

POLAR CAPITAL HOLDINGS PLC

Results Presentation

For Year Ending 31 March 2009

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June 2009





Table of Contents

Section I

- Business Review

Section II

- Financial Review

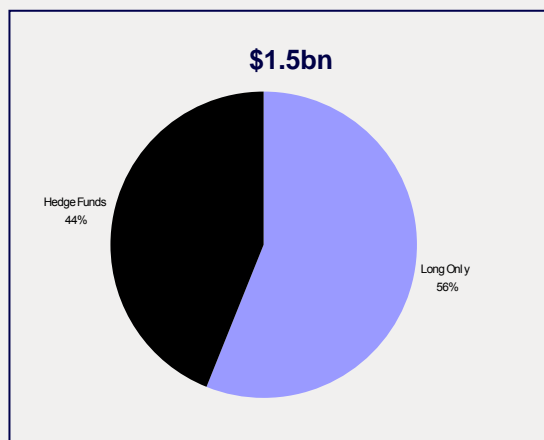


BUSINESS REVIEW

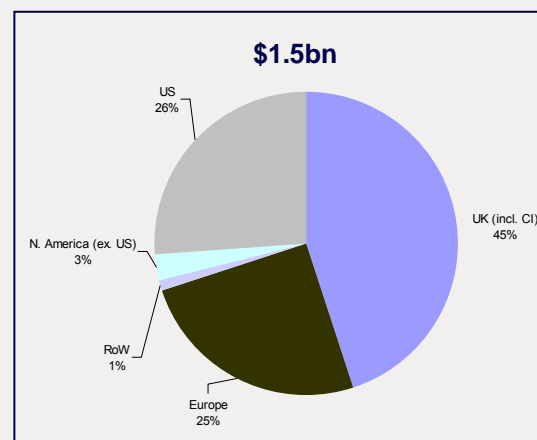


Analysis of Assets Under Management

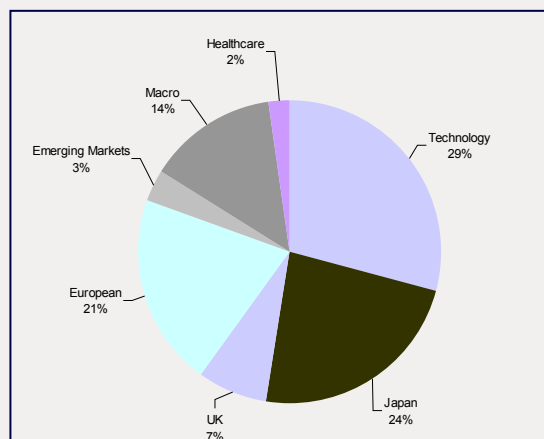
AuM split by strategy (31 May 2009)



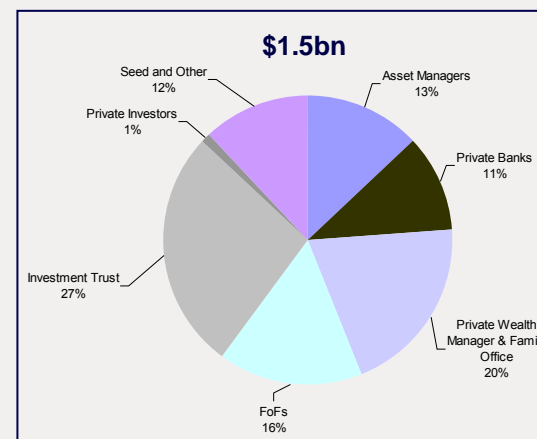
Investor Mix (by Geography)



AuM split by business unit (31 May 2009)



