

Results Presentation

June 2016

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Section I

- Business Review

Section II

- Financial Review

Highlights

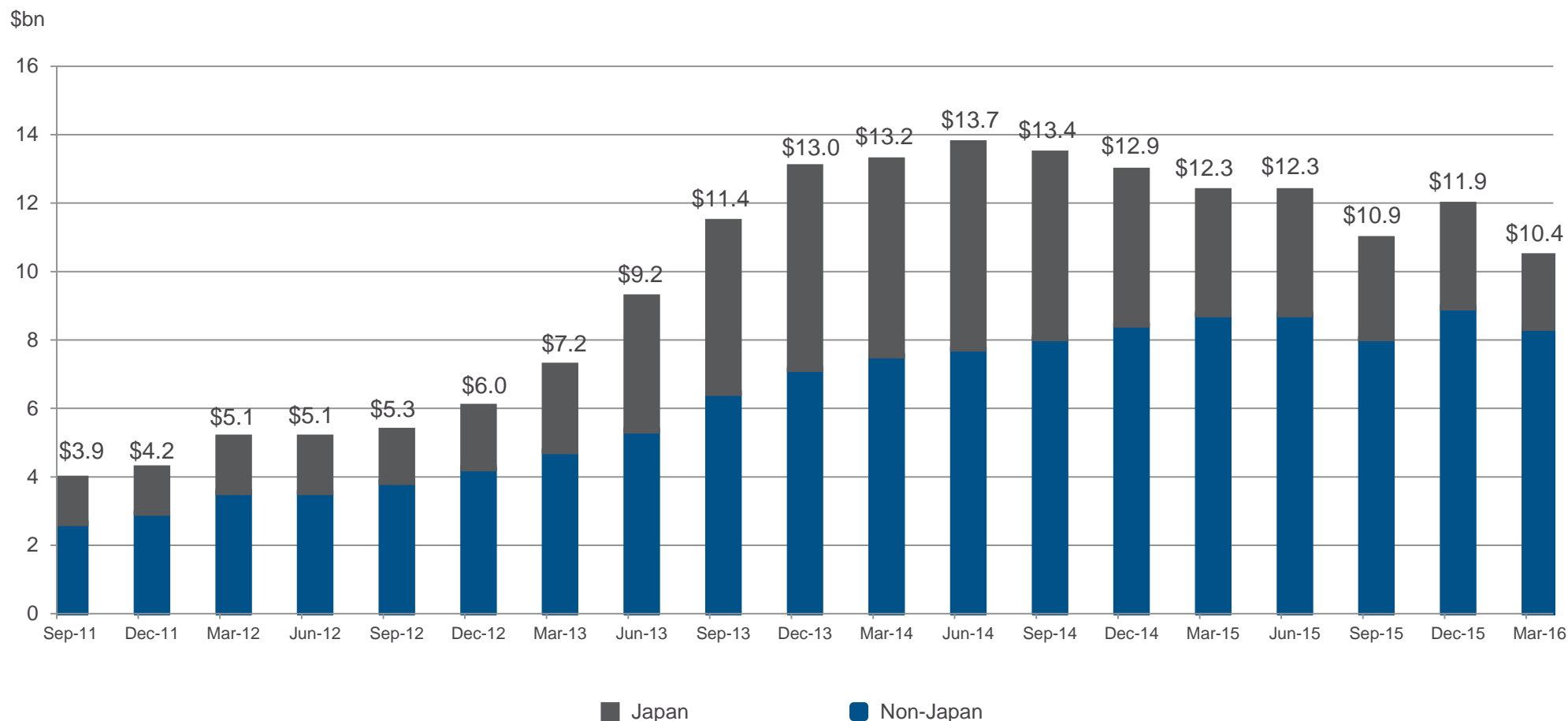
- AUM
 - AUM at 31 March 2016 US\$10.4bn from US\$12.3bn at March 2015
- Profitability
 - Pre-tax (pre SBP) profits £27.5m (2015: £33.7m)
 - Core operating profit excluding performance fees £23.7m (2015: £27.7m)
- EPS and Dividend
 - Adjusted diluted EPS 23.6p (2015: 28.1p)¹
 - Total dividend of 25.0p (2015: 25.0p)
- Balance Sheet
 - Strong balance sheet comprising cash and investments of £88.9m (2015: £93.1m)

Source: Polar Capital.

1: Adjustment excludes cost of share based payments.

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

Japan and non-Japan AUM



Source: Polar Capital, 31 March 2016. Past performance is not indicative or a guarantee of future results.

