Polar Capital Holdings

Flying into FY27, our valuation jumps to 1,250p

1 July 2026

With Polar Capital's April AUM update, we knew it had delivered exceptional AUM growth in FY26 (to 31 Mar 26). AUM was up £9.2bn y-o-y to £30.6bn (+43%) and average AUM up 14%. So impressive financial results are no surprise. FY26 revenue was up 19% to £264m, with core operating profit +11% to £62.8m. Performance fee profits rose 99% to £16.1m, with PBT +49% to £76.9m. The FY dividend is 46p (yield 5%). Net cash stands at £151m with no borrowings.

But today's announcement also highlights that AUM has jumped again in Q1 of FY27, reaching £44.7bn on 19 Jun 26, +46% in under three months. With such a big AUM move so early in FY27, and assuming no major market pullback, Polar Capital looks set to deliver another strong year in FY27, and our forecasts are upgraded substantially. New FY27 forecast revenue: £348m (+32% y-o-y growth); core operating profit: £119m (+90%); PBT £128m (+67%).

We remind readers that FY26 growth was primarily driven by very strong investment performance in all four quarters, which contributed +£8.8bn to AUM growth. Net flows were negative in H1 but turned positive in H2, and especially in Q4, which saw +£1.4bn of net flows. Both investment performance and net flow momentum have continued into Q1 of FY27. By 19 June, investment performance had contributed c. £11.8bn to AUM, with technology strategies playing a leading role, and net flows had contributed c. £2.3bn (page 5).

Importantly, **recent AUM jumps are not merely index driven**. For example, Polar Capital's largest fund, the *Global Technology Fund*, returned +152% in the 12m to 31 May 26, compared to +64% for its benchmark *Dow Jones Global Technology Index*. Its largest Healthcare fund, the *Biotechnology Fund*, returned +67% versus +48% of the *NASDAQ Biotechnology Net Total Return Index*.

These are also not 'flash-in-the-pan' gains for Polar Capital. The largest funds and broader portfolio have an outstanding track record over multiple time horizons compared to benchmarks (page 6) and compared to peers (page 7)**. It is a truly differentiated active manager where outstanding investment performance is driving asset owners to invest with Polar Capital.**

Our fundamental valuation moves from 750p to 1,250p/share, 40% above the current share price.

Key financials & valuation metrics

Year to 31 Mar (£m)	FY 24A	FY 25A	FY 26A	FY 27E	FY 28E
AUM (£bn)	21.9	21.4	30.6	46.9	49.8
Rev	195.1	222.1	264.3	348.4	425.4
Management fees	176.4	206.1	232.6	337.4	411.0
Performance fees	18.7	16.0	31.7	11.0	14.3
PBT	54.7	51.6	76.9	128.1	156.9
Core operating profit	44.8	56.7	62.8	119.4	146.8
Performance fee profit	9.6	8.1	16.1	4.8	6.3
EPS basic (p)	42.3	36.6	60.6	97.7	118.0
EPS adjusted diluted (p)	44.0	53.5	57.8	94.3	114.1
EPS adjusted diluted core (p)	35.0	43.0	46.4	88.7	107.5
PER	21.1	24.4	14.7	9.1	7.6
Div (p)	46.0	46.0	46.0	46.0	53.8
Yield	5.2%	5.2%	5.2%	5.2%	6.0%
Net assets	135.9	134.4	150.8	187.3	265.0
Net cash	98.9	121.8	151.0	205.1	298.9

Source: Company data, Equity Development, priced at 30/06/26.

Company data

EPIC	POLR.L
Price (last close)	891p
52 weeks Hi/Lo	441p/891p
Market cap	£890m
ED Fair Value / share	1250p
Net cash** 2026A	£151m
Avg. daily volume (3m)	397k

Share price, p

Source: Investing.com

Description

Polar Capital is an active fund manager, established in 2001. It has 13 autonomous investment teams managing specialist portfolios with a thematic, sector, geographic, or financial instrument focus, including:

- Global Technology
- Global Healthcare
- Emerging Markets & Asia
- Global Insurance
- UK Value
- North America
- Sustainable Thematic

AUM 19 June '26: £44.7bn

Next event

Q1-27 AUM update 9 July 2026

Paul Bryant (Analyst)
0207 065 2690
paul.bryant@equitydevelopment.co.uk

Hannah Crowe
0207 065 2691
hannah@equitydevelopment.co.uk

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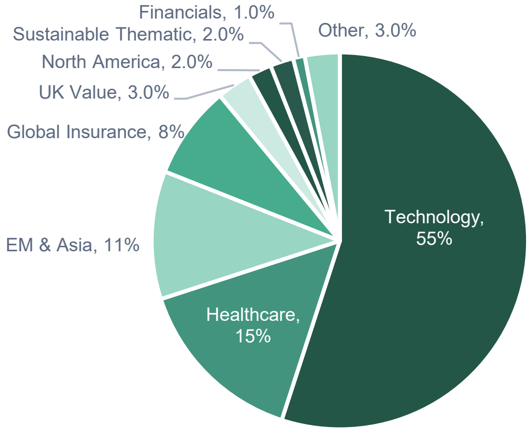
Polar at a glance

History and operating structure

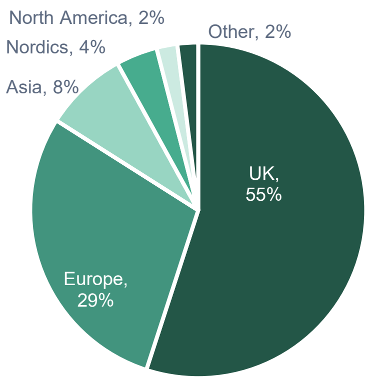
- Polar Capital is a fund management group, specialising in active management. It was founded in 2001 and listed on AIM in 2007. Headquartered in London, it has a presence in 9 countries (UK, USA, Germany, Switzerland, France, Spain, Sweden, China, and Singapore).
- 13 investment teams manage specialist portfolios and operate as semi-autonomous business units, heavily incentivised on investment performance. 'Centralised' operations support these teams.
- Technology funds have always been core to Polar, although over the years, additional investment strategies have diversified its AUM base. It manages investments primarily for institutional clients. Europe is its largest market.

Split in AUM by investment strategy (100% = £30.6bn*)



Source: Company, as at 31 Mar 26. Totals may not sum to 100% due to rounding.

Split in AUM by client geography and client type

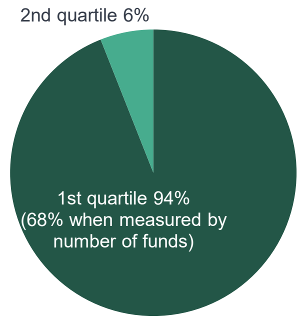


Bank	28%
Polar Investment Trusts	22%
Private Wealth Manager	16%
Asset Manager	12%
Platform	12%
Fund of Funds	4%
Family Office	2%
Other	2%
Insurance Company	2%
Pension Fund/Foundation	1%
Consultants	0.2%

Source: Company, as at 31 Mar 26. Totals may not sum to 100% due to rounding.