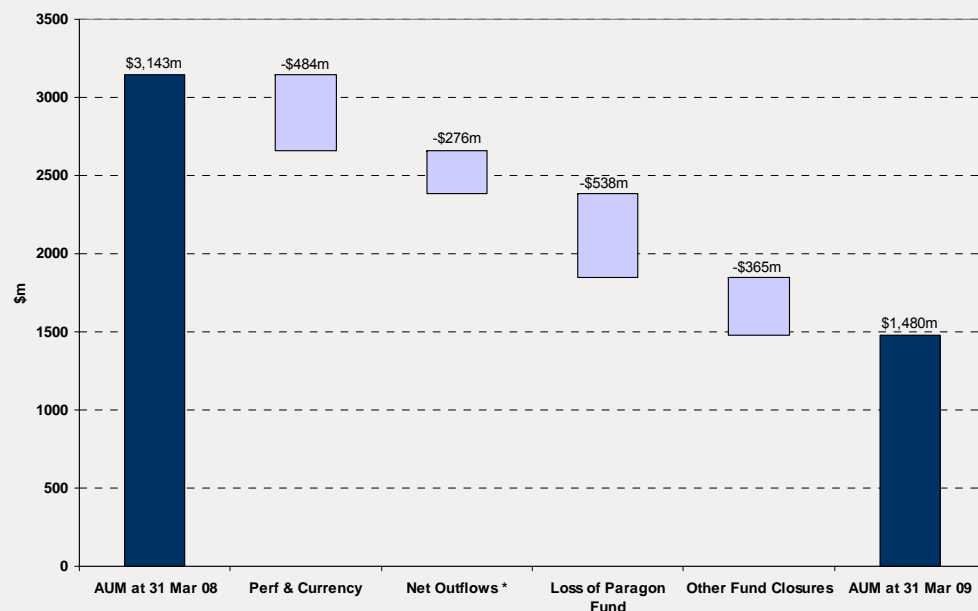
Investor Mix (274 clients)





A Challenging 2008/09 for AUM

2008 Presented Polar With a Number of Challenges



* Net outflows include \$770m of gross inflows over the fiscal year

Polar had a challenging year in 2008/2009 in terms of AUM movements. Overall AUM fell by \$1.5bn primarily as a result of:

- ❑ The closure of the Global Opportunities / Paragon fund. This fund was closed as a result of the departure of Julian Barnett.
- ❑ The decision to close the Japanese, Global Utilities and the Emerging markets funds due to underperformance and Polar's commitment to maintain a high quality product range.
- ❑ The broader economic climate and financial instability which resulted in significant outflows from hedge funds as an asset class and the 40% or so contraction of long only markets.



Fund Performance

Fund	Fund Size 31 May 2009	Launch Date	Performance Calendar 2008	Performance YTD*	Volatility YTD*	Index YTD*
	\$m					
Hedge Funds						
UK**	113	Nov 2001	5.98%	8.48%	15.4	MSCI Europe 4.70%
European Conviction	137	Mar 2006	12.78%	6.23%	11.4	FTSE 100 -0.36%
European Forager	179	Aug 2003	-12.24%	9.36%	8.4	MSCI Emerging Markets 36.00%
Discovery **	214	May 2006	13.47%	0.27%	6.0	Tremont Long/ Short 8.25%
Latin America	21	May 2006	2.64%	2.43%	7.7	Dow Jones World Technology 23.00%
						Tokyo Stock Price (TOPIX) 4.50%
Long Only						
Technology Trust	432	Feb 2001	-22.80%	13.21%		
Japan UCITS**	363	Oct 2001	-12.77%	3.13%		
Global Technology UCITS	15	Oct 2001	-45.82%	31.12%		
Healthcare Opportunities UCITS	36	Dec 2007	-21.00%	0.54%		
						Index Volatility YTD*
						MSCI Europe 31.8
						MSCI Europe Small Cap 32.6
						MSCI EM Equity 35.0

* Figures to the 31 May 2009

** Fund size includes mandates run off the same strategy



Corporate Infrastructure



Mark Kary
CEO

- ❑ Joined Polar as CEO in 2005
- ❑ 23 years of experience in the investment management sector
- ❑ Formerly Managing Director in charge of Morgan Stanley's Northern European UHNW business from 2002, having joined Morgan Stanley in 1986
- ❑ Began career in Finance at Chemical Bank in 1982
- ❑ Educated at Eton and Oxford



John Mansell
COO

- ❑ Joined Polar as Director in 2001
- ❑ 19 years of experience in the investment management sector
- ❑ Responsible for operations, compliance, risk, finance, IT and human resource functions
- ❑ Previously spent 11 years at Lazard Asset Management
- ❑ Fellow of the Institute of Chartered Accountants of England & Wales

Karim Vellani
Chief Risk
Officer

- ❑ Prior to Joining Polar Capital, Karim was head of Risk Management of the Global Proprietary Trading business at Credit Suisse
- ❑ 18 years experience in wholesale financial markets across multiple asset classes
- ❑ Before his time at Credit Suisse, Karim also held positions as CRO at multi strategy hedge fund, DE Capital