AUM Growth Analysis



	31 March 2015 US\$m	31 March 2016 US\$m	% Increase Year on Year
Japan	3,743	2,178	-41.80%
Long Only (ex Japan)			
Technology	2,037	1,979	-2.85%
North America	1,972	2,190	11%
Healthcare	1,503	1,318	-12.30%
Financials	1,035	1,052	1.65%
GEMs	783	514	-34.35%
Global Alpha	100	102	2%
European Income	12	45	275%
Absolute Return Funds	1,070	1,055	-1.40%
Overall	\$12.3bn	\$10.4bn	-15.4%

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

AUM at 31 March 2015

\$12.3bn

Gross inflows	quarter 1 [long 805	hedge 69]	\$873m
	quarter 2 [long 1,151	hedge 110]	\$1,261m
	quarter 3 [long 968	hedge 60]	\$1,028m
	quarter 4 [long 530	hedge 76]	\$606m
Gross outflows	quarter 1 [long 1,400	hedge 60]	\$(1,461)m
	quarter 2 [long 1,339	hedge 45]	\$(1,384)m
	quarter 3 [long 619	hedge 66]	\$(685)m
	quarter 4 [long 1,053	hedge 123]	\$(1,176)m

Net flows **\$(938)m**

Performance and currency movements **\$(887)m**

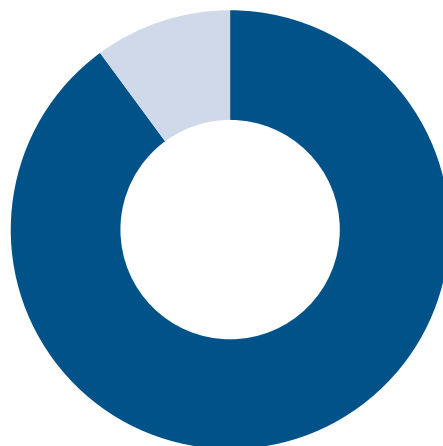
AUM at 31 March 2016

\$10.4bn

Source: Polar Capital, 31 March 2016. Totals may not sum due to rounding.

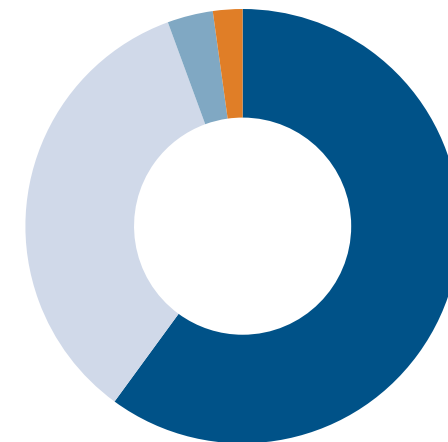
AUM split by strategy

■ Long Only	89.9%
■ Alternative	10.1%



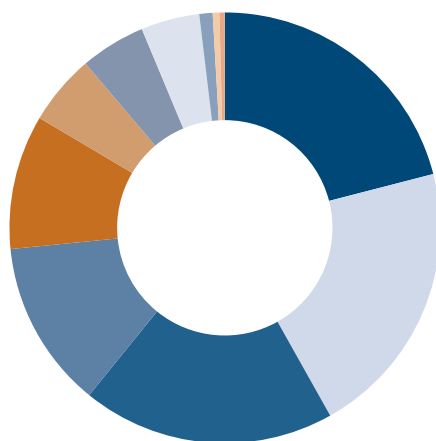
Investor mix by geography

■ UK	60.1%
■ Europe	34.4%
■ USA	3.4%
■ Other	2.2%



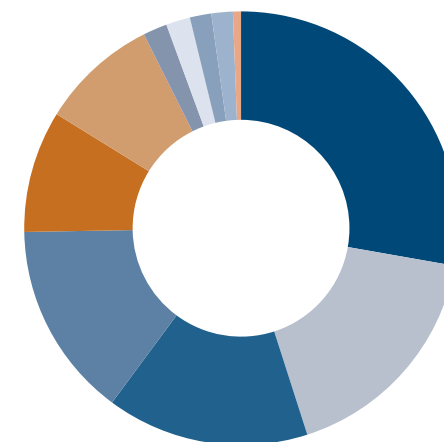
AUM split by business unit

■ North America	21.0%
■ Japan	20.9%
■ Technology	19.0%
■ Healthcare	12.6%
■ Financials	10.1%
■ Europe	5.3%
■ Emerging Markets	4.9%
■ Convertibles	4.4%
■ Global	1.0%
■ UK Absolute Return	0.5%
■ European Income	0.4%



Investor mix by holdings

■ Bank	27.8%
■ Polar Investment Company	17.3%
■ Private Wealth Manager	15.1%
■ Asset Manager	14.6%
■ Platform	9.1%
■ Fund Of Funds	8.8%
■ Pension Fund/Foundation	1.8%
■ Other	1.8%
■ Consultants	1.6%
■ Family Office	1.6%
■ Insurance Company	0.6%



Source: Polar Capital, 31 March 2016. Totals may not sum due to rounding.

