Polar Capital Holdings

H1-27 revenue +87% y-o-y, core profits +162%

24 November 2026

Polar's H1-27 was spectacular and ahead of our expectations. AUM grew 43% to £43.7bn on 30 Sep. Revenue grew 87% to £190.2m, core operating profit 162% to £65.7m and PBT 135% to £65.5m. Net cash was £144m on 30 Sep (31 Mar: £151m), after £31m of dividends and £12.5m of share purchases. The interim dividend rose 29% to 18.0p, under a revised dividend policy.

But investors' attention will have turned to post-H1 market events. Equity prices fell sharply (especially technology), with Polar reporting AUM down 13% from 30 Sep to £38.2bn on 13 Nov. AUM is likely to have recovered ground following the rally on 23 Nov. Perspective is crucial. Polar has had a step-change in scale, with AUM up 80% in just over 18 months (p4). And it looks very well placed to generate significant profits and attractive returns (p15 & 16).

Huge growth still expected in FY27, FY28 forecasts pared

Our profit forecasts for FY27 are raised slightly. But there are a few moving parts. H1 revenue was ahead of our expectations and H2 revenue yield guidance is above our previous assumptions. But our H2 AUM forecast reduces with the recent market fall, and performance fee forecasts fall with updated guidance. Updated FY27 forecasts: revenue £354m (prev. £357m), up 34% on FY26; core operating profit £125m (prev. £119m), up 99% on FY26. Most encouragingly, positive net flows have continued since 30 Sep (+£0.2bn), suggesting **clear underlying demand for Polar's strategies**.

FY28 forecasts reduce primarily due to a lower estimated starting AUM level (£38.4bn on 31 Mar 27) following the recent market pullback. Updated FY28 forecasts: revenue £368m (prev. £425m), core operating profit £122m (prev. £147m). We must stress though that **should the current market recovery continue, these forecasts may prove overly conservative**.

Fundamental valuation 1,200p, 69% above share price

Our DCF model (p16) values Polar at 1,200p per share (down from 1,250p due to lower outer-year forecasts), 69% above the share price. This discrepancy is supported by Polar having **one of the lowest forward PERs in the sector (p17), despite being one of, if not the, strongest performers.**

Key financials & valuation metrics

Year to 31 Mar (£m)	FY 24A	FY 25A	H1 26A	FY 26A	H1 27A	FY 27E	FY 28E
AUM, £bn	21.9	21.4	26.7	30.6	43.7	38.4	41.0
Rev, £m	195.1	222.1	101.4	264.3	190.2	354.4	367.6
Management fees, £m	176.4	206.1	101.4	232.6	190.2	353.3	353.3
Performance fees, £m	18.7	16.0	0.0	31.7	0.0	1.1	14.3
PBT, £m	54.7	51.6	27.9	76.9	65.5	133.9	133.8
Core op profit*, £m	44.8	56.7	25.1	62.8	65.7	124.8	121.8
Performance fee profit	9.6	8.1	0.0	16.1	-1.2	0.5	6.3
EPS basic, p	42.3	36.6	21.1	60.6	51.6	104.8	104.7
EPS adj. diluted core,p	35.0	43.0	18.2	46.4	46.2	94.0	92.7
EPS adj. diluted, p	44.0	53.5	22.0	57.8	48.1	96.8	100.9
PER	16.8	19.4	16.8	11.7	6.9	6.8	6.8
Div, p	46.0	46.0	14.0	46.0	18.0	50.0	50.0
Yield	6.5%	6.5%	2.0%	6.5%	2.5%	7.1%	7.1%
Net assets, £m	135.9	134.4	126.2	150.8	164.3	193.1	245.5
Net cash, £m	98.9	121.8	82.5	151.0	143.5	196.5	251.4

Source: Company data, Equity Development, priced at 23 Nov 26.

Company data

EPIC	POLR.L
Price (last close)	709p
52 weeks Hi/Lo	979p/513p
Market cap	£705m
ED Fair Value / share	1,200p
Net cash H1 27A	£144m
Avg. daily volume (3m)	360k

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 13 Nov 26: £38.2bn

Next event

Q3-27 AUM update Jan 2027

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

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

Please refer to the important disclosures shown on the back page and note that this information is **Non-independent** and categorised as **Marketing Material**

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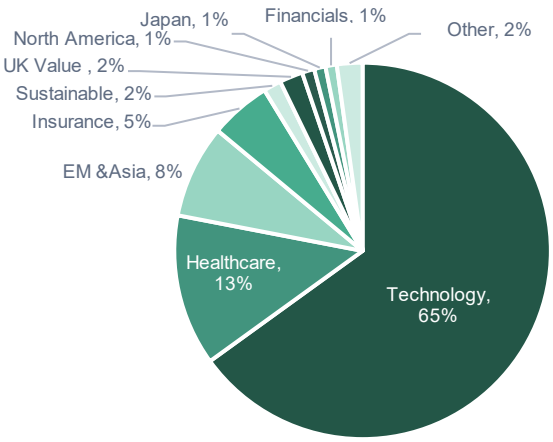
Polar at a glance

History and operating structure

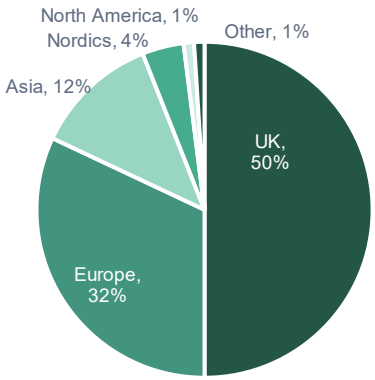
- Polar Capital is a fund management group, specialising in active management. It was founded in 2001 and listed on AIM in 2007. Headquartered in London, it has a presence in 9 countries (UK, USA, Germany, Switzerland, France, Spain, Sweden, China, and Singapore).
- 13 investment teams manage specialist 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 and are its largest strategy by some distance, followed by Healthcare, EM & Asia and Insurance. Its clients are mostly institutional. The UK and Europe are its largest markets.