Impressive track record of delivering superior returns

% of UCITS funds AUM by quartile ranking* (measured since fund inception)



*Source: Company, as at 31 Mar 26. *c76% of total Polar AUM. According to Lipper peer groups/ Lipper provides performance data for homogeneous groups of funds with comparable investment objectives: lipperleaders.com*

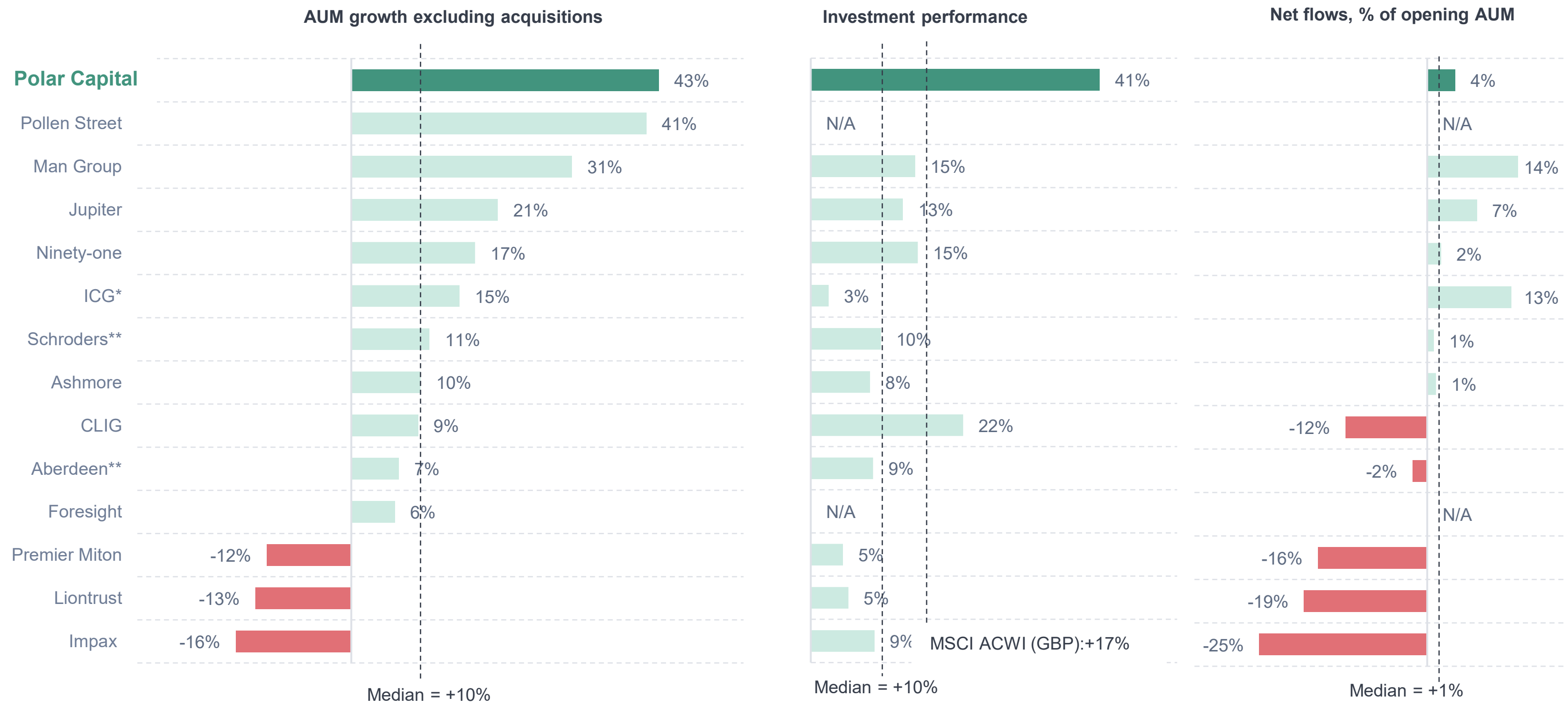
Assets under management

FY26: Sector-leading AUM growth and investment performance, solid net flows

In FY26, Polar's AUM jumped by £9.2bn (+43%) from £21.4bn to £30.6bn, **the strongest growth in the sector and more than 4x sector-median growth.**

Investment performance was the main contributor, adding +£8.8bn to AUM, or +41% of opening AUM. Markets provided a tailwind for asset managers generally, with the MSCI ACWI (GBP) up 17%, **but Polar's +41% investment return exceeded general market indexes by a huge margin and was far higher than peers** (page 6 & 7). Net flows were solid, contributing +£0.9bn to AUM or +4.2% of opening AUM (excl. fund closures of £471m), well above sector median flows of +1.2%. But Polar's annual flow rate masks a key trend. **Flows improved substantially over the course of FY26, with very strong flows continuing in Q1-27, so momentum is exceptionally strong** (see next page).

London-listed asset managers: AUM growth, investment performance and net flow rate, 12 months 1 Apr 25 – 31 Mar 26

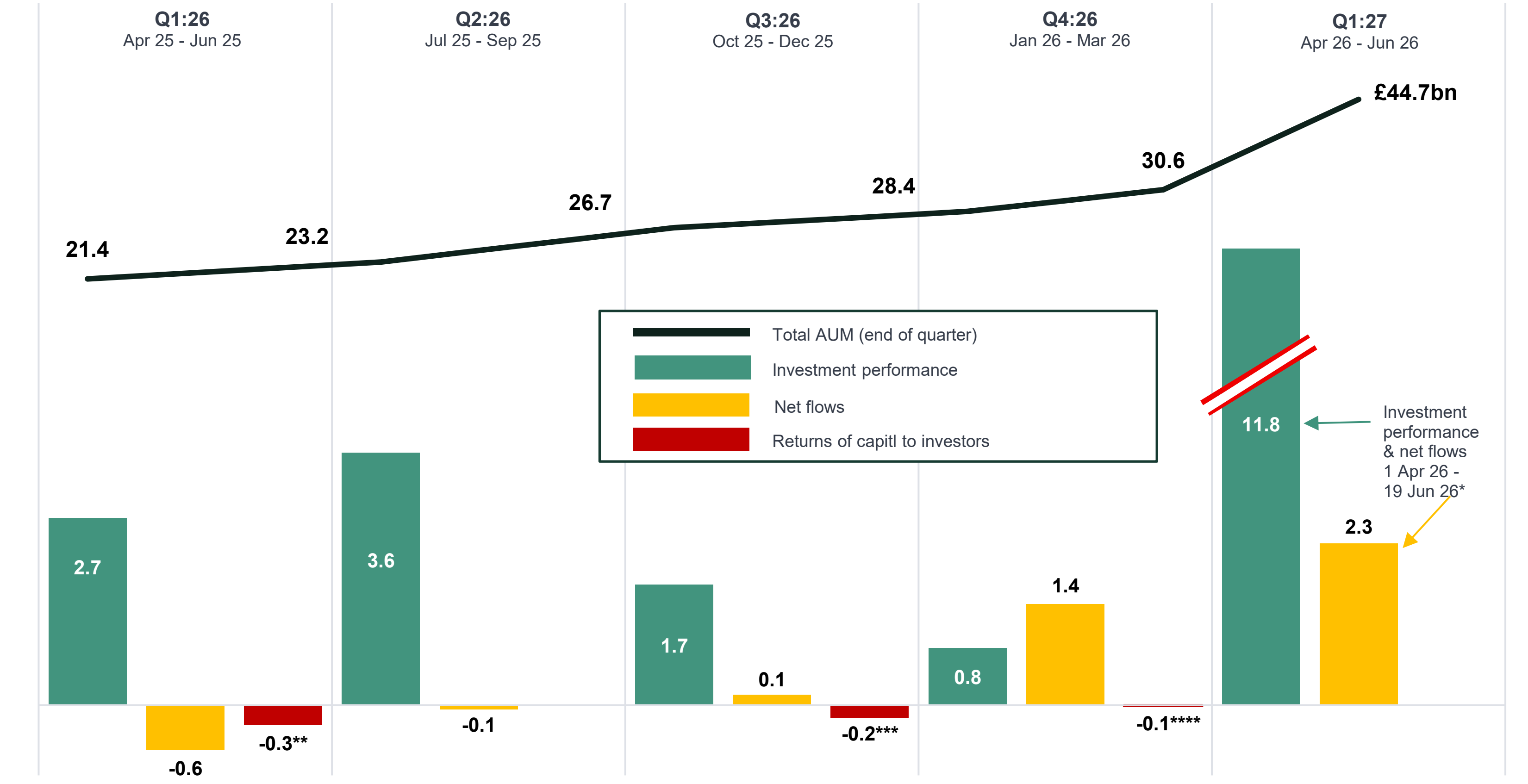


*Source: Company reports, ED analysis. *Fee earning AUM only. **Asset management units only. Note: Man Group, ICG, Ashmore and CLIG report AUM in US$.*

Q1 '27: Investment performance spikes, net flow momentum builds, AUM up 46% in 3 months

During FY26, Investment performance was strong in all four quarters, especially so in Q1 and Q2. Net flows were slightly negative in Q1 and Q2 but picked up in H2, with very strong net flows of £1.4bn in Q4. **Net flow momentum has continued into Q1 of FY27** (we estimate c. £1.3bn in April and May combined). Even more significant though, is the exceptional investment performance and net flows in Q1-27 to date (especially from technology strategies), which have contributed c. £11.8bn and c. £2.3bn to AUM respectively. These are not merely index-driven gains. For example, Polar's largest fund, the *Global Technology Fund*, returned around 60% over April and May, compared to the 37% of its benchmark, the *Dow Jones Global Technology Index*. **Polar's AUM on 19 Jun 26 was £44.7bn, up 46% in less than three months**.