North America now the largest strategy

	March 2013	March 2014	March 2015	March 2016
North America	-	13%	16%	21%
Japan	33%	43%	31%	21%
Technology	17%	14%	17%	19%
Europe	10%	-	-	-
Total of top 3 strategies	60%	70%	64%	61%
Number of teams	11	9	11	11
Number of teams with assets > \$500m	7	7	7	7
Number of teams with assets > \$1 bn	2	5	5	5

Source: Polar Capital, 31 March 2016. Based on the top 3 strategies.

An expanded vision

Twelve to fifteen world class investment teams

Pre 2010	2010	2011	2012	2013	2014	2015	2016
Technology	Technology	Technology	Technology	Technology	Technology	Technology	Technology
Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan
Europe	Europe	Europe	Europe	Europe	Europe	Europe	Europe
Healthcare	Healthcare	Healthcare	Healthcare	Healthcare	Healthcare	Healthcare	Healthcare
	Financials	Financials	Financials	Financials	Financials	Financials	Financials
	Convertibles	Convertibles	Convertibles	Convertibles	Convertibles	Convertibles	Convertibles
	Emerging Markets	Emerging Markets	Emerging Markets	Emerging Markets	Emerging Markets	Emerging Markets	Emerging Markets
		North America	North America	North America	North America	North America	North America
			Global Equity	Global Equity	Global Equity	Global Equity	Global Equity
					UK Absolute Return	UK Absolute Return	UK Absolute Return
					European Income	European Income	European Income
							UK Value*

Source: Polar Capital, March 2016.

* Georgina Hamilton starts October 2016. George Godber starts April 2017.

Long only

UCITS

Global Technology

Japan

Japan Alpha

Healthcare Opportunities

Asian Financials

Financial Opportunities

Income Opportunities

Global Insurance

Emerging Markets Growth

Emerging Markets Income

North America

Global Alpha

Biotechnology

Healthcare Blue Chip

European Income

European (ex UK) Income Fund

Investment trusts

Global Technology

Global Healthcare Growth and Income

Global Financials

Managed accounts

Japan

Emerging Markets

Convertibles

North American

Source: Polar Capital, March 2016.

Alternative

Cayman

European Forager

European Conviction

ALVA Global Convertible

UCITS

Global Convertibles

UK Absolute Equity

Lipper Figures For Long Only Strategies



Specialist products – 31 May 2016

	3 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
Healthcare Opportunities (USD)	67/108	3	83/104	4	6/92	1	4/85	1	4/68 (3 December 2007)	1
Biotechnology (Retail USD)	7/35	1	12/34	2	n/a	n/a	n/a	n/a	3/30 (1 November 2013)	1
Healthcare Blue Chip (I USD)	53/108	2	40/104	2	n/a	n/a	n/a	n/a	32/96 (11 September 2014)	2
Emerging Markets Growth (Retail USD)	279/682	2	354/636	3	330/509	3	102/393	2	134/363 (1 December 2010)	2
Emerging Markets Income (Retail USD)	392/682	3	330/636	3	405/509	4	41/393	1	37/371 (21 January 2011)	1
Asian Financial (USD)	17/68	1	29/67	2	33/65	2	20/61	2	2/7 (5 December 1996)	1
Financial Opportunities (Retail USD)	21/68	2	30/67	2	17/65	2	13/61	1	11/60 (3 May 2011)	1
Income Opportunities (Retail GBP)	53/453	1	210/422	2	19/374	1	5/293	1	11/224 (15 October 2009)	1
Global Insurance (Retail GBP)	51/68	3	2/67	1	1/65	1	1/61	1	4/14 (19 October 1998)	2
Global Technology (USD)	3/49	1	7/47	1	9/45	1	24/44	3	7/29 (19 October 2001)	1

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

Lipper Figures For Long Only Strategies



Regional products – 31 May 2016

	3 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 (Retail JPY)	41/322	1	248/302	4	241/269	4	206/253	4	9/131 (19 October 2001)	1
Japan Alpha (Retail JPY)	35/322	1	262/302	4	199/269	3	n/a	n/a	215/264 (31 October 2012)	4
Global Alpha (Retail USD)	181/1523	1	345/1398	1	488/1086	2	n/a	n/a	387/1041 (30 November 2012)	2
North American (Retail USD)	424/787	3	270/754	2	183/647	2	n/a	n/a	117/569 (15 November 2011)	1
European Income (Retail EUR)	42/103	2	45/100	2	n/a	n/a	n/a	n/a	27/96 (31 October 2014)	2
European Ex UK Income (I EUR)	40/103	2	n/a	n/a	n/a	n/a	n/a	n/a	18/101 (30 June 2015)	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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31 May 2016

Strategies	Inception date	YTD	Annualised returns		
			3 years	5 years	Inception
Forager (AX EUR)	1 August 2003	-3.71%	2.21%	4.28%	9.11%
Conviction (EUR)	1 April 2006	0.62%	-2.05%	0.21%	3.76%
ALVA (A USD)	1 November 2010	0.62%	1.95%	3.68%	4.63%
Global Convertibles (Class I USD Acc) ¹	2 September 2013	0.44%	n/a	n/a	4.81%
UK Absolute Equity (Class I GBP Inc) ¹	29 September 2014	-0.15%	n/a	n/a	17.32%

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.