Split in AUM by investment strategy (100% = £43.7bn)



Source: Company, as at 30 Sep 26. Totals may not sum to 100% due to rounding.

Split in AUM by client geography and client type

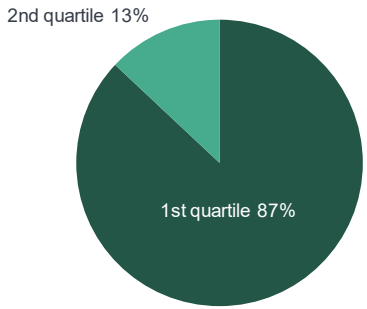


Bank	32%
Polar Investment Trusts	21%
Private Wealth Manager	15%
Asset Manager	12%
Platform	11%
Fund of Funds	4%
Family Office	2%
Insurance Company	2%
Other	1%
Pension Fund/Foundation	1%
Consultants	0.1%

Source: Company, as at 30 Sep 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 30 Sep 26. *c. 76% of total Polar AUM. According to Lipper peer groups/ Lipper provides performance data for homogeneous groups of funds with comparable investment objectives: lipperleaders.com*

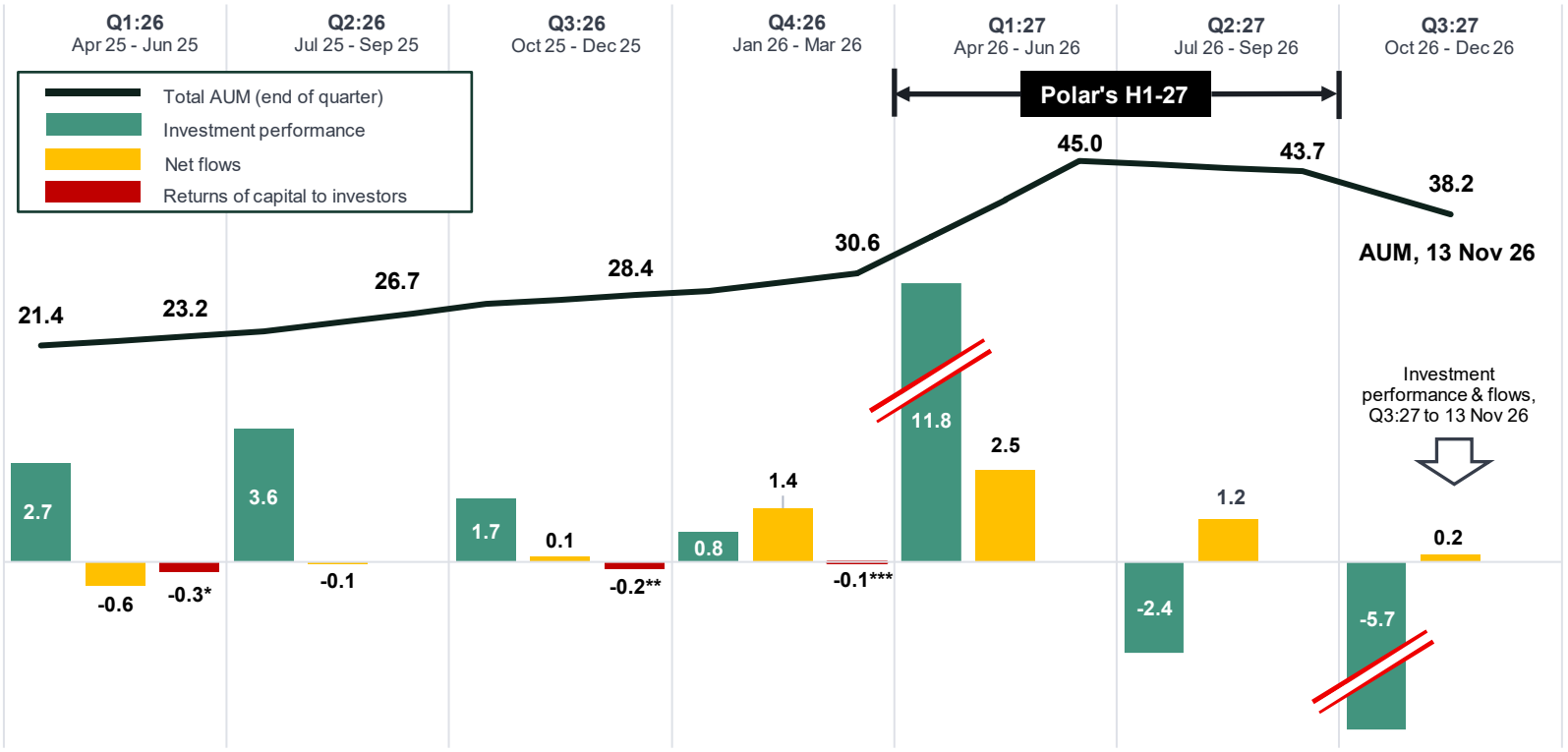
Assets under management

AUM +43% over H1, driven by investment returns in Q1, strong flows in Q1 & Q2

Polar's AUM has risen c. 80% in 18 months. Exceptional investment performance, especially in technology strategies, drove the bulk of these gains. But these were not merely index-driven gains. For example, in H1-27 (Apr-Sep 26), its largest fund, the *Global Technology Fund (AUM: £16.7bn on 30 Sep 26)*, returned +49%, versus the +39% of its benchmark *Dow Jones Global Technology Index*. Net flows also made a strong contribution to AUM growth and were strong in both Q1 (c. +£2.5bn) and Q2 (c. +£1.2bn) of FY27.

