$1.7 bn	\$3bn+
Global Equity	\$0.1 bn	\$5bn+
Total	\$13.2 bn	\$24bn+

Source: Polar Capital.

The original vision still holds true

Ten to twelve world class investment teams

Pre 2010	2010	2011	2012	2013	2014
Technology	Technology	Technology	Technology	Technology	Technology
Japan	Japan	Japan	Japan	Japan	Japan
Europe	Europe	Europe	Europe	Europe	Europe
Healthcare	Healthcare	Healthcare	Healthcare	Healthcare	Healthcare
	Financials	Financials	Financials	Financials	Financials
	Convertibles	Convertibles	Convertibles	Convertibles	Convertibles
	Emerging Markets	Emerging Markets	Emerging Markets	Emerging Markets	Emerging Markets
		North American	North American	North American	North American
			Global Equity	Global Equity	Global Equity
					Team 10
					Team 11
					Team 12

Source: Polar Capital, June 2014.

Long only

UCITS

Global Technology

Japan

Japan Alpha

Healthcare Opportunities

Asian Financials

Financial Opportunities

Financials Income

Global Insurance

Emerging Markets Growth

Emerging Markets Income

North American

Global Alpha

Biotechnology – Launched in Q4 2013

Investment trusts

Global Technology

Global Healthcare Growth and Income

Global Financials

Managed accounts

Japan

Emerging Markets

Convertibles

Alternative

Cayman

European Forager

European Conviction

ALVA Global Convertible

UCITS

Global Convertibles – Launched in Q3 2013

Source: Polar Capital, June 2014 unless otherwise stated.

Lipper Figures For Long Only Strategies



31 May 2014

Strategies	6 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 (Institutional JPY)	292 / 320	4	267 / 313	4	195 / 296	3	90 / 273	2	8 / 153 19/10/2001	1
Japan Alpha (Retail USD)	302 / 320	4	62 / 313	1	n/a	n/a	n/a	n/a	99 / 306 31/10/2012	2
Healthcare Opportunities (Retail USD)	2 / 103	1	2 / 102	1	1 / 95	1	3 / 87	1	2 / 79 3/12/2007	1
Biotechnology (Retail USD)	3 / 32	1	n/a	n/a	n/a	n/a	n/a	n/a	3 / 32 1/11/2013	1
Emerging Markets Growth (Retail USD)	513 / 657	4	423 / 622	3	116 / 473	1	n/a	n/a	147 / 436 1/12/2010	2
Emerging Markets Income (Institutional USD)	364 / 657	3	495 / 622	4	31 / 473	1	n/a	n/a	31 / 446 21/1/2011	1
Asian Financial (Institutional USD)	17 / 78	1	70 / 78	4	53 / 74	3	11 / 70	1	2 / 8 5/12/1996	1
Financial Opportunities (Retail USD)	33 / 78	2	54 / 78	3	25 / 74	2	n/a	n/a	16 / 74 3/5/2011	1
Financials Income (Retail GBP)	67 / 440	1	30 / 435	1	70 / 337	1	n/a	n/a	13 / 254 15/10/2009	1
Global Insurance (Retail GBP)	58 / 78	3	38 / 78	2	4 / 74	1	3 / 70	1	4 / 15 19/10/1998	1
Global Technology (Retail USD)	30 / 41	3	11 / 41	2	32 / 39	4	7 / 35	1	8 / 30 19/10/2001	2
North American (Retail USD)	335 / 749	2	285 / 725	2	n/a	n/a	n/a	n/a	151 / 644 15/11/2011	1
Global Alpha Fund (Retail USD)	999 / 1271	4	738 / 1203	3	n/a	n/a	n/a	n/a	441 / 1145 30/11/2012	2

