

Polar Capital Holdings



Q3 AUM +5%, forecasts up on performance fee jump

13 January 2025

AUM grew £1.1bn or 4.9% over Q3 of FY25 (Oct 24 - Dec 24) to £23.8bn. This was on the back of a strong investment performance, contributing +£1.47bn despite a Dec 24 market pullback, and modest outflows of £0.26bn, mostly in Oct 24 when equity funds saw widespread outflows ahead of the UK budget. Net flows were positive over the nine months of FY25-to-date (+£0.21bn), and in calendar-2024, Polar was a standout leader among London-listed peers in attracting and retaining AUM (see page 2). The Forager fund closure reduced AUM by £0.10bn.

Performance fee profits (net of staff allocations) jumped from the previous marked-to-market £0.7m, to £8.3m. As most PF's crystallise at the end of December, this increase is now secured and not merely a mark-to-market estimate. FY25 forecasts have been upgraded accordingly.

Polar's investment performance translated to 6.3% return over Q3, impressive considering that the returns of benchmark indexes relevant to Polar's largest strategies were much lower than that: *Dow Jones Global Technology*: +5% (tech. strategies 42% of AUM); *MSCI World Health Care*: -11% (17% of AUM); *MSCI Emerging Markets*: -8% (13% of AUM); *MSCI World Insurance*: -3% (11% of AUM).

Net flows at a strategy level were once again positive for Emerging Market Stars (+£240m) and Artificial Intelligence (+£14m). Net outflows were recorded for European Opportunities (-£158m), Global Technology (-£123m) and UK Value (-£92m).

Fundamental value 650p, 35% above share price, PER looking very low

Our AUM, investment management fee and core profit forecasts remain unchanged. The end-Dec crystallised performance fees are significantly higher than our previous forecast and we upgrade our financial forecasts accordingly.

Given market volatility, we maintain our fundamental valuation of 650p/share, and we refer readers to our Nov 24 note, [H1-25 revenue and profits jump on higher AUM](#), for details. We highlight on page 2 that **Polar's PER of 11.1 is only just above sector median, despite its relative outperformance.**

Company Data

EPIC	POLR.L
Price (last close)	480.5p
52 weeks Hi/Lo	608p/419p
Market cap	£488m
ED Fair Value	650p
Proforma net cash	£68m
Avg. daily volume	228k

Share Price, p



Source: ADVFN

Description

Polar Capital is an active fund manager, established in 2001. It has 14 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
- Financials

AUM 31 Dec 24: £23.8bn

Next event

AUM update April 2025

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Key Financials

Year-end 31 Mar	FY 22A	FY 23A	FY24A	FY 25E prev.	FY 25E new	FY 26E prev.	FY 26E new
AUM, £bn	22.1	19.2	21.9	24.4	24.4	26.6	26.6
Rev, £m	224.1	182.9	195.1	205.2	222.4	230.6	230.6
Man. fees, £m	210.0	176.2	176.4	203.5	203.5	219.8	219.8
Perf. fees, £m	14.1	6.7	18.7	1.6	18.9	10.8	10.8
PBT, £m	62.1	45.2	54.7	50.0	57.3	63.6	63.6
Core op profit*, £m	69.4	47.9	44.8	53.9	53.9	58.5	58.5
Perf. fee profit	4.1	1.7	9.6	0.7	8.3	4.7	4.7
EPS basic, p	50.8	36.8	42.3	37.1	42.6	47.5	47.5
EPS adj. dil., p	56.0	44.3	44.0	44.5	49.9	49.3	49.3
PER	9.5	13.1	11.4	12.9	11.3	10.1	10.1
Div, p	46.0	46.0	46.0	46.0	46.0	46.0	46.0
Yield	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
Net assets, £m	156.2	142.9	135.9	136.2	141.6	145.9	151.3
Net cash, £m	121.1	107.0	98.9	80.7	86.1	95.7	98.3

Source: Company Historic Data, ED estimates. PER and Yield based on share price of: 480.5p

Polar is a leader in attracting & retaining AUM...

Calendar-2024 was a period which saw UK-listed active managers experience widespread and often heavy outflows. Polar therefore stands out as a leader in attracting and retaining assets over this period, with positive net flows in two quarters and over the calendar-2024 year. [While Q4 data is not yet available for most managers, from those that have reported and from [Calastone's fund flow index](#), initial indications are that it was a period characterised by outflows for UK active managers].