AUM declined in the first part of Q3-27 (to £38.2bn on 13 Nov 26), mostly as a result of a sharp pull-back in technology stocks. But impressively, net flows stayed positive, albeit modestly so (+£0.2bn). With the extremely sharp recovery on 23 Nov 26, AUM is likely to have risen again since the 13 Nov update.

Quarterly AUM moves, £bn

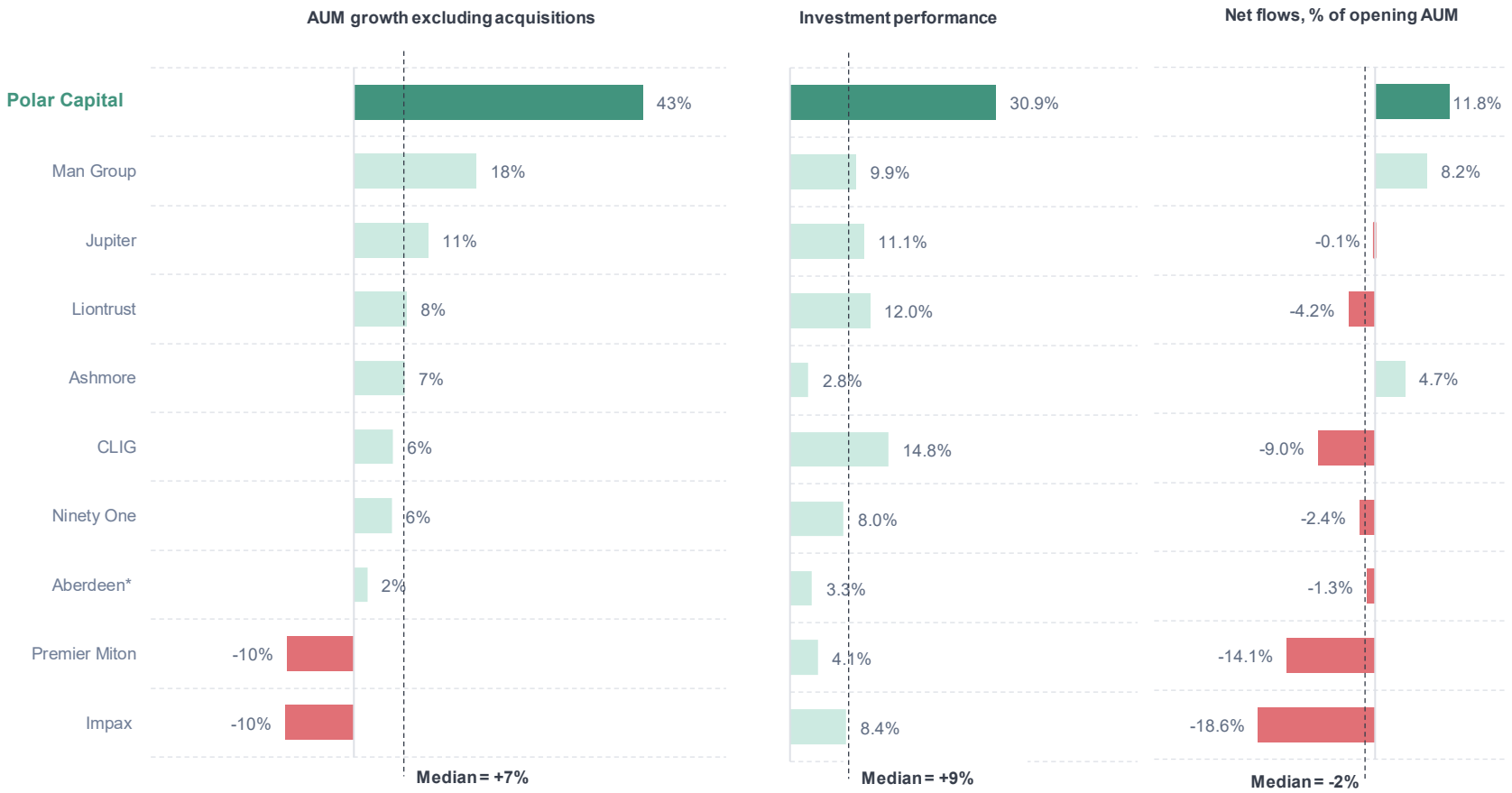


*Source: Company reports, ED analysis. *Return of capital to investors (£280m) from Polar Capital Global Financials Trust. **Return of capital to investors (£116m) from Polar Capital Global Financials Trust. ***Return of funds to investors (£62m), closure of Melchior European Opportunities Fund.*

Investment performance and net flows were far higher than any peer over H1

Polar was the fastest-growing London-listed asset manager over H1 by a huge margin, recording the highest investment performance and the strongest net flows compared to peers. It was **one of only three listed asset managers to record positive net flows** over the period.