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

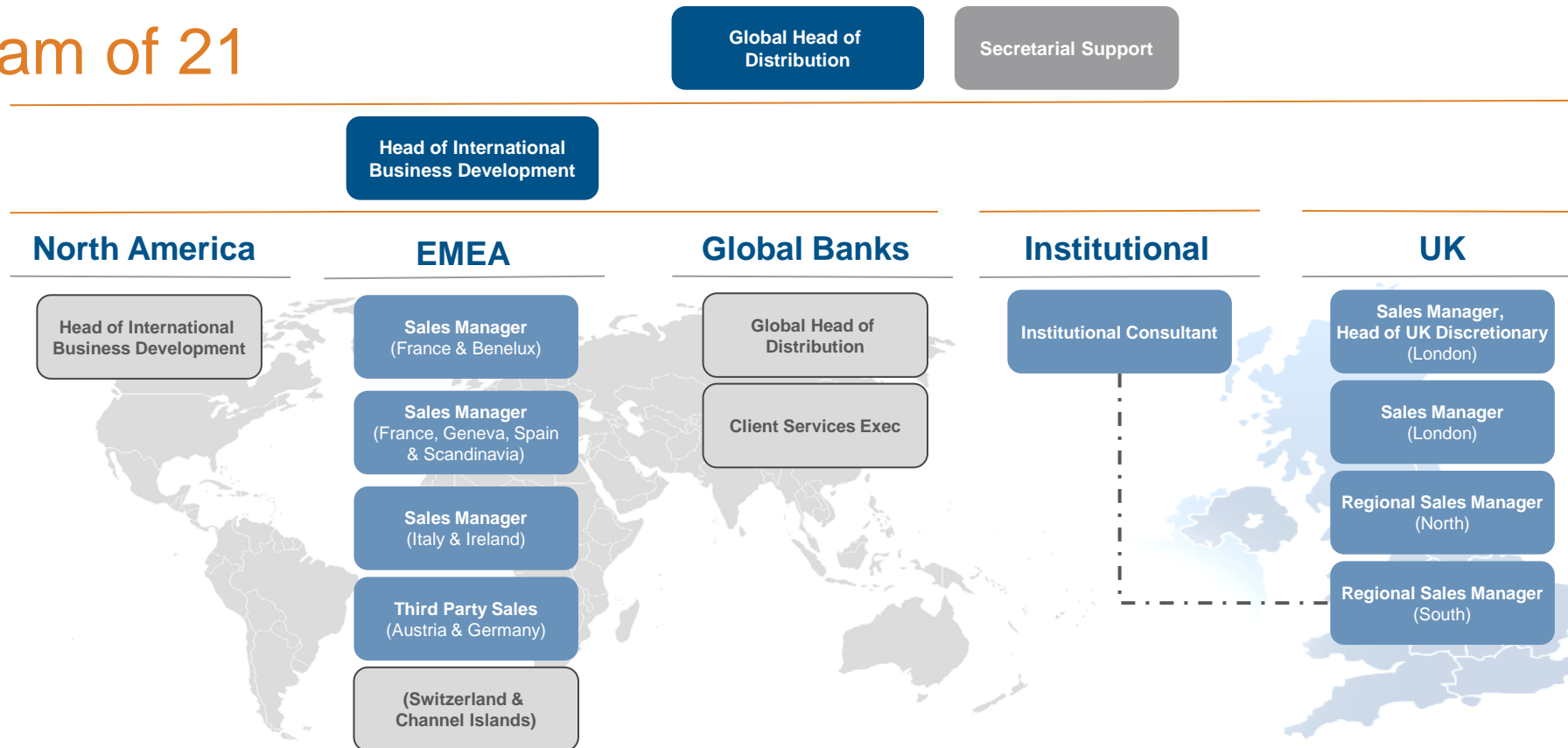
31 May 2014

Strategies	Inception date	YTD	Annualised returns		
			3 years	5 years	Inception
Forager (EUR)	1 August 2003	3.81%	8.88%	10.79%	11.58%
Conviction (EUR)	1 April 2006	-0.39%	3.43%	3.60%	5.87%
ALVA (USD)	1 November 2010	2.33%	6.16%	n/a	7.27%
Global Convertibles (Class I USD) ¹	2 September 2013	5.96%	n/a	n/a	23.10%

