Polar Capital Holdings

Bumper Q4 net inflows defy broader market outflows

13 April 2026

Polar delivered an exceptional Q4-26 (Jan – Mar 26) with net inflows of +£1.44bn, following positive net flows of +£0.15bn in Q3. This stands in stark contrast to equity funds more generally, and active equity funds especially, which suffered heavy outflows in both quarters (page 2). At the end of Q3, Polar flagged improved client engagement and a strengthening new business pipeline. Clearly, this is now translating into stronger flows.

Despite market falls in March, quarterly investment performance was strong: +£816m (+3% of AUM). AUM ended FY26 at £30.6bn, up 43% y-o-y, well above our previous forecast of £28.4bn. Consequently, FY26 investment management fees will certainly exceed our previous forecast (upgraded from £216.2m to £221.8m), as will core profits (upgraded from £58.4m to £61.8m).

Polar reported net inflows during the quarter were broad-based with flows into Technology, Healthcare and Smart Energy strategies especially strong. The Global Technology Fund recorded +£722m of net flows and the Artificial Intelligence fund +£575m. Healthcare, Emerging Market Stars, Japan Value and Global Absolute Return funds also delivered positive net flows. Net outflows were recorded in the North American (-£97m), Global Insurance (-£85m) and Asian Stars (-£55m) funds.

Iran war makes for cautious short-term outlook, hurts seed investments

The Iran war saw investor nerves ratchet up in March. It weakened flows towards the end of Q4 and increased uncertainty on near-term flows. We err on the side of caution and maintain our previous forecast of +£500m of net flows for FY27. The fallout also hurt the M-T-M valuation of the *Global Absolute Return* seed investment, while low exposure to technology and energy hurt the *International Small Company* seed valuation. We now estimate 'other income' will be c. zero (previously £5.8m). This results in our FY26 PBT estimate reducing from £77.9m to £75.6m, but FY27 rises to £81.9m.

Fundamental valuation raised to 750p, PER looks too low versus peers

Despite the above, **FY27 starts on a higher AUM level than previously forecast - this is the primary driver of Polar's revenue and profits**. This increases our FY27 and outer year forecasts (page 3) and **our fundamental valuation rises from 675p to 750p per share**. Also, given its outperformance, we believe a PER of 15.6 does not reflect a sufficient premium over peers (page 4).

Key financials & valuation metrics

Year to 31 Mar (£m)	FY23A	FY24A	FY25A	FY26E	FY27E
AUM (£bn)	19.2	21.9	21.4	30.6	31.9
Rev	182.9	195.1	222.1	258.2	263.8
Management fees	176.2	176.4	206.1	221.8	253.6
Performance fees	6.7	18.7	16.0	36.4	10.3
PBT	45.2	54.7	51.6	75.6	81.9
Core operating profit	47.9	44.8	56.7	61.8	77.0
Performance fee profit	1.7	9.6	8.1	16.0	4.5
EPS basic (p)	36.8	42.3	36.6	56.3	61.8
EPS adjusted diluted (p)	44.3	44.0	53.5	57.8	63.2
PER	18.0	15.6	18.1	11.7	10.7
Div (p)	46.0	46.0	46.0	46.0	54.4
Yield	7.0%	7.0%	7.0%	7.0%	8.2%
Net assets	142.9	135.9	134.4	150.6	169.7
Net cash	107.0	98.9	121.8	134.2	155.0

*Source: Company data, Equity Development, priced at 10/04/26 *FY26 AUM is actual, not estimate*

Company data

EPIC	POLR.L
Price (last close)	635p
52 weeks Hi/Lo	654p/361p
Market cap	£665m
ED Fair Value / share	750p
Net cash** 2025A	£122m
Avg. daily volume (3m)	286k