London-listed asset managers: AUM growth, investment performance and net flow rate, 6 months 1 Apr 26 – 30 Sep 26

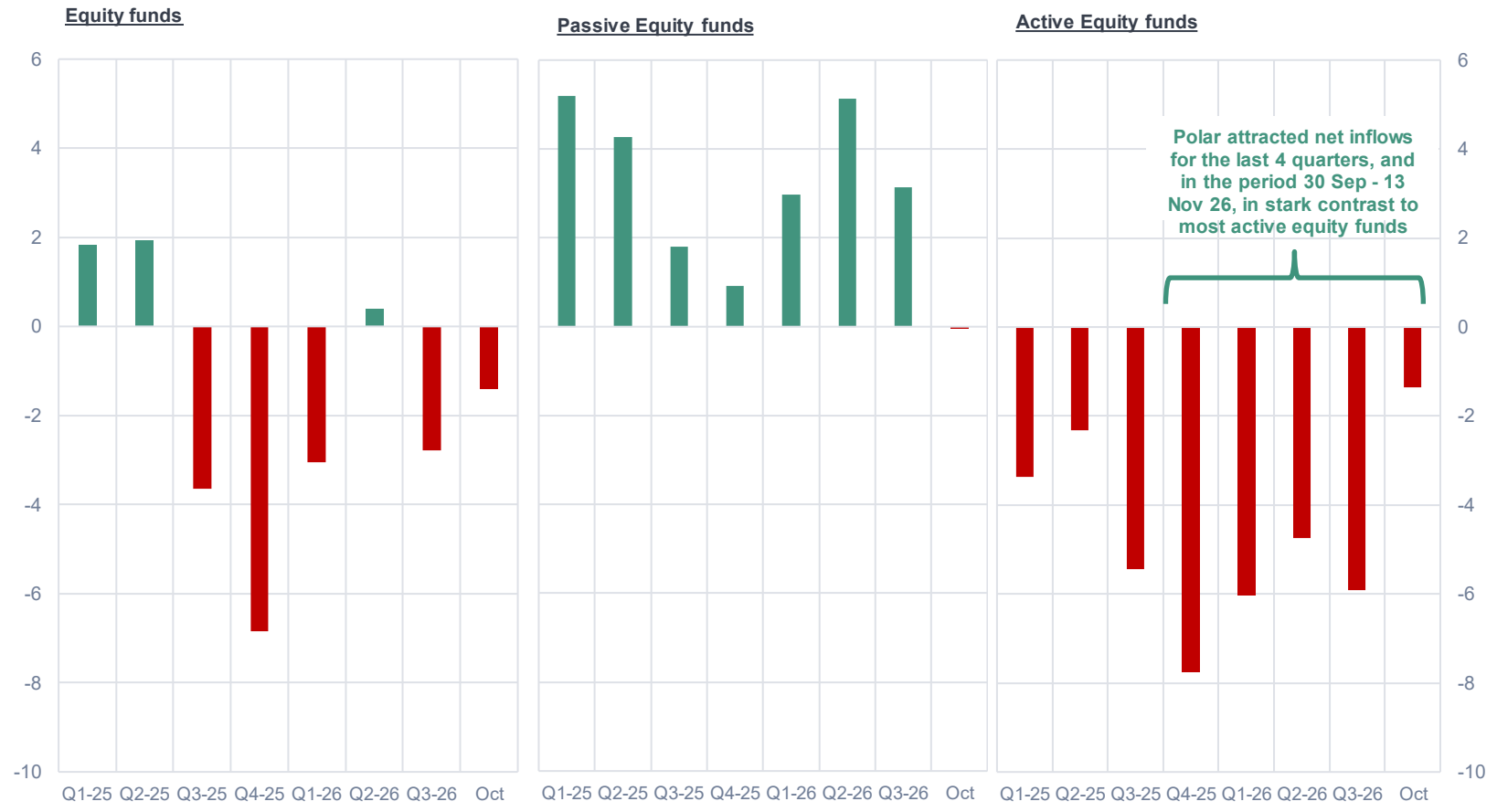


*Source: Company reports, ED analysis. *Asset management unit only. Note: Man Group, Ashmore and CLIG report AUM in US$, with above rates calculated on AUM in US$. Man Group strips out the effects of currency movements from its investment returns, others do not.*

Polar's net inflows were in stark contrast to the UK active management market

Its net flow performance is particularly impressive given market conditions. Fund flow statistics from Calastone show that **Polar has attracted capital in an environment where most active managers have experienced heavy outflows**. It is clear evidence that there continues to be strong demand for quality, high-performing active asset managers.

UK open-ended net fund flows by calendar quarter and for the month of Oct 26, £bn



Source: Calastone Fund Flow Index, October 2026. 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.

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 its investment teams are anything but index huggers. **Its flagship technology strategies have outperformed benchmarks (mostly by substantial margins) over 1, 3 and 5 year horizons and since inception.** Its technology funds have however underperformed benchmarks in the 3-month period ending 30 Oct 26. Healthcare strategies have underperformed in the short term but also have impressive longer-term returns. Emerging Markets and Insurance strategies have underperformed in the short and medium terms, but Insurance has outperformed long-term. The **fast-growing *Smart Energy Fund,* which has more than doubled AUM over 12-months has now reached its 5Y anniversary, and has built up a highly impressive track record**.