Boura Tomlinson
Head of Legal &
Compliance

- ❑ Joined Polar Capital in October 2007
- ❑ Responsible for legal and compliance functions
- ❑ Previously spent 7 years at the FSA as a manager supervising wholesale & derivatives firms
- ❑ Boura is an attorney and solicitor admitted to practice law in California (1996) and in England and Wales (2002)

Ian Bickerstaffe
Operations
Manager

- ❑ Joined Polar Capital in 2005
- ❑ Head of Operations for the business
- ❑ Previously at Fortis for 5 years prior to joining



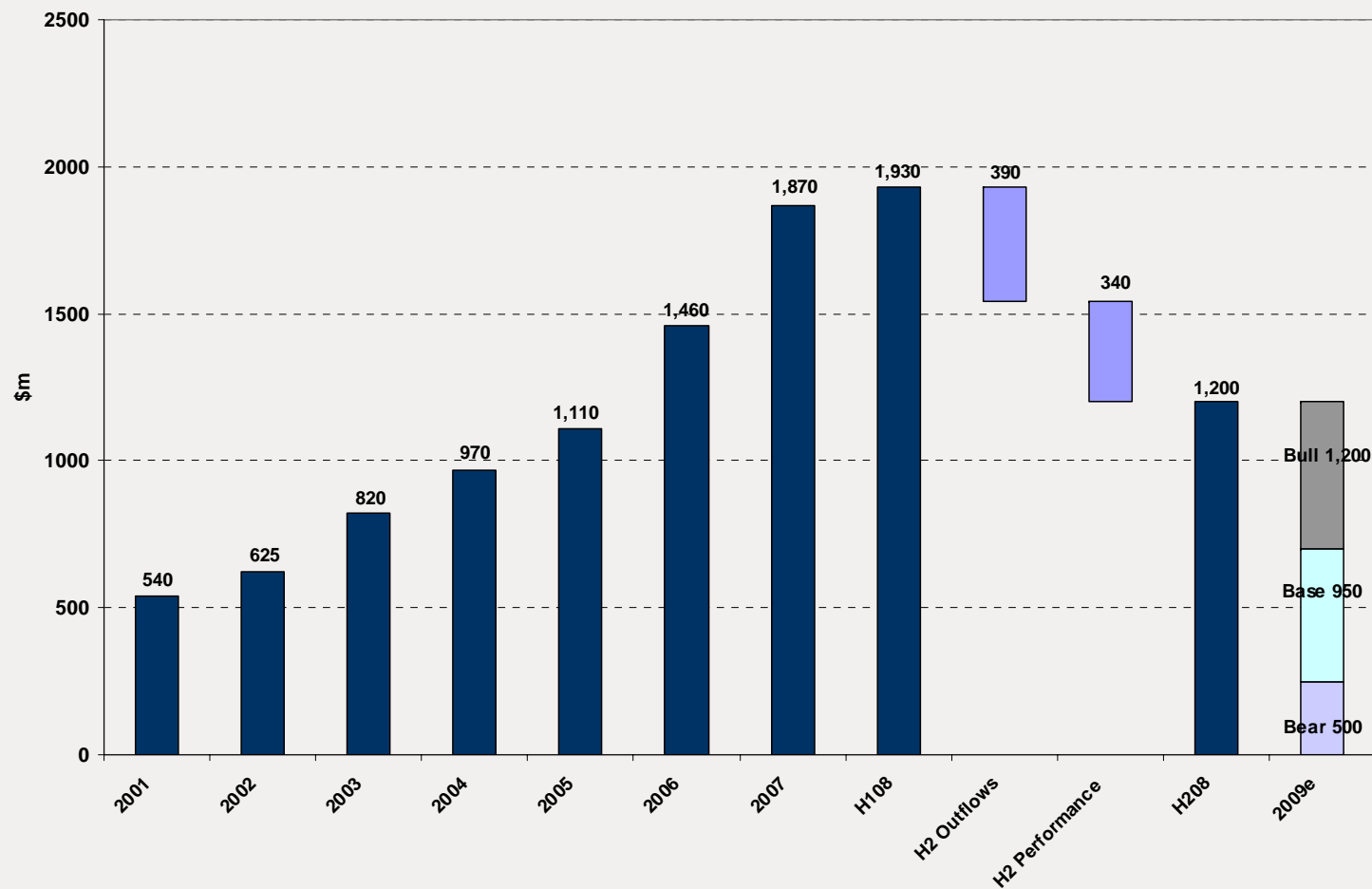
Issues Raised From Analysts' Feedback