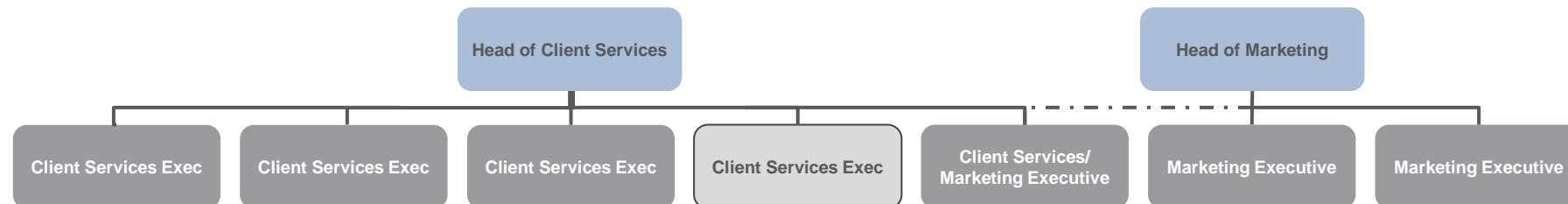
Source: Polar Capital. Basis: Net of fees. Currency as stated. Past performance is not indicative or a guarantee of future results.

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

Team of 21



Client Services and Marketing



Source: Polar Capital. June 2014. Representative of dual role.

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

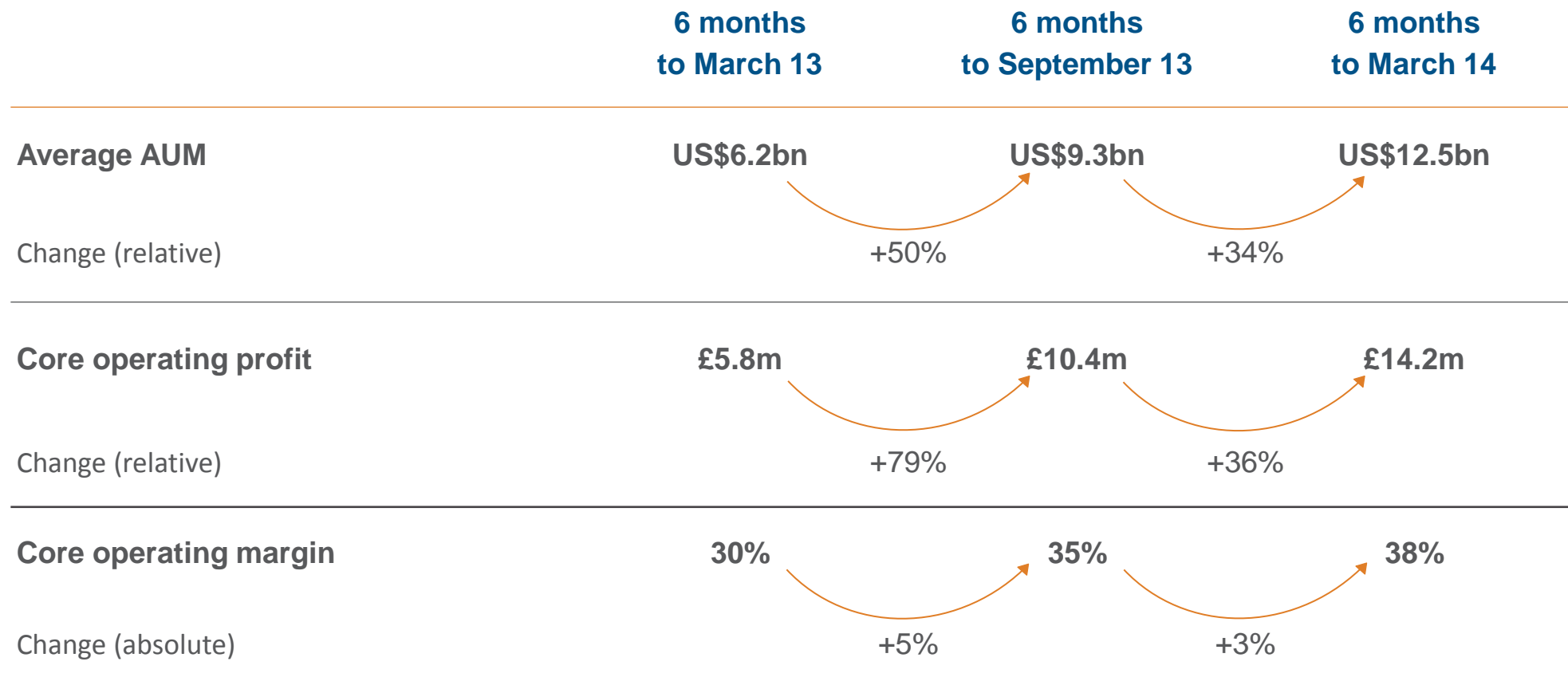
Source: Polar Capital.