Quarterly AUM moves, £bn



*Source: Company reports, ED analysis. *Part of Q1-27 to 19 Jun 26. **Return of capital to investors (£280m) from Polar Capital Financials Trust. ***Return of capital to investors (£116m) from Polar Capital Financials Trust. ****Return of funds to investors (£62m), closure of Melchior European Opportunities Fund.*

Investment performance impressive versus benchmarks over multiple time horizons

Looking at the performance of Polar's largest strategies and funds over multiple time horizons confirms that Polar's investment teams are anything but index huggers. **Its flagship technology and healthcare strategies have outperformed benchmarks (mostly by substantial margins) over short- and longer-term time horizons**. There has been some underperformance by Emerging Markets and Insurance strategies in the short and medium terms, but outperformance over the long-term. We also highlight one of Polar's smaller funds as 'one to watch' – the *Smart Energy Fund*. AUM has grown more than 4X over the last year (May 25 – May 26), from US$ 220m to US$ 951m, driven by both exceptional investment performance and strong net flows. Outperformance v benchmark is shaded green below, underperformance red.

Largest strategies performance versus benchmarks (BM) for periods ending 31 May 2026

			1 year		3 years		5 years		Since launch (cumulative)		Since launch (annualised)	
	Launch	AUM	Polar	BM	Polar	BM	Polar	BM	Polar	BM	Polar	BM
Technology strategy												
Global Technology Fund[1]	19/10/01	£15.7bn	152.4%	63.6%	267.5%	135.2%	266.0%	174.3%	3,645%	1,977%	15.9%	13.1%
Technology Trust*[1]	16/12/96	£8.6bn*	110.8%	63.8%	204.7%	135.9%	222.4%	175.7%	1,099%**	854%**	27.1%**	23.9%**
Artificial Intelligence Fund[2]	06/10/17	£3.1bn	105.4%	30.3%	175.8%	68.2%	187.6%	81.0%	383.7%	157.7%	20.0%	11.6%
Healthcare strategy												
Biotechnology Fund[3]	31/10/13	£2.5bn	67.0%	47.5%	71.8%	37.4%	83.6%	35.8%	757%	247%	18.6%	10.4%
Healthcare Opportunities Fund[4]	30/11/07	£1.3bn	24.9%	11.8%	24.3%	9.7%	45.4%	26.5%	884%	542%	13.2%	10.6%
Global Healthcare Trust*[4]	20/06/17*	£0.4bn*	20.5%	11.8%	20.3%	9.7%	47.9%	26.5%	451%	450%	20.9%	20.8%
Emerging Markets & Asia												
Emerging Market Stars Fund[5]	29/06/18	£3.5bn	54.7%	54.3%	85.8%	96.0%	31.8%	45.5%	106.2%	97.8%	9.6%	9.0%
Asian Stars Fund[5]	31/12/18	£0.4bn	61.9%	56.6%	98.9%	100.0%	45.2%	45.6%	177.7%	126.9%	14.8%	11.7%
Insurance strategy												
Global Insurance Fund[6]	16/10/98	£2.2bn	-5.5%	1.0%	29.3%	52.6%	64.6%	79.1%	1,139%	442%	9.6%	6.3%
Sustainable Thematic Equity (one to watch)												
Smart Energy Fund[7]	30/09/21	£0.7bn	134.8%	30.3%	156.4%	82.9%	N/A (launched 2021)		148%	72%	21.5%	12.3%
		£38.4bn	**(c. 90% of AUM)**									

Source: Polar Capital fund fact sheets: 31 May 2026.

All returns for GBP class I Distr. *shares except Artificial Intelligence fund (GBP Class I Acc), Emerging Market Stars & Asian Stars Fund (both USD Class I Acc), Polar Capital Technology Trust & Polar Capital Global Healthcare Trust (both change in NAV per share). *Full names = Polar Capital Technology Trust plc, Polar Capital Global Healthcare Trust plc. For these trusts, number in AUM column = Total Net Assets. **10 years, not since launch. Benchmarks: [1]Dow Jones Global Technology Net Total Return Index, [2]MSCI ACWI Net TR Index, [3]NASDAQ Biotechnology Net Total Return Index, [4]MSCI AC World Daily Total Return Net Health Care Index, [5]MSCI All Country Asia ex Japan Net Total Return Index. [6]MSCI Daily Total Return World Net Insurance Index. [7] MSCI ACWI Net TR Index*

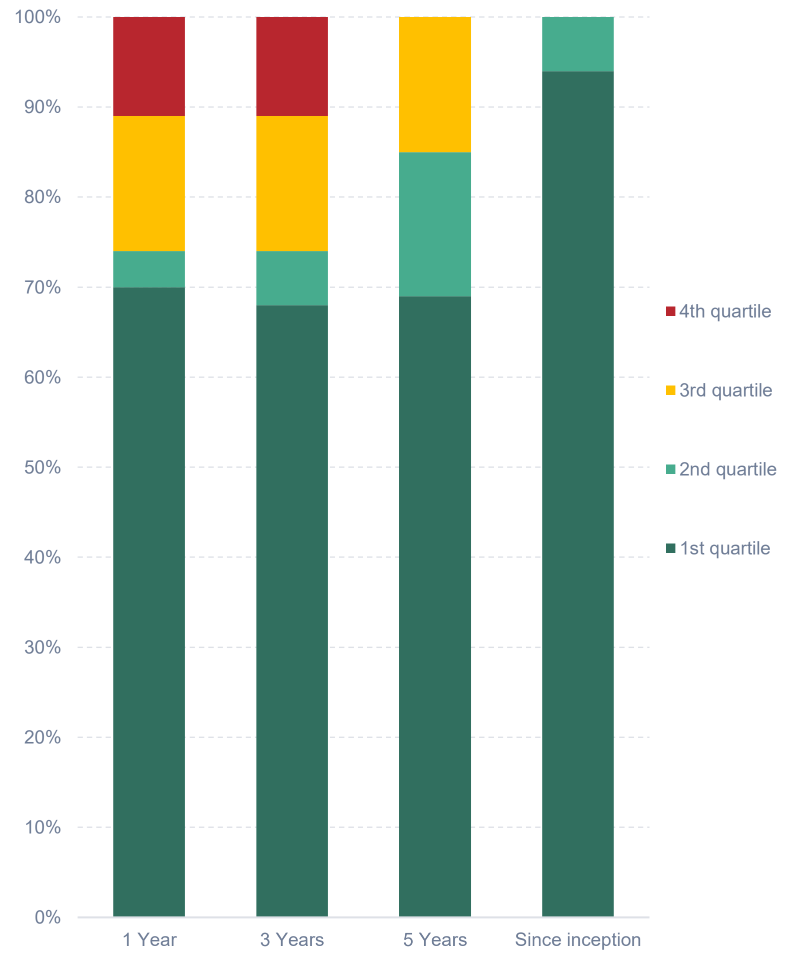
Investment performance also impressive versus peers over multiple time horizons

Top-quartile long-term performance for >90% of UCITS AUM

- For Polar Capital's UCITS fund range (around 76% of total group AUM), the proportion of AUM in each benchmark quartile is shown on the right (data as at 31 Mar 26).
- **When measured since fund-inception, 100% of Polar's total UCITS AUM is in the top two quartiles of relevant Lipper peer groups*, with c94% in the first quartile.**
- Over five years, 85% of UCITS AUM is in the top two quartiles.
- Over three years, 74% of UCITS AUM is in the top two quartiles.
- Over one year, 74% of UCITS AUM is in the top two quartiles.