- ❑ Why did Julian Barnett resign and what have been the knock-on effects to the business?
- ❑ Given the strength of the balance sheet, what is our strategy for growth?
- ❑ Is the hedge fund industry recovering and what is the impact of increased regulation?
- ❑ How is internal morale?
- ❑ Plans for AUM growth



Hedge Fund Industry Contraction

Including all redemptions notified in Q408, we believe hedge fund AUM fell ~40% to ~\$1.2trn



Current Thoughts on the Hedge Fund Industry



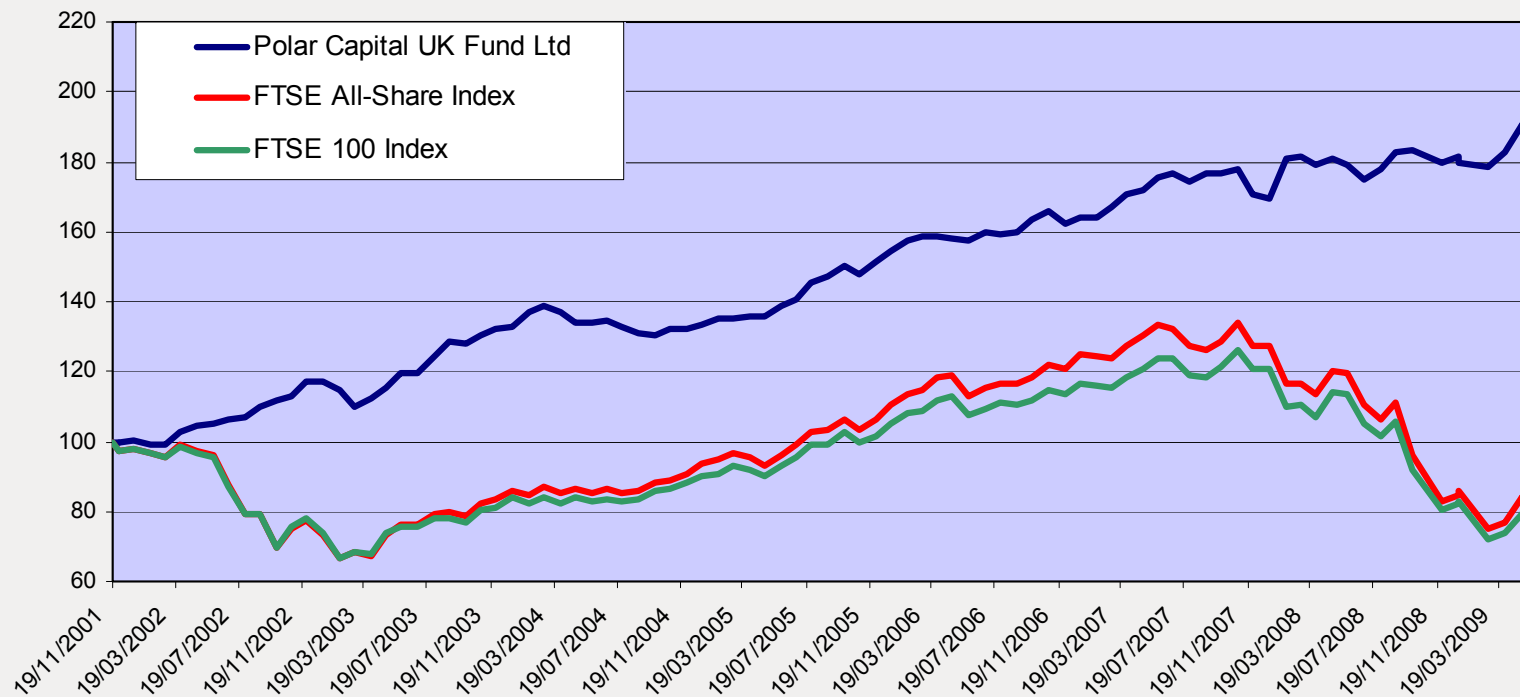
We would be very surprised if the industry did not rebuild.