Largest strategies performance versus benchmarks (BM) for periods ending 30 October 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	£14.2bn	27.5%	13.0%	199.9%	116.6%	161.2%	119.2%	2,912%	1,845%	14.6%	12.6%
Technology Trust*[1]	16/12/96	£7.1bn*	20.2%	13.1%	158.6%	117.2%	133.1%	120.3%	659%**	577%**	22.5%**	21.1%**
Artificial Intelligence Fund[2]	06/10/17	£2.9bn	21.3%	10.2%	133.5%	65.7%	107.0%	65.7%	298.8%	157.1%	16.5%	11.0%
Healthcare strategy												
Biotechnology Fund[3]	31/10/13	£2.9bn	15.4%	34.3%	96.7%	82.3%	78.7%	54.2%	797%	327%	18.4%	11.8%
Healthcare Opportunities Fund[4]	30/11/07	£1.8bn	4.2%	20.6%	43.9%	33.3%	39.1%	36.7%	929%	668%	13.1%	11.4%
Global Healthcare Trust*[4]	20/06/17*	£0.5bn*	15.4%	20.6%	40.7%	33.3%	45.1%†	36.7%†	510%	557%	21.3%	22.3%
Emerging Markets & Asia												
Emerging Market Stars Fund[5]	29/06/18	£2.3bn	3.9%	14.1%	65.2%	82.8%	10.5%	39.7%	72.1%	78.7%	6.7%	7.2%
Asian Stars Fund[5]	31/12/18	£0.3bn	4.3%	15.2%	78.4%	89.2%	21.2%	41.8%	131.7%	104.8%	11.3%	9.6%
Insurance strategy												
Global Insurance Fund[6]	16/10/98	£2.5bn	18.25%	18.33%	43.2%	59.4%	91.6%	94.8%	878%	781%	14.1%	13.4%
Sustainable Thematic Equity (one to watch)												
Smart Energy Fund[7]	30/09/21	£0.6bn	29.7%	12.3%	134.8%	82.9%	77.6%	61.8%	91.6%	70.1%	13.6%	11.0%
		£35.1bn	**(c. 92% of AUM)**									

*Source: Polar Capital fund and trust fact sheets: 30 October 2026. All returns for GBP class I Distr. shares except Artificial Intelligence and Global Insurance funds (both GBP Class I Acc), Emerging Market Stars, Asian Stars & Smart Energy funds (all 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. †5-year return derived from the fact sheet's five discrete annual returns. Trust annualised returns calculated by ED from cumulative returns. 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 Emerging Markets Net Total Return Index (Emerging Market Stars), MSCI All Country Asia ex Japan Net Total Return Index (Asian Stars). [6]MSCI Daily Total Return World Net Insurance Index; 1-year returns shown to 2 dp as fund and benchmark round to the same figure. [7]MSCI ACWI Net TR Index*

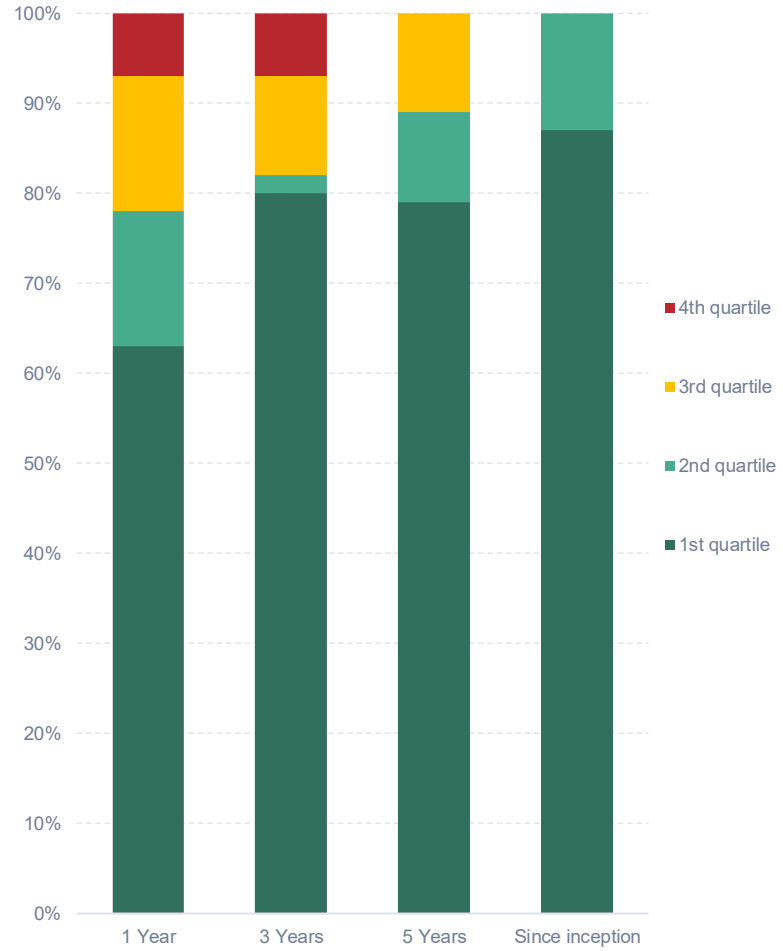
Investment performance also impressive versus peers over multiple time horizons