*Source: Company. *Lipper provides performance data for homogeneous groups of funds with comparable investment objectives: lipperleaders.com*

% of UCITS funds AUM by quartile ranking



*Source: Company, as at 31 Mar 26. *c76% of total Polar AUM.*

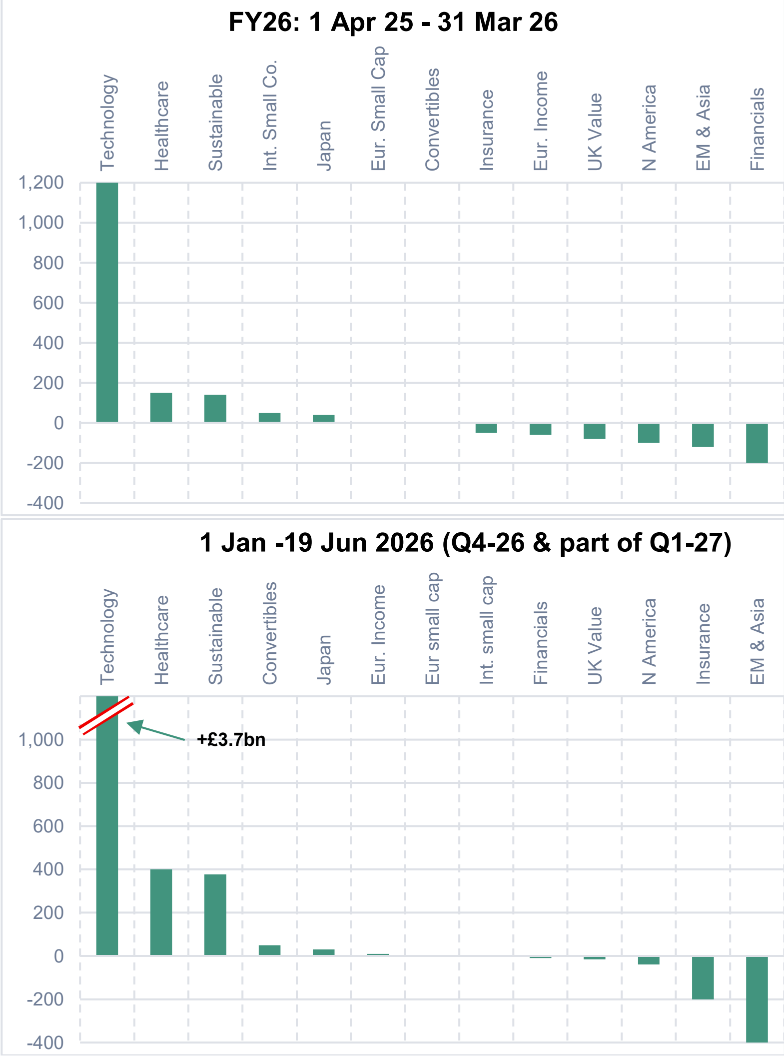
Exceptional investment performance by technology strategies has attracted strong flows

Tech, healthcare, sustainable flows strong, EM & insurance out of favour

- Polar's Technology strategies dominated net flows in FY26, with over £1bn of net flows (top chart). Flows were also strong for healthcare and (especially given its size) Sustainable Thematic (Smart Energy) strategies. Japan and International Small Companies recorded small positive net flows.
- Other strategies recorded net outflows over FY26: Financials, North America, European ex-UK Income, UK Value, Insurance, and Emerging Market Stars.
- But the above annual flows mask changes that occurred during FY26 and obviously don't include post-Mar 26 flows. So, a more recent picture of flow trends is presented in the bottom chart which shows estimated net flows by strategy for the first five months of calendar-2026. Most significantly:
    - **Technology funds have continued to attract significant capital**, with net flows of nearly £4bn over 5 months.
    - Demand for Healthcare and Sustainable Thematic funds has continued, with **flows for Sustainable Thematic particularly impressive** considering it only had c. £260m of AUM at the start of the year **and** has since attracted nearly £400m of net flows.
    - EM Stars, Insurance and North American strategies remain out of favour and continue to see redemptions.

Source: Company. ED analysis.

Net flows by strategy



Source: Company. ED analysis. Bottom chart flows estimated from 22 fund fact sheets, 31 May 26.

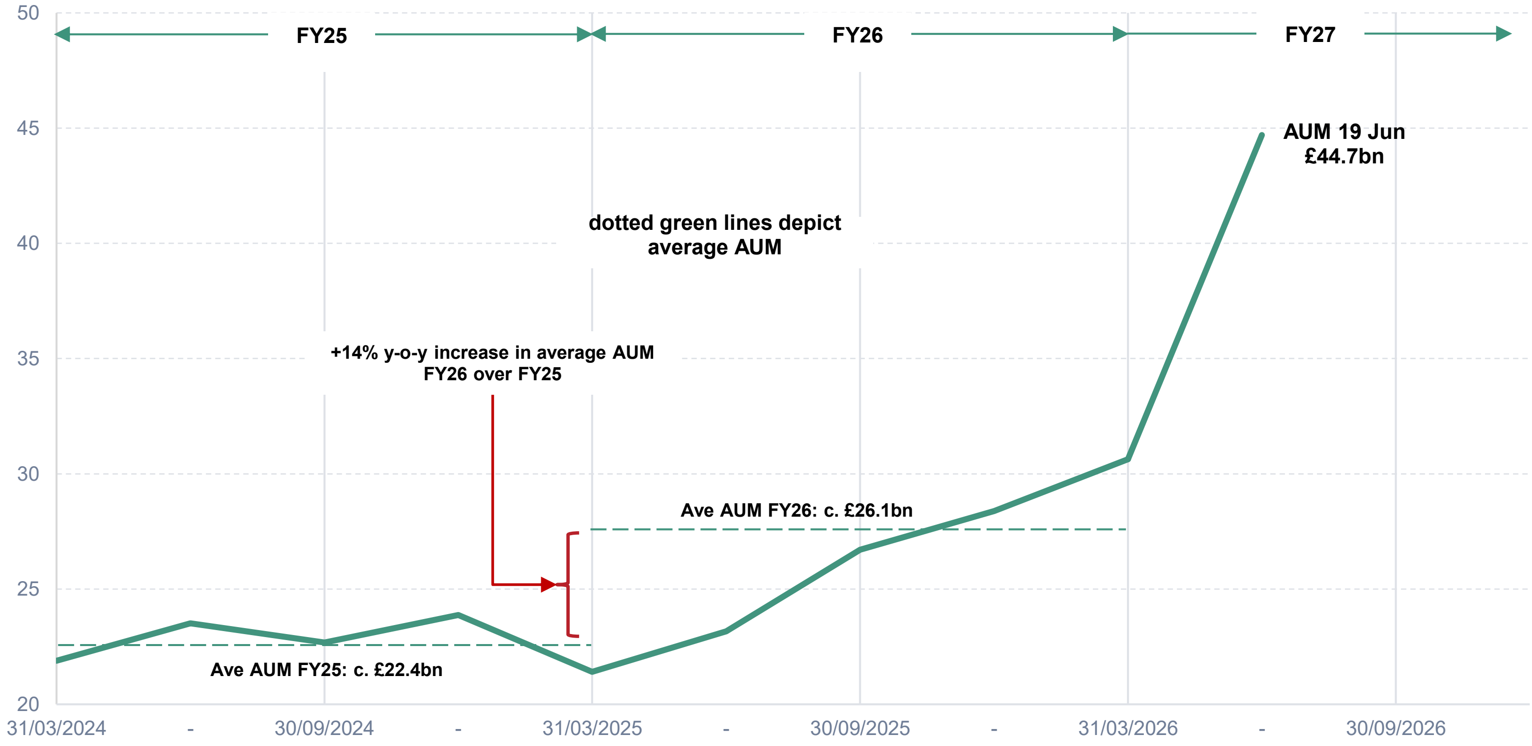
Analysis of FY26 financials

Average AUM up 14% y-o-y with strong start to FY27 setting up another potential jump

Average AUM is the main driver of Polar's largest source of revenue, investment management (IM) fees. So, it's important to understand AUM development and AUM averages. This is presented in the chart below. AUM grew steadily over FY26, with average AUM up c. 14%.