Profitability – by year

	Year to March '12	Year to March '13	Year to March '14
Average AUM	US\$4.3bn	US\$5.7bn	US\$10.8bn
Core operating profit	£7.1m	£10.0m	£24.6m
Performance fee profit	£4.1m	£5.5m	£7.6m
Interest and similar income	£0.1m	£1.3m	£2.0m
PBT pre S.B.P. & Pre Goodwill	£11.3m	£16.8m	£34.2m

Source: Polar Capital.

Margin analysis – 6 month periods



Source: Polar Capital.

Costs

	Year to March 12	Year to March 13	Year to March 14	Comments
Salaries, bonuses and other staff costs	£11.0m	£13.5m	£15.9m	Increase in staff numbers and increase in share price
Core distributions	£3.3m	£4.8m	£16.7m	Increase in core profits
Core compensation costs	£14.3m	£18.3m	£32.6m	
Other operating costs	£6.9m	£7.0m	£9.0m	Increase in outsourced back office, Bloomberg costs plus increase in share price
Core operating costs	£21.2m	£25.3m	£41.6m	
Performance fee interests	£5.2m	£7.9m	£11.6m	Increased performance fees
Total operating costs	£26.4m	£33.2m	£53.2m	

Source: Polar Capital.

Dividend

- Total dividend for the year 25.0p (2013: 13.0p)
 - Implies second dividend payable 21.0p (2013: 11.0p)
- Dividend reflects:
 - Improved profitability of the company
 - Health and strength of the company's balance sheet
 - Quiet optimism regarding the company's prospects
- Policy
 - Distribution of majority of earnings; additional cash not needed
 - Full NOT progressive dividend
 - Future January dividend will be predicated on 50% of first half core profits

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

Cash and investments

	March 2013 £m	March 2014 £m
Cash	£30.9m	£47.0m
Available for sale investments		
Alternative fund seed	£16.4m	£24.9m
Long only seed	£ 14.8m	£ 19.0m
	£31.2m	£43.9m
Total cash and investments	£62.1m	£90.9m

Source: Polar Capital.

Shareholder analysis at 31 March 2014

	Holding	Percentage	
Directors, founders and staff	27.6m	32%	
Caledonia	8.0m	9%	
XL	7.0m	8%	
EBT	1.7m	2%	
Blackrock	8.3m	9%	} Free Float = 49%
Hargreave Hale	4.3m	5%	
Others	30.5m	35%	
Total shares in issue	87.4m	100%	

		At Share Price of		
		£5.00	£6.00	£7.00
Dilutive effect of share appreciation rights	8.2m	8.4m	9.5m	10.3m
Conventional options	0.9m	0.9m	0.9m	0.9m
Issuance satisfied by EBT	-1.7m	-1.7m	-1.7m	-1.7m
Net dilutive effect of options	7.4m	7.6m	8.7m	9.5m
Vesting of crystallisations	0.8m	0.8m	0.8m	0.8m
Diluted share capital	95.6m	95.8m	96.9m	97.7m

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\$24 billion of which at the end of March 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

New teams

- Team additions likely in current financial year after period of consolidation

Source: Polar Capital.

House View

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