Net flow rates: UK-listed asset managers (calendar 2024)						
	Q1-24	Q2-24	Q3-24	Q4-24***	2024****	
Polar Capital	0.3%	2.9%	-0.7%	-1.1%	1.4%	Q1-Q4
Abrdn*	0.1%	-0.3%	-0.9%		-1.2%	Q1-Q3
Schroders*	← -1.4%** →		-0.1%		-1.5%	Q1-Q3
CLIG	2.3%	-2.5%	-1.9%		2.3%	Q1-Q3
Man Group	-1.0%	1.4%	-3.1%		-2.7%	Q1-Q3
Premier Miton	-2.7%	-1.3%	-1.3%		-5.4%	Q1-Q3
Ninety-one		← -4.2%** →			-4.2%	Q2-Q3
Ashmore	-3.7%	-3.9%	-1.4%		-8.7%	Q1-Q3
Jupiter	-3.1%	-3.4%	-3.1%		-9.6%	Q1-Q3
Liontrust	-4.3%	-3.3%	-4.2%		-11.8%	Q1-Q3
Impax	-4.4%	-4.8%	-3.2%	-6.5%	-18.5%	Q1-Q4

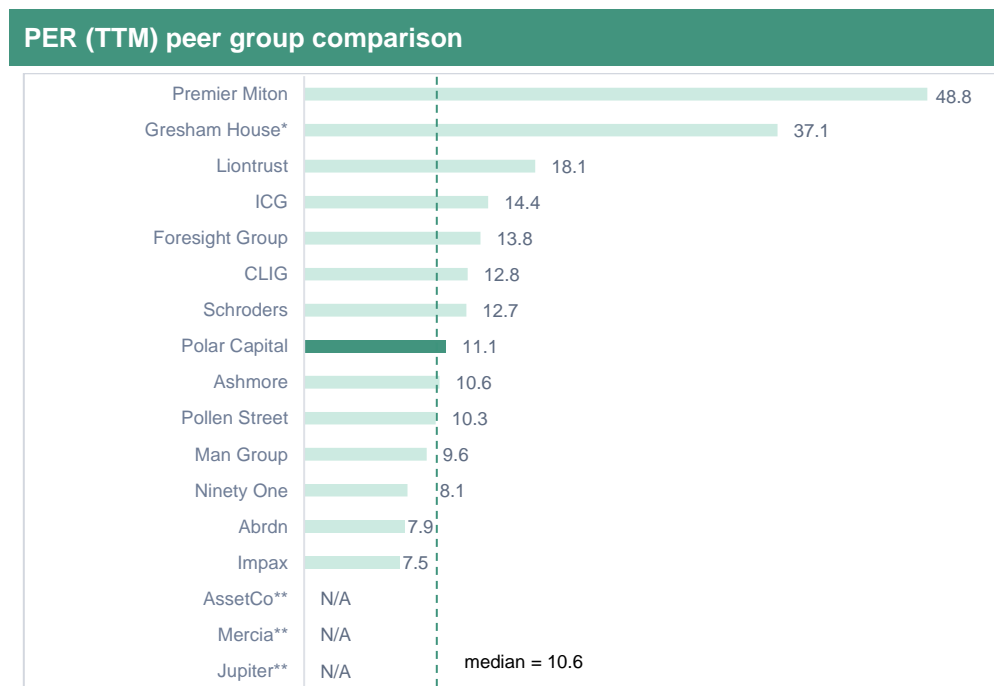
Source: Company reports, ED analysis (data not available for blank cells)

*Asset management units only (excludes wealth management AUM) **1/4'ly data not available, 6m flow rate shown.

***[Calastone's fund-flow index](#) (measuring flows from UK-investors into UK-domiciled funds) shows negative flows into actively-managed equity funds over Q4-24.

****Not all calendar-2024 data available, therefore '2024' column shows net flow rate over period shown to the right of the 2024 column e.g. Polar = Q1-Q4, Abrdn = Q1-Q3 etc.

...but trades only just above the sector-median PER



Source: London Stock Exchange, company announcements. PERs based on share prices as at 10 Jan 25 and latest available basic EPS on Trailing Twelve Months (TTM) basis on that date.

*De-listed on 20 Dec 2023 after being acquired **All made statutory losses on TTM basis

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