However, the obvious standout feature of the chart below is the jump in AUM in early-FY27. With such a strong move so early in the year, Polar is poised for another leap in average AUM over FY27, barring a fairly dramatic market pullback. **This early-FY27 AUM move is primarily responsible for us revising our forecast FY27 average AUM and revenue upwards. We now forecast FY27 revenue to be £348m, 32% higher than the £264m of FY26.**

AUM profile, £bn



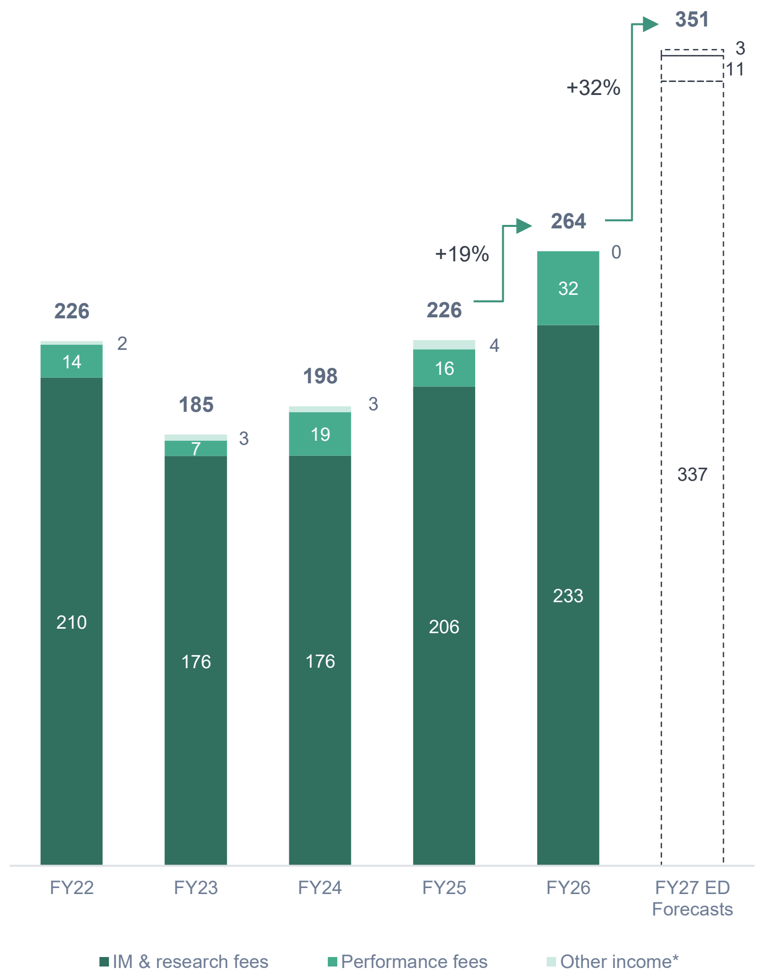
Source: Company reports, ED analysis

Revenue up 19% y-o-y, FY27 revenue is forecast to increase 32% y-o-y

Jump in average AUM + performance fees boost FY26 revenue

- Gross income increased 17% y-o-y from £226.1m in FY25 to £264.4m in FY26. Net income (gross income less commissions and fees payable) increased 15% from £198.3m to £228.8m.
- Investment management and research fees (IM fees) were up 13% from £206.1m in FY25 to £232.6m. This was slightly below average AUM growth (see previous page) due to net management fee yield falling from 78bps to 76bps, as expected.
- Gross performance fees were just under double the FY25 level (£31.7m v. £16.0m).
- Other income* (mainly interest income and gains/losses on investments) was down from £4.0m in FY25 to £0.1m in FY26. Mark to market losses on seed and other investments largely offset interest income.
- The chart on the right shows that **we are forecasting a substantial jump (+45%) in IM fees in FY27,** driven mainly by the likely jump in average AUM levels as discussed on the previous page.
- We make what we believe is a conservative forecast of performance fees (substantially lower than the average of the last few years) but note that there is, however, no guarantee that any performance fees will be earned.

Revenue breakdown: history & forecast, £m



Source: Company reports
**Other income = interest income; gains/losses on seed capital investments, financial assets and liabilities; gains/losses on forward currency contracts; and investment income.*

Core operating profit up 11%, forecast to jump 90% in FY27

Core profits up 11% on revenue pick-up, limited cost rises

- **Core operating profit increased 11% y-o-y from £56.7m to £62.8m, mostly because of increased average AUM and IM-fees, with costs increasing at a slightly lower rate.** This is *profit before performance fee profits, other income, exceptional items and tax* – it presents a measure of the Group's profitability excluding investment-performance-related profits and other components which may be volatile, non-recurring or non-cash in nature (therefore it is mostly a function of growth and operating efficiency).
- Core operating costs were up 10% from £121.4m to £133.9m [these are made up of **core distributions** (variable compensation paid to investment teams from management fee revenue) and **other core operating costs** (other staff costs, office and administrative costs etc).
- As a result, core operating margin increased slightly from 31.8% to 31.9%.
- **Note that because of the forecast AUM and revenue increase for FY27, and with cost growth likely to be far below revenue growth, we forecast FY27 core operating profit to increase by c. 90% to £119.4m and core operating margin to increase to c. 41%.**
- Polar's IFRS operating costs totalled £151.6m (up 3.5% from £146.5m in FY25), £17.7m above core operating costs with the main differences being:
  - Performance fee staff interests: £15.6m
  - Share-based payments on preference shares: £1.8m

Breakdown of operating costs with y-o-y comparison

	FY26	FY25	
Staff compensation costs			
Salaries, bonuses & other staff costs[1]	41.9	39.6	+6%
Core distributions[2]	58.9	50.6	+16%
Share-based payments[3]	5.9	5.0	+18%
Performance fee interests	15.6	8.1	+93%
Total	**122.3**	**103.3**	**+18%**
Other operating costs			
IT	7.8	7.7	+1%
Rent & rates	5.1	5.1	0%
Professional fees	2.9	2.2	+32%
Research & Corporate access	3.6	4.1	-12%
Travel & entertainment	2.5	2.5	0%
Other	7.4	6.8	+9%
Total	**29.3**	**28.4**	**+3%**
Exceptional items			
Impairment of goodwill - Dalton	-	13.6	
Amortisation of intangibles - Dalton	-	1.2	
Total	**-**	**14.8**	
Total operating costs	**151.6**	**146.5**	**+3%**

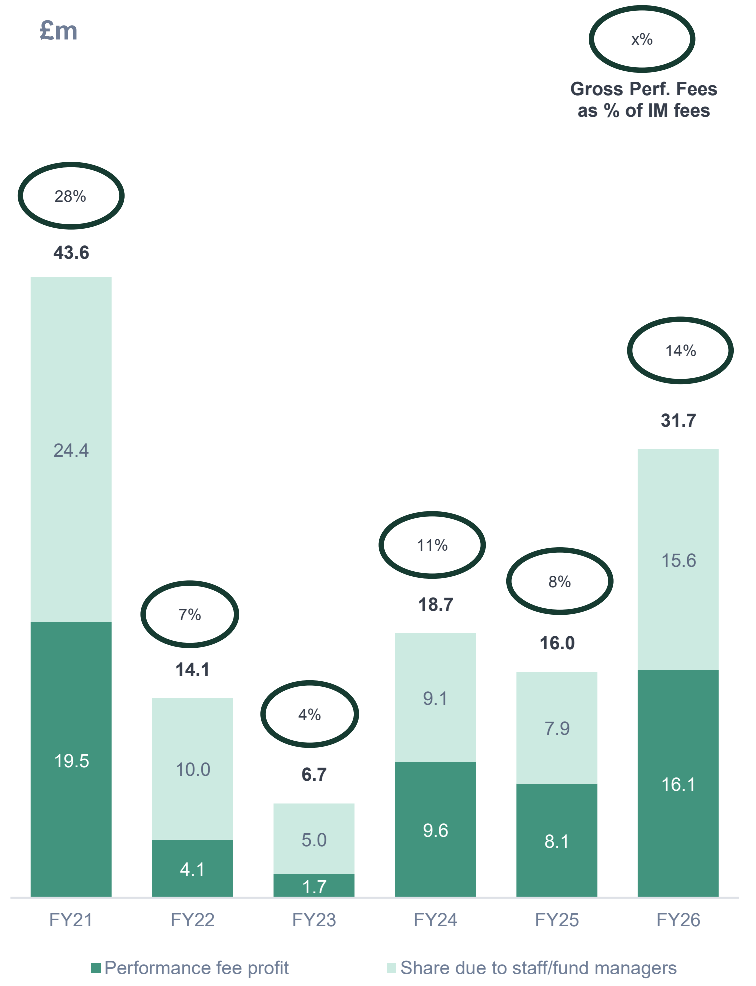
Source: Company
1. Including share awards under deferment plan of £1.0m (FY25: £0.8m)
2. Including share awards under deferment plan of £0.8m (FY25: £1.2m)
3. Share-based payments on preference shares of £1.8m (FY25: £1.9m), LTIPs of £3.3m (FY25: £2.4m) and equity incentive plan of £0.8m (FY25: £0.7m).