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

- For Polar Capital's UCITS fund range (around 76% of total group AUM), the proportion of AUM in each Lipper peer group quartile is shown on the right (data as at 30 Sep 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 c. 87% in the first quartile.**
- Over five years, 90% of UCITS AUM is in the top two quartiles.
- Over three years, 83% of UCITS AUM is in the top two quartiles.
- Over one year, 78% 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 30 Sep 26. *c. 76% of total Polar AUM.*

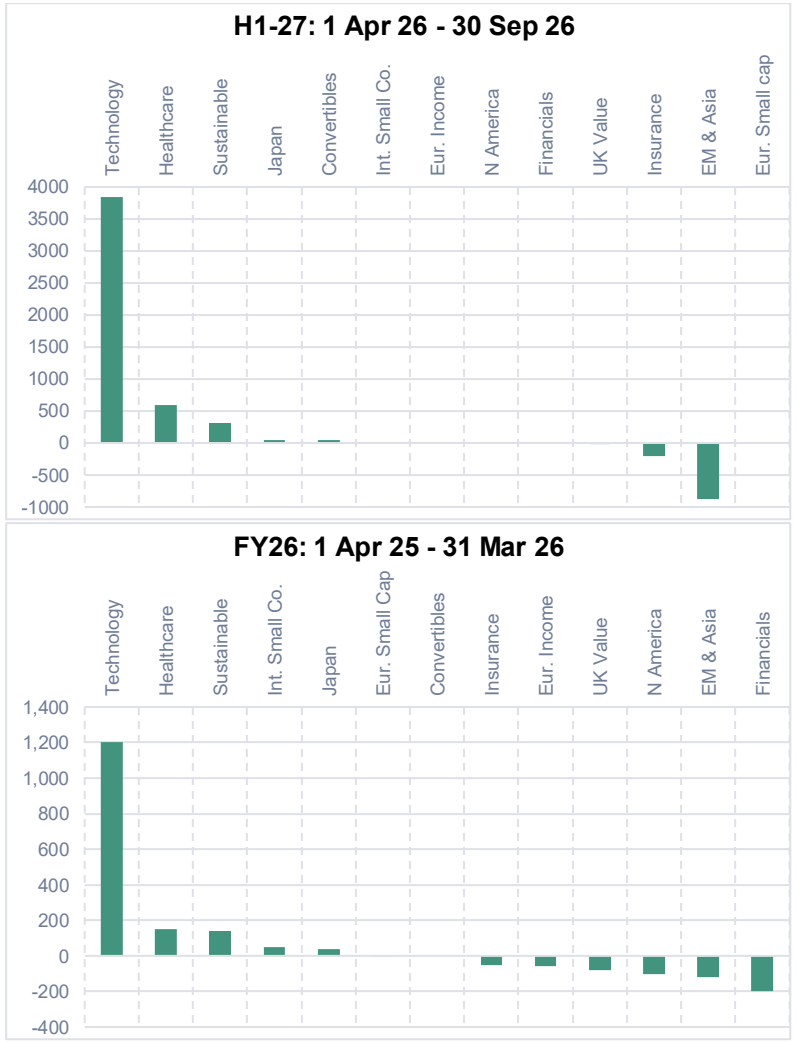
Exceptional investment performance by technology strategies has led to huge net inflows

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

- Polar's H1-27 flow profile by strategy was not dissimilar to FY26, with the strongest flows for technology, healthcare and sustainable strategies, and the weakest flows from EM & Asia strategies.
- There was however a **step-change in the scale of technology flows**. Technology dominated group flows by absolute volume, with net flows of c. +£3.8bn in H1 (c. +£1.2bn in the whole of FY26): c. +£3.1bn by the Global Technology Fund and c. £0.7bn by the Artificial Intelligence Fund. Note that the y-axis scale of the top chart on the right is different to the bottom chart, which masks the huge jump in technology flows somewhat.
- Healthcare attracted c. £0.6bn, mostly into the Biotechnology Fund (c. £0.4bn). Smart Energy added c. £0.3bn, impressive for a fund of its size. EM & Asia saw net outflows of c. £0.9bn, mostly from the Emerging Market Stars Fund; around half came from one client moving to passive.
- **After 30 Sep, up until 13 Nov, positive net flows of £207m were recorded**, despite heightened market volatility and a single-client redemption from the Polar Capital UK Value Opportunities Fund of c. £280m.

Source: Company. ED analysis.