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 funds – client interest in Global Technology, Healthcare Opportunities, Biotechnology, North America, Global Alpha, Global Insurance, GEMS Income, European Income
- 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.

Profitability – by year

	Year to March '14	Year to March '15	Year to March '16
Average AUM	US\$10.8bn	US\$13.1bn	US\$11.6bn
Core operating profit	£24.6m	£27.7m	£23.7m
Performance fee profit	£7.6m	£5.2m	£3.0m
Interest and similar income	£2.0m	£0.8m	£0.8m
PBT pre S.B.P.	£34.2m	£33.7m	£27.5m

Source: Polar Capital.

Costs

	Year to March 14	Year to March 15	Year to March 16	Comments
Salaries, bonuses and other staff costs	£15.9m	£16.7m	£16.6m	Reduced discretionary bonus pool but small increase in headcount
Core distributions	£16.7m	£19.5m	£17.2m	Decrease in core profits
Core cash compensation costs	£32.6m	£36.2m	£33.8m	
NIC on options	£1.0m	£1.9m	£0.6m	Decrease in share price
Other operating costs	£8.0m	£9.1m	£11.3m	See next page
Core operating costs	£41.6m	£47.2m	£45.7m	
Performance fee interests	£11.6m	£7.1m	£4.2m	Reduced performance fees
Total operating costs	£53.2m	£54.3m	£49.9m	

Source: Polar Capital.

Other operating costs

	Year to March 14	Year to March 15	Year to March 16	Comments
IT	£3.3m	£3.9m	£4.2m	Increase in number and rate of Bloomberg terminals
Rent and rates	£1.4m	£1.7m	£2.7m	New offices → +£1m in y/e March 2016
Professional fees	£0.8m	£0.7m	£0.8m	
Insurance	£0.4m	£0.5m	£0.5m	
Travel and entertainment	£1.2m	£1.3m	£1.5m	
Other	£0.9m	£1.0m	£1.6m	
Other operating costs	£8.0m	£9.1m	£11.3m	

Source: Polar Capital.

Dividend

- Total dividend for the year 25.0p (2015: 25.0p)
 - Second dividend payable 19.5p (2015: 19.5p)
 - Policy of full, not progressive, dividend unchanged. No desire to cut dividend
- Dividend reflects:
 - Health and strength of the company's balance sheet.
 - Continued confidence in the long-term outlook for the Company
- 2017 dividend will be defended, even if uncovered, so long as
 - Balance sheet remains strong
 - No compelling alternative uses of cash
 - Evidence and anticipation of a return to growth in 2018 and beyond

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

Cash and investments

	March 2015 £m	March 2016 £m
Cash	£41.4m	£48.8m
Seed investments		
Alternative fund seed	£21.2m	£15.3m
Long only seed	<u>£30.5m</u>	<u>£24.8m</u>
	£51.7m	£40.1m
Total cash and investments	£93.1m	£88.9m

Source: Polar Capital.

Shareholder analysis at 31 March 2016

	Holding	Percentage			
Directors, founders and staff	30.8m	34%			
Caledonia	7.8m	9%			
XL	7.0m	8%			
EBT	1.1m	1%			
Hargreave Hale	7.4m	8%			
Blackrock	6.4m	7%			
Liontrust	3.5m	4%			
Standard Life	3.0m	3%			
Artemis	2.8m	3%			
Others	21.5m	23%			
Total shares in issue	91.3m	100%			
			Free Float = 48%		
			At Share Price of		
			£4.00	£5.00	£6.00
Dilutive effect of share appreciation rights	4.2m		4.5m	5.6m	6.6m
Conventional options	0.6m		0.7m	0.7m	0.7m
Issuance satisfied by EBT	<u>-1.1m</u>		<u>-1.1m</u>	<u>-1.1m</u>	<u>-1.1m</u>
Net dilutive effect of options	3.7m		4.1m	5.2m	6.2m
Vesting of crystallisations	nil		nil	nil	nil
Diluted share capital	95.0m		95.4m	96.5m	97.5m

Source: Polar Capital.

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