IFRS profits boosted by strong performance fees, PBT +49%

Net performance fees £16.1m

- The main differences between core and IFRS profits are: 1) performance fees; 2) 'other income' (primarily interest income, gains/(losses) on financial assets and liabilities, gains/(losses) on forward currency contracts, and investment income.); and 3) exceptional items (none in FY26).
- Performance fees (gross) were just less than doubled y-o-y: £31.7m in FY26 v £16.0m in FY25. Net performance fees (after staff interests) increased from £8.1m to £16.1m.
- It is worth stressing the volatility of performance fees, and hence statutory earnings compared to core earnings. We have illustrated this on the right.
- 'Other income' (not included in the core profit calculation) was £0.1m (FY25: £4.0m), which was mainly interest income of £1.9m, offset by fair value losses.
- The y-o-y increase in performance fees was primarily responsible for statutory profit before tax increasing more than core operating profit. **PBT was up 49% from £51.6m in FY25 to £76.9m in FY26**. Profit after tax increased by 66% from £35.3m to £58.7m, with the percentage increase higher than PBT because of a lower effective tax rate (23.6% in FY26 v. 31.6% in FY25. The FY25 rate was abnormally high mostly due to the disallowed expenditure of impairment of goodwill).
- Basic EPS increased by 66% to 60.6p (FY25: 36.6p), diluted basic EPS by 64% to 59.2p (FY25: 36.1p), while adjusted diluted core EPS increased 8% y-o-y to 46.4p (FY25: 43.0p – re-stated).

Performance fees increased volatility of statutory earnings



Source: Company historic data

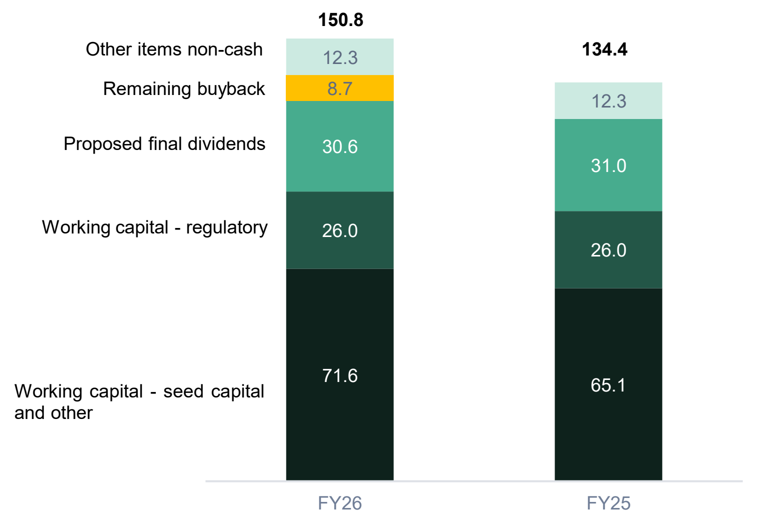
Balance sheet and cash flow robust, net cash £151m, no borrowings

Balance sheet robust with cash making up 17% of Polar's market cap

- Polar maintains its exceptionally strong balance sheet, with net assets up 12% from £134.4m to £150.8m.
- **Cash and equivalents were up by 24% from £121.8m to £151.0**, with the bulk of the movement as a result of: +£72m from operating activities (after tax) and -£44.5m paid in dividends.
- Polar has **no borrowings**.
- Polar considers capital in terms of four main categories: 1) capital used to seed new investment products, 2) a buffer for times of uncertainty, 3) to pay dividends, and 4) to fund the EBT to buy shares to reduce the dilutive effects of LTIP and option awards. The current and annual change of these is shown on the right.
- On 31 Mar 26 £26.0m of the Group's balance sheet (FY24 £37.3m) was invested to seed fledgling funds.

Source: Company

Capital allocation, £m



Source: Company

Regulatory capital position

- The Group produces a 'surplus capital' report which takes account of capital commitments and minimum levels of regulatory capital to illustrate the capital available to pursue growth opportunities, such as seeding new investment products or acquisitions.
- **Polar's surplus capital grew to £71.6m at the end of FY26 (FY25: £65.1m)**. This is the surplus over and above its regulatory capital minimum of £26m and its Jul 26 dividend commitment of £30.6m.

Source: Company

Summary capital surplus position

	Year to Mar 26	Year to Mar 25
Capital after regulatory deductions	**£136.9**	**£122.1**
Less: dividend provision	(£30.6)	(£31.0)
	£97.6m	**£91.1m**
Regulatory capital requirement	(£26.0m)	(£26.0m)
Surplus capital	**£71.6m**	**£65.1m**

Source: Company

Dividend 46.0p per share yields 5%, share buyback of £15m underway

Dividend flat at 46.0p, revised policy

- Polar has revised its dividend and capital allocation policy as follows: *"In normal circumstances, the Group expects to return at least 50% of adjusted core profits to shareholders through an ordinary dividend, paid on a half-yearly basis. The first interim dividend, paid in January each year, will, in normal circumstances, be 50% of the first half's core profits. The Group aims to grow returns to shareholders over time through a combination of dividends and share repurchases."*
- The previous dividend policy was to pay an annual dividend within a range of 55% and 85% of adjusted total earnings, dependent on the scale of performance fees in the relevant year and the anticipated trading conditions for the following year.
- Its total dividend for the year is unchanged at 46.0p. Polar has stated that it does not anticipate the total FY27 dividend to be less than 46p, based on the current estimate of FY27 earnings.
- Polar is also nearing completion of a £15m share buyback programme which incepted in Jan 26. This is likely to have retired c. 1.8% of the share capital once complete.

Historic and proposed dividends, pence per share

Source: Company historic data

Updated forecasts and valuation

Updated forecasts

- In Apr 26 following Polar's strong Q4 AUM update we made significant upwards adjustments to our FY26 and outer year forecasts. FY26 actuals are slightly above those updated forecasts.
- **However, Polar's exceptional start to FY27 leads us to make further significant upgrades to our FY27 and outer year forecasts. Details of the changes to FY27 forecasts are shown below, with our updated outer year forecasts shown overleaf.**

Performance vs forecast / changes to forecasts

Year to 31 Mar (£m)	FY26 Actual	FY26 Forecast	above/below forecast	FY27E Revised	FY27E Old	Change
AUM (£bn)	30.6	30.6	0%	46.9	31.9	47%
Rev	264.3	258.2	2%	348.4	263.8	32%
Management fees	232.6	221.8	5%	337.4	253.6	33%
Performance fees	31.7	36.4	-13%	11.0	10.3	7%
PBT	76.9	75.6	2%	128.1	81.9	56%
Core operating profit	62.8	61.8	2%	119.4	77.0	55%
Performance fee profit	16.1	16.0	1%	4.8	4.5	7%
EPS basic (p)	60.6	56.3	8%	97.7	61.8	58%
EPS adjusted diluted (p)	57.8	57.8	0%	94.3	63.2	49%
PER	14.7	15.8		9.1	14.4	
Div (p)	46.0	46.0	0%	46.0	54.4*	-15%*
Yield	5.2%	5.2%		5.2%	6.1%	
Net assets	150.8	150.6	0%	187.3	169.7	10%
Net cash	151.0	134.2	13%	205.1	155.0	32%