Net flows by strategy



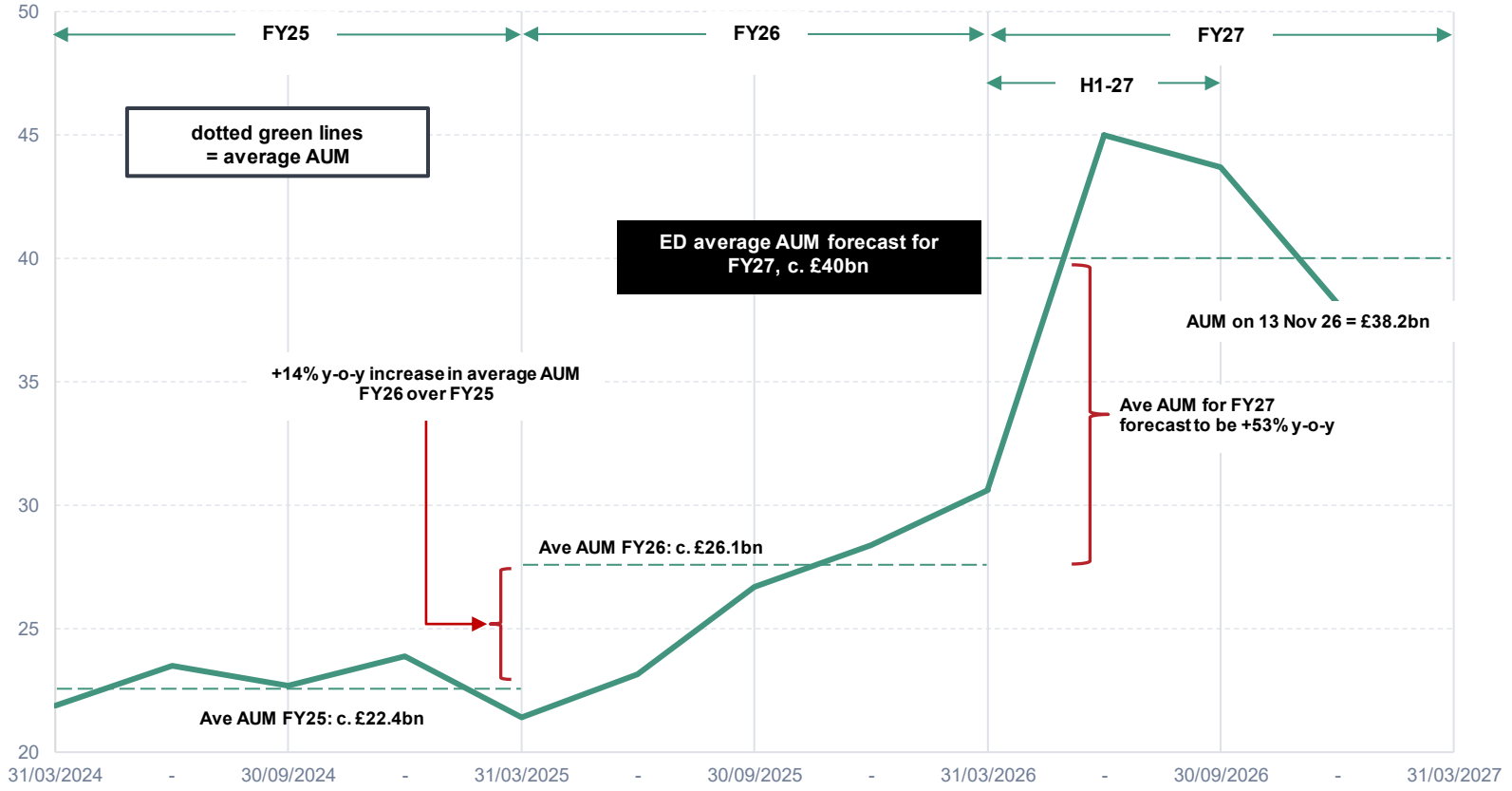
Source: Company. ED analysis. Flows for H1-27 estimated from fund fact sheets, Apr–Sep 26.

Analysis of H1-27 financials

Average AUM up 76%, but H2 likely to be lower

Average AUM drives Polar's largest source of revenue, management fees. H1-27 average AUM was £40.8bn, up 76% on H1-26 (£23.2bn). We now assume FY27 average AUM of c. £40bn, down due to the market sell-off in Oct and Nov. The chart below shows our average AUM forecasts against previous years.