- ❑ Survivors will be those who delivered what was 'on the tin', those who achieved 'absolute returns', and those who have operated with integrity
- ❑ From an asset allocation perspective, the need for genuine absolute return strategies is considerable
- ❑ Institutional allocations to absolute return are increasing
- ❑ Hedge fund performance in 2009 has been solid (around 7-8% YTD)

Challenges for the industry will be:

- ❑ Post 2008 and Madoff, investor confidence will take time to recover
- ❑ Robustness of management companies
- ❑ Asset and liabilities need to be better matched
- ❑ More disciplined regulatory environment

The increasing importance of Absolute Return



	Fund	FT All Share
Annualised return since inception	9.18%	2.41%
Cumulative return since inception	94.59%	19.59%
Annualised historic volatility (Monthly)	6.2%	15.1%
Percentage of positive months	68.1%	58.88%
Sharpe Ratio	1.0	



Polar's Competitive Positioning

- ❑ Highly differentiated performance of funds
- ❑ Significant shrinkage in number of competing funds
- ❑ Incentivisation in place with funds at/near high water marks
- ❑ Renewed investor appetite for 'fundamental research driven' approach, transparency and less esoteric strategies
- ❑ Integrity and low profile of the Polar model
- ❑ Strong operating infrastructure positions the business well for changes in the operating and regulatory environment
- ❑ Strong balance sheet at a time of industry distress
- ❑ Good internal morale

Arguably our strongest ever competitive position



FINANCIAL REVIEW

Financial Review

Highlights



❑ AUM

- AUM at 31 March 2009 down 52% to \$1.5bn (2008: \$3.1bn)

❑ Profitability

- Pre-tax (pre SBP) profitability down 30% to £11.1m (2008: £15.7m)
- Pre-tax (post SBP) profitability down 17% to £12.1m (2008: £14.5m)

❑ EPS and Dividend

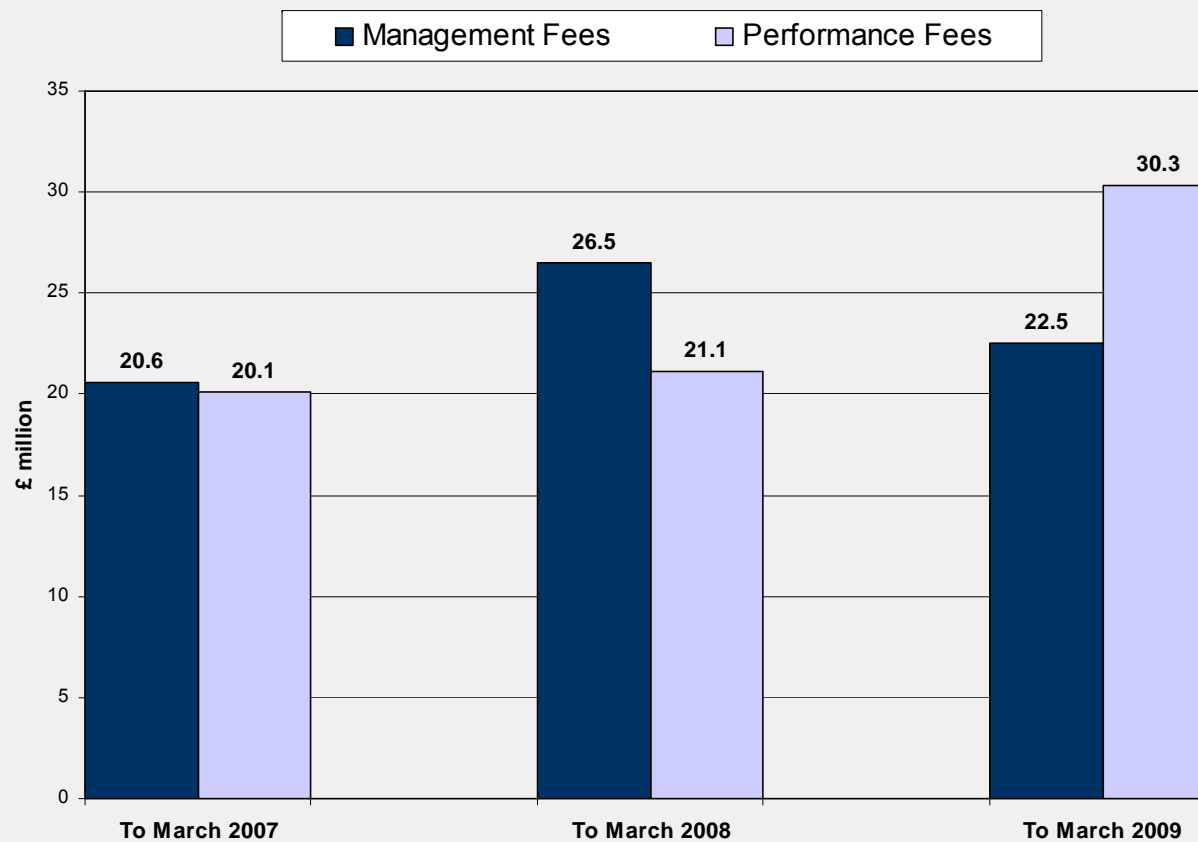
- Adjusted diluted EPS down to 9.9p (2008: 14.6p)
Adjustment excludes cost of share based payments
- Second interim dividend per ordinary share of 3.5p declared, to be paid in August 2009, making total dividend of 4.5p (2008: 8.5p)