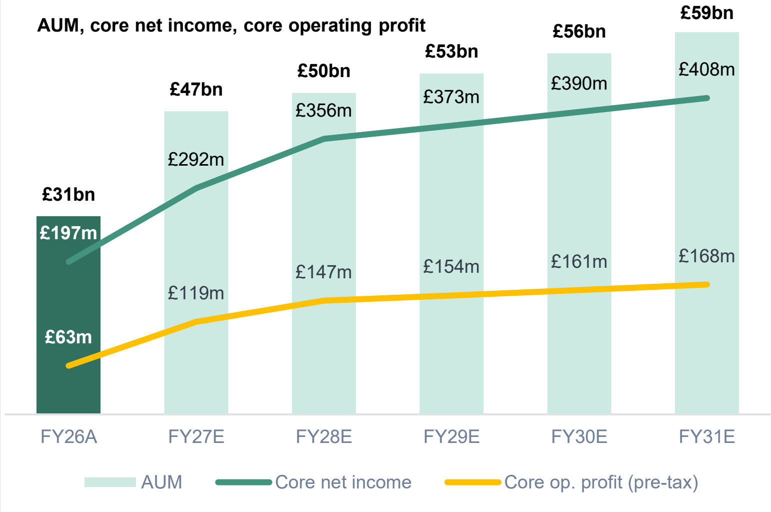
*Source: Equity Development, Priced at 30/06/2026. *Previous ED forecast was at the top end of the previous policy range and higher than consensus.*

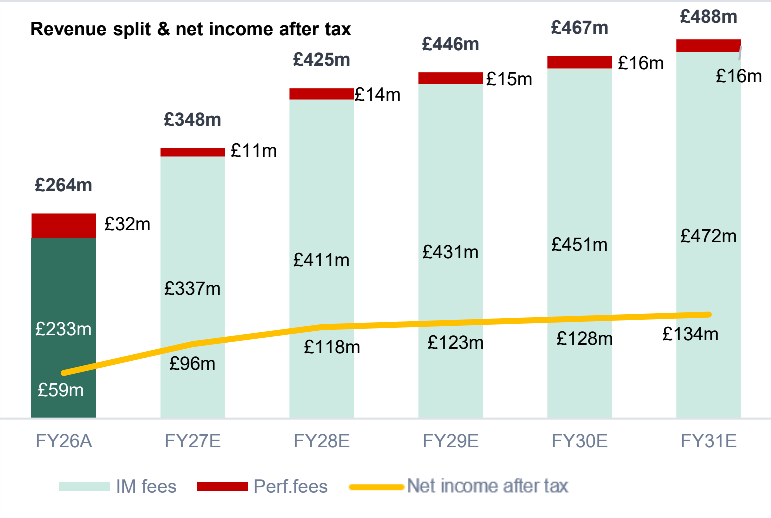
Fundamental Valuation of 1,250p / share

Underlying assumptions of fundamental valuation

- Our fundamental valuation uses a discounted cash flow methodology which is underpinned by a 5-year explicit growth forecast. This assumes:
- AUM grows another 5% in FY27 and 6% p.a. thereafter, more specifically:
  - FY27 AUM grows from the current £44.7bn to £46.9bn by 31 Mar 28.
  - Net flows of +£500m are assumed for FY28-FY31 (+£2.3bn FY27-to-date, +£902m FY26, +£123m FY25, -£1,613m FY24).
  - Investment returns contribute 5% p.a. to AUM.
- Revenue grows at c.32% in FY27 and by 22% in FY28 (boosted by the forecast strong growth in FY27 and the consequential boost to average AUM in FY28), and at around 4.5% - 5.0% thereafter (slightly lower than AUM growth as we assume some price erosion and lower than historic performance fees as a proportion of AUM or fees - in red in lower chart on right. Historic performance fees: FY21: £44m; FY22: £14m; FY23: £7m; FY24: £19m; FY25: £16m; FY26: £32m).
- Core operating margin jumps in FY27 to c. 41% on the huge increase forecast in FY27 AUM and remains at roughly that level.
- For the terminal value of our DCF we assume that Polar is acquired at the end of the 5-year explicit forecast period at a PER of 15 (probably conservative (see overleaf).
- **All cash flows are discounted at a rate of 14%, which produces a fundamental valuation of 1,250 pence per share, 40% above the current share price (as at 30 Jun 26).**

Summary 5Y growth forecasts





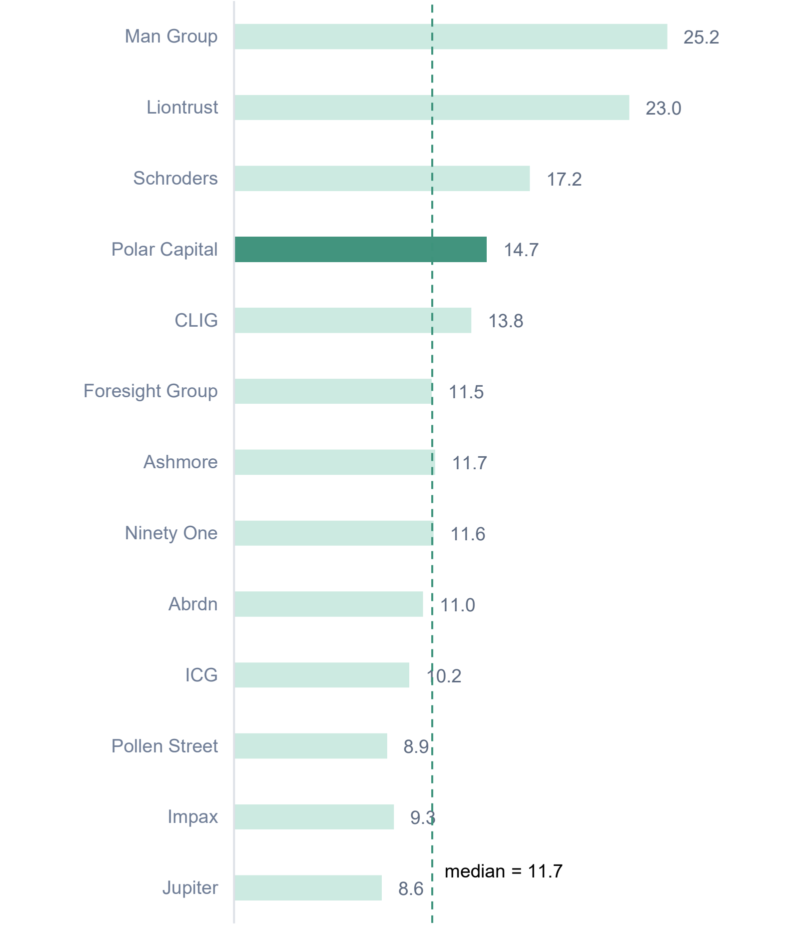
Source: Company historic data, ED forecasts and analysis

Peer comparator valuations

PER premium looks low given strong performance & position

- Given its far superior AUM growth rate compared to most peers, its robust net flows, niche strategic positioning, strong profit margins, and strong balance sheet (£151m net cash and no debt), **we would expect Polar to trade at a significant premium to peers** – it is in our view fair to say Polar should command the highest PER in the sector.
- But Polar only trades at a PER of 14.7, compared to a sector-median of 11.7 and a sector-high PER of around 25. This seems strange to us and supports the large gap between the share price and our fundamental valuation (see previous page).
- We see potential for the share price to adjust if Polar's shares are indeed viewed as meriting a higher premium rating.

PER peer group comparison



Source: London Stock Exchange, company announcements. PERs based on share prices as at 30 Jun 26 and latest available basic EPS on Trailing Twelve Months (TTM) basis on that date. Premier Miton not included as statutory earnings loss in latest half-year heavily distorts PER.