AUM profile, £bn



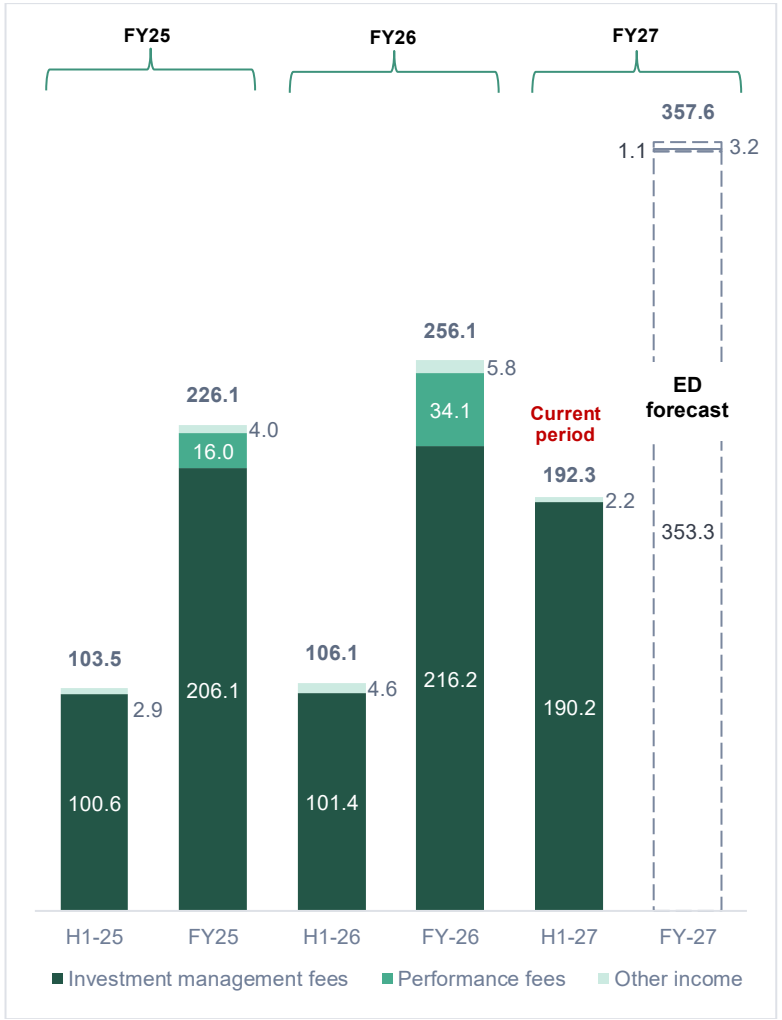
Source: Company reports, ED analysis

Revenue up 87% y-o-y, FY27 revenue forecast to rise 34%

Jump in average AUM looks set to boost FY27 revenue

- Gross income rose 81% y-o-y, from £106.1m in H1-26 to £192.3m. Net income (gross income less commissions and fees payable) rose 75%, from £91.4m to £160.3m.
- Investment management and research fees (IM fees) were up 87%, from £101.4m to £190.2m. That is ahead of average AUM growth (+76%). Net management fees rose 82% to £158.1m, and the net management fee margin was 77bps (H1-26: 75bps).
- As usual, there were no performance fees in H1. These get recognised in FY results as performance fees mostly crystallise in December.
- Other income* (mainly interest income and gains/losses on investments) was £2.2m (H1-26: £4.6m).
- We forecast FY27 IM fees of £353.3m (+52%), driven by the jump in average AUM. H2 IM fees will be lower than H1, given our lower AUM assumption after October.
- We forecast FY27 performance fees of just £1.1m based on updated guidance (FY26: £31.7m). Performance fee profits accrued in funds were c. £8.8m on 30 Sep, but had fallen below £1.0m by 13 Nov after the market fall. There is no guarantee that these 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 +162%, PBT +135%

Costs up far less than revenue

- Core operating profit is profit before performance fee profits, other income, exceptional items and tax. It strips out items that can be volatile, non-recurring or non-cash, so it mostly reflects growth and efficiency. It rose 162% y-o-y, from £25.1m in H1-26 to £65.7m.
- Core operating costs rose 50%, from £61.6m to £92.3m. This was mostly driven by core distributions (variable pay to investment teams from management fees), up 108% to £50.4m. Other core costs (other staff, office and admin costs) rose 12% to £41.9m. **Core operating margin jumped from 29% in H1-26 to 42%.**
- For FY27, we forecast core operating profit of £124.8m (+99%) and a core margin of c. 41%.
- There were no exceptional items and no performance fees in the half. Performance fee profit was -£1.2m (deferred staff costs on prior-year fees). Other income added £2.0m and preference share costs were £1.0m. So statutory PBT was close to core profit.
- Statutory PBT rose 135%, from £27.9m in H1-26 to £65.5m. PAT rose 142%, from £20.4m to £49.5m.
- Basic EPS rose 144% to 51.6p (H1-26: 21.1p) and diluted EPS 141% to 50.6p (H1-26: 21.0p). Adjusted diluted core EPS rose 154% to 46.2p (H1-26: 18.2p).

Breakdown of operating costs with y-o-y comparison

£m	H1-27	H1-26	change
Staff compensation costs			
Salaries, bonuses & other staff costs	24.3	20.2	+20%
Core distributions[1]	50.4	24.2	+108%
Share-based payments[2]	3.1	3.6	-14%
Performance fee interests	1.2	-	
Total	**79.0**	**48.0**	**+65%**
Other operating costs	15.6	15.4	+1%
Total operating costs[3]	**94.6**	**63.4**	**+49%**
Finance costs	0.1	0.1	
Total operating and finance costs	**94.7**	**63.5**	**+49%**

Source: Company. Totals may not add due to rounding.
1. Revenue-linked variable cost. Salaries include share awards under deferment plan of £0.5m (H1-26: £0.7m).
2. Share-based payments on preference shares, Group share awards and LTIPs. H1-27: preference shares £1.0m, Group share awards £0.3m, LTIPs £1.8m.
3. Salaries, bonuses & other staff costs plus other operating costs.

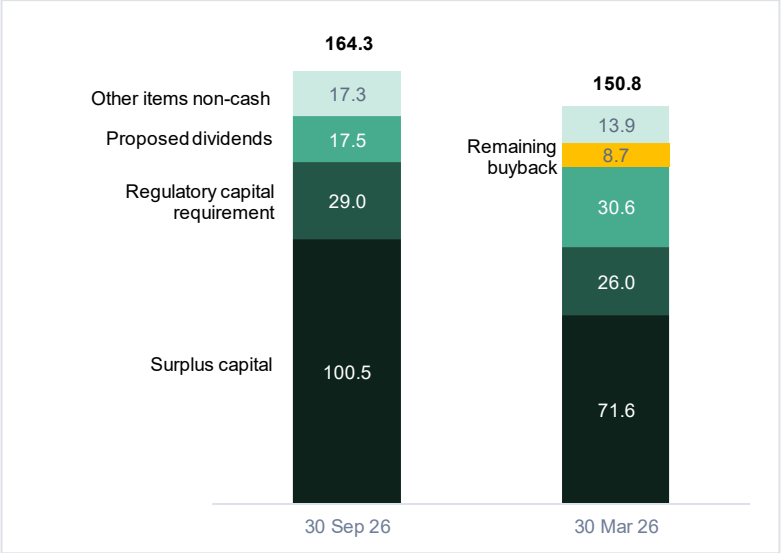
Balance sheet and cash flow robust, net cash £144m, no borrowings

Balance sheet robust