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
- Global Financials

AUM 31 Mar 26: £30.6bn

Next event

FY26 results 1 July 2026

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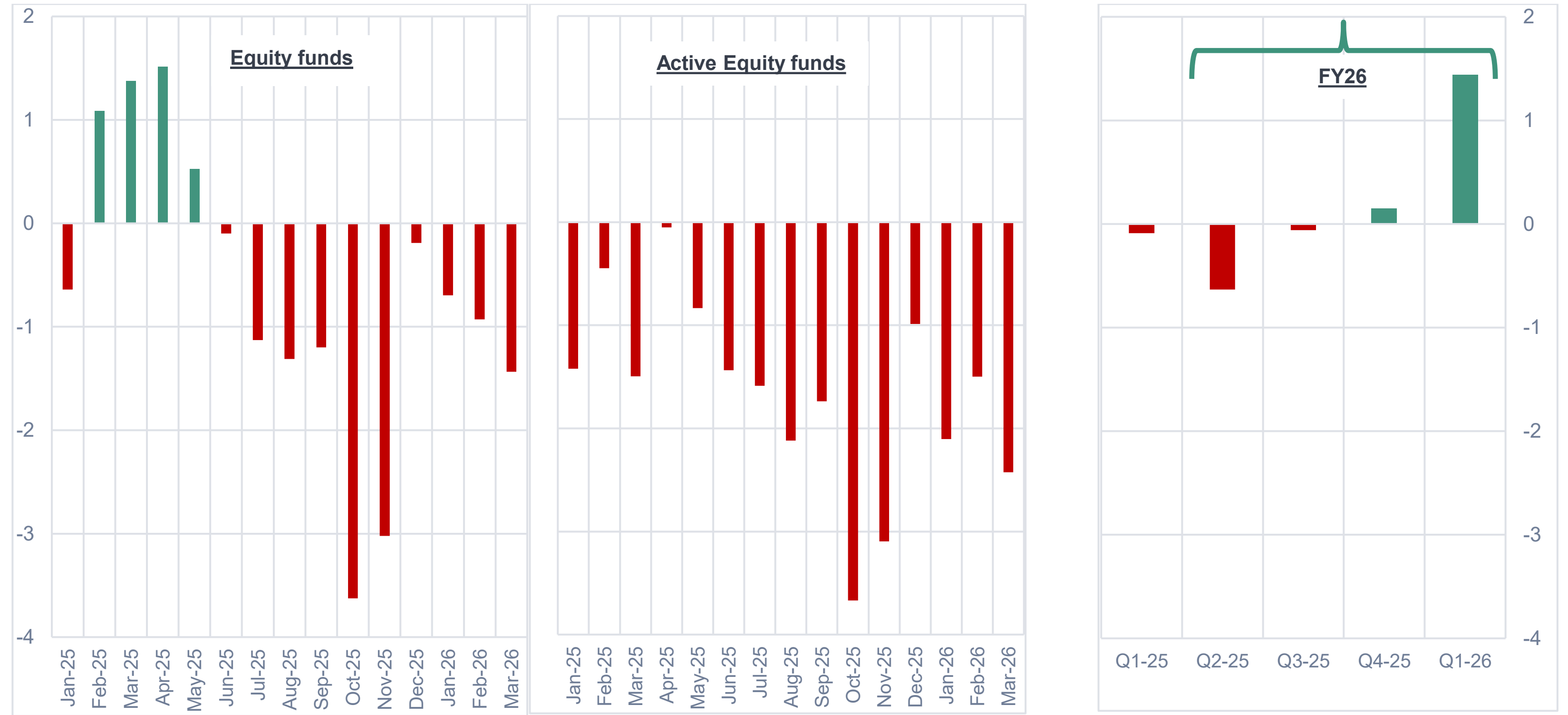
Heavy outflows continue for equity funds generally, but Polar has bucked the trend

Market fund flow statistics from Calastone show that calendar Q1 of 2026 continued the heavy outflows from UK-domiciled equity funds seen in Q3 and Q4 of 2025. Calastone said: *"The war in the Middle East drove a sharp increase in outflows from equity funds in March… Outflows surged to £1.44bn (up from £927m in February), making March the worst month since November when UK Budget concerns were driving significant selling. March's outflows were the 7th worst on record and extended the run of equity fund outflows to an unprecedented 10 consecutive months."*

However, during this period, **Polar has moved from small net outflows to significant net inflows, in complete contrast to the broader market. The refined strategy under CEO Iain Evans (in post since Sep 25), certainly seems to be working.**

UK open-ended net fund flows by month, £bn | **Polar Capital net flows by quarter, £bn**



Source: Calastone Fund Flow Index, Chart reproduced with permission. Calastone measures orders from UK-based investors into funds domiciled in the UK. Note that this has nothing to do with where the underlying assets are invested – a UK-domiciled fund may invest in Japanese equities, Australian fixed income, a global portfolio of mixed assets, or just UK equities.

Updated forecasts

- **The primary driver of change in our forecasts is the jump in AUM over Q4 of FY26, which was in turn driven by exceptionally strong net inflows of £1.4bn.**
- A negative change at a statutory profit level in FY26 occurs due to a fall in mark-to-market valuations of seed investments i.e. a reduction in forecast 'other income'. This was mostly in the *International Small Company* and *Global Absolute Return* strategies.

Performance v forecast and changes to forecast changes

Year to 31 Mar (£m)	FY26E	FY 26E		FY27E	FY 27E	
	Revised	Old	change	Revised	Old	change
AUM (£bn), end-of-period	30.6	28.4	7.8%	31.9	30.3	5.2%
Rev	258.2	252.5	2.2%	263.8	255.5	3.3%
Management fees	221.8	216.2	2.6%	253.6	245.2	3.4%
Performance fees	36.4	36.4	0.0%	10.3	10.3	0.1%
PBT	75.6	77.9	-2.9%	81.9	78.2	4.7%
Core operating profit	61.8	58.3	6.1%	77.0	73.4	5.0%
Performance fee profit	16.0	16.0	0.0%	4.5	4.5	0.0%
EPS basic (p)	56.3	59.6	-5.5%	61.8	59.0	4.7%
EPS adjusted diluted (p)	57.8	61.1	-5.3%	63.2	60.5	4.5%
PER	11.7	11.1		10.7	11.2	
Div (p)	46.0	46.0	0.0%	54.4	52.1	4.5%
Yield	7.0%	7.0%		8.2%	7.9%	
Net assets	150.6	153.7	-2.0%	169.7	170.8	-0.6%
Net cash	134.2	133.8	0.3%	155.0	151.9	2.0%

Source: Equity Development, Priced at 10/04/2026

The extent of Polar's outperformance not reflected in its PER

PER of 15.6 does not reflect a sufficient premium over peers

- Given its **far superior flows compared to the broader equity fund market**, niche strategic positioning, strong profit margins, and strong balance sheet (£83m net cash and no debt at the end of Sep 25), we would expect Polar to trade at a substantial premium compared to peers.
- However, it only trades at a fairly modest premium to the sector median. We don't believe sufficient premium is being attached to the share price.
- We therefore see potential for this to adjust and for Polar's shares to command a premium rating over time.

Historic PER (TTM) peer group comparison

Source: London Stock Exchange, company announcements. PERs based on share prices on 10/04/26 and latest available basic EPS on Trailing Twelve Months (TTM) basis on that date.

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