Summary financials

Income statement

Year to 31 Mar (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue	195.1	222.1	264.3	348.4	425.4
Other Income	2.5	4.0	0.1	2.6	2.6
Gross Income	**197.6**	**226.1**	**264.4**	**351.0**	**428.0**
Commissions and fees payable	(22.7)	(27.8)	(35.7)	(45.6)	(55.5)
Net Income	174.9	198.3	228.7	305.5	372.5
Operating Costs	(120.0)	(146.5)	(151.6)	(177.3)	(215.4)
Profit for the year before tax	**54.7**	**51.6**	**76.9**	**128.1**	**156.9**
Taxation	(13.9)	(16.3)	(18.2)	(32.0)	(39.2)
Profit attributable to ordinary shareholders	**40.8**	**35.3**	**58.7**	**96.0**	**117.6**
Adjusted Profit					
Add exceptional items, acquisition related costs	-	-	-	-	-
Add exceptional items, amortisation of intangible assets	1.2	1.2	-	-	-
Add exceptional items, impairment of intangible assets	-	13.6	-	-	-
Add cost of share-based payments on preference shares	0.7	1.9	1.8	1.9	1.9
Add exceptional items - FV charge on def cons on acquisition	-	-	-	-	-
Less net amount of deferred staff rem	0.3	0.3	(3.1)	(3.1)	(3.1)
Adjusted Profit After Tax	**43.0**	**52.3**	**57.3**	**94.9**	**116.5**
Basic EPS, p	42.3	36.6	60.6	97.7	118.0
Diluted EPS, p	41.8	36.1	59.2	95.4	115.2
Basic adjusted EPS, p	44.6	54.2	59.2	96.5	116.8
Diluted adjusted EPS, p	44.0	53.5	57.8	94.3	114.1
Core operating profit					
Management fees	176.4	206.1	232.6	337.4	411.0
Commissions and fees payable	(22.7)	(27.8)	(35.7)	(45.6)	(55.5)
Net management fees	153.7	178.4	196.9	291.9	355.6
Profit/(loss) on foreign currency contracts	-	-	-	-	-
Core operating costs	(108.7)	(121.4)	(133.9)	(172.3)	(208.6)
Finance costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Core operating profits (before tax)	**44.8**	**56.7**	**62.8**	**119.4**	**146.8**

Source: Company data, Equity Development.

Balance sheet

Year to 31 Mar (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
Non-current assets					
Goodwill and intangible assets	14.8	-	-	-	-
Property & equipment	8.3	6.1	3.9	4.0	4.2
Deferred tax assets	1.9	4.3	5.7	5.7	5.7
Sub-total NCAs	**25.0**	**10.4**	**9.6**	**9.7**	**9.8**
Current assets					
Assets at fair value through P&L	62.4	63.3	57.5	57.5	57.5
Trade & other receivables	21.1	22.9	29.8	39.3	48.0
Other financial assets	3.4	1.5	-	-	-
Assets at amortised cost	6.7	-	-	-	-
Cash & cash equivalents	98.9	121.8	151.0	205.1	298.9
Current tax assets	0.1	0.1	0.2	0.2	0.2
Sub-total CAs	**192.6**	**209.7**	**238.5**	**302.1**	**404.6**
TOTAL ASSETS	**217.6**	**220.1**	**248.1**	**311.8**	**414.4**
Current Liabilities					
Liabilities at fair value through P&L	5.4	5.8	4.3	4.3	4.3
Trade & other payables	64.1	71.2	85.5	112.8	137.7
Provisions	0.2	-	-	-	-
Other financial liabilities	0.0	-	3.0	3.0	3.0
Current tax liabilities	4.1	3.5	1.5	1.5	1.5
Sub-total CLs	**73.9**	**80.5**	**94.4**	**121.6**	**146.5**
Non-current Liabilities					
Provisions & other liabilities	7.5	5.1	2.9	2.9	2.9
Liabilities at fair value through P&L	0.2	0.1	-	-	-
Deferred tax liabilities	-	-	-	-	-
Sub-total NCLs	**7.8**	**5.2**	**2.9**	**2.9**	**2.9**
TOTAL LIABILITIES	**81.7**	**85.7**	**97.3**	**124.5**	**149.4**
NET ASSETS	**135.9**	**134.4**	**150.8**	**187.3**	**265.0**
Capital & Reserves					
Issued share capital	2.5	2.5	2.5	2.5	2.5
Share premium	19.4	19.4	19.4	19.4	19.4
Investment in own shares	(34.7)	(29.7)	(27.1)	(27.1)	(27.1)
Capital & other reserves	12.0	12.3	14.0	14.0	14.0
Retained Earnings	136.6	130.0	142.1	178.6	256.3
TOTAL EQUITY	**135.9**	**134.4**	**150.8**	**187.3**	**265.0**

Source: Company data, Equity Development

Cash flow statement (page 1 of 2)

Year to 31 Mar (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
Operating activities					
Profit before taxation	**54.7**	**51.6**	**76.9**	**128.1**	**156.9**
Adjustment for:					
Interest receivable and similar income	(2.3)	(2.7)	(1.9)	(2.1)	(2.1)
Investment income	(0.4)	(0.3)	(1.1)	(0.5)	(0.5)
Interest on lease	0.2	0.2	0.2	0.2	0.2
Depreciation on property & equipment	2.5	2.5	2.5	2.5	2.5
Revaluation of liability at FVTPL	-	-	-	-	-
Amortisation & impairment of intangible assets	1.2	14.8	-	-	-
Decr/(Incr) in fair value of inv securities	-	-	-	-	-
Decr/(incr) in fair value of assets at FVTPL	2.9	(1.8)	(3.8)	-	-
(Decr)/incr in other financial liabilities	0.2	1.6	5.8	-	-
incr in other financial assets	-	-	-	-	-
Decr/(incr) in receivables	(1.5)	(1.8)	(6.9)	(9.5)	(8.7)
(Decr)/incr in trade and other payables	(7.1)	5.7	14.4	27.2	24.9
Share-based payment charges	5.1	7.0	7.7	10.0	12.1
Incr/(decr) in liabilities at FVTPL	(2.2)	0.1	1.3	-	-
Release of fund units deferred rem	(1.2)	3.8	(3.9)	-	-
Other non-cash items	-	-	-	-	-
Cash generated from operations	**52.0**	**80.7**	**91.0**	**155.8**	**185.2**
Corporation tax paid	(12.4)	(19.4)	(20.3)	(32.0)	(39.2)
Interest on lease	-	-	-	-	-
Interest received	2.3	2.7	1.9	2.1	2.1
Net cash from operating activities	**41.9**	**64.0**	**72.6**	**125.9**	**148.1**

Source: Company data, Equity Development

Cash flow statement (page 2 of 2)

Year to 31 Mar (£m)	FY24A	FY25A	FY26A	FY27E	FY28E
Investing activities					
Interest received	-	-	-	-	-
Investment income received	0.4	0.3	1.1	0.5	0.5
Sale of investment securities	56.1	44.0	75.9	-	-
Purchase of investment securities	-	-	-	-	-
Sale of assets at FV through P&L	-	-	-	-	-
Purchase of assets at FV through P&L	(36.4)	(46.9)	(53.5)	-	-
Purchase of assets at amortised cost	(6.7)	6.7	-	-	-
Purchase of property and equipment	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Sale of property and equipment	-	0.0	-	-	1.0
Cash introduced via business combination	-	-	-	-	-
Payments in respect of business combination	-	-	-	-	-
Payments in respect of asset acquisition	(0.1)	(0.0)	(0.0)	-	-
Cash from disposal of cons seed investments	-	-	(11.2)	-	-
Net cash used in investing activities	**13.1**	**3.9**	**12.2**	**0.3**	**1.3**
Financing activities					
Dividends paid to shareholders	(44.3)	(44.4)	(44.5)	(60.8)	(52.0)
Lease payments	(1.7)	(1.5)	(2.4)	(2.4)	(2.4)
Interest on lease	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Issue of shares	-	-	-	-	-
Purchase of own shares	(8.2)	0.4	(7.2)	(8.7)	-
3rd party subs into cons funds	5.0	1.4	3.7	-	-
3rd party redemptions from consolidated funds	(13.4)	(1.1)	(5.2)	-	-
Dividends paid to 3rd party interests	-	-	-	-	-
Net cash from /(used in) financing activities	**(62.9)**	**(45.4)**	**(55.7)**	**(72.1)**	**(54.6)**
Net (decr)/incr in cash & equivalents	**(7.9)**	**22.5**	**29.0**	**54.1**	**93.8**
Cash & equivalents beginning of year	107.0	98.9	121.8	151.0	205.1
Effect of forex rate changes	(0.2)	0.4	0.1	-	-
Cash & equivalents at end of year	**98.9**	**121.8**	**151.0**	**205.1**	**298.9**

Source: Company data, Equity Development

Contacts

Andy Edmond
Direct: 020 7065 2691
Tel: 020 7065 2690
andy@equitydevelopment.co.uk

Hannah Crowe
Direct: 0207 065 2692
Tel: 0207 065 2690
hannah@equitydevelopment.co.uk

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