❑ Balance Sheet

- £28m of net cash (£32m gross cash) and £12m of investments in own funds

Financial Review

Revenues



Financial Review

Costs



	2007 £m	2008 £m	2009 £m
Salaries and bonuses	7.5	8.1	7.7
Core distributions	2.3	2.2	2.2
Other staff costs	0.7	0.9	0.8
	10.5	11.2	10.7
Performance fee interests	12.5	13.0	21.4
Total cash compensation cost	23.0	24.2	32.1
Other operating costs	6.5	7.6	7.9
Operating Costs before SBP	£29.5m	£31.8m	£40.0m
Cost of sales (trail)	2.2	1.9	0.9
Share based payments ("SBP")	0.5	1.2	(1.0)
Total Costs	£32.2m	£34.9m	£39.9m

- 4.5% **decrease** in pre-performance fee compensation
- £8.4m **increase** in performance fee interests accounts for overall £7.9m increase in total compensation costs to £32.1m
- After adjusting for loss on disposal of investments of £0.8m, other operating costs down 6.5%
- Trail halved as seed interest falls away

Financial Review

Profitability and Margin



	2007 £m	2008 £m	2009 £m
Core operating profit	2.8	6.0	1.3
Performance fee profit	8.0	8.0	8.9
Interest and similar income	0.9	1.7	0.9
	11.7	15.7	11.1
IPO costs	(1.0)	-	-
PBT pre IFRS S.B.P.	£10.7m	£15.7m	£11.1m
Share based payments ("S.B.P")	(0.5)	(1.2)	1.0
Statutory PBT	£10.2m	£14.5m	£12.1m

Core operating profit fell by £4.7m as:

Revenues decreased	(£4.0m)
Hedging loss	(£1.9m)
Loss on investments	(£0.8m)
Reduction in trail	£1.0m
Reduction in operating costs	£0.5m
Reduction in comp. costs	£0.5m
	<u>(£4.7m)</u>

Financial Review

Dividend



Current Dividend Policy

- ❑ Final dividend of 3.5p making 4.5p for the year (2008: 8.5p).
- ❑ At 4.5p dividend covered 220% by earnings (2008: 170% pre SBP charge).
- ❑ At 4.5p: 50% of core profits distributed and 44% of performance fee profits (2008: 50% and 62% respectively).

Summary

Well positioned in challenging times



Attractive Products

- Balanced mix of hedge funds and long only funds
- Complementary range of products by sector specialisation, geographical focus and asset class that would appeal to a wide base of investors

Strong Performance

- Consistent and impressive bull and bear market performance
- Clear outperformance against sharp market declines in 2008

Fund Capacity

- Significant potential for further growth
- Total current capacity in the funds of c.\$5 billion of which only \$1.5 billion currently utilised

Operational Robustness

- High-quality institutional-style operational platform
- Robust and comprehensive central services to support further expansion

Strong Balance Sheet

- Cash position and public company status gives flexibility to pursue potential opportunities at distressed stage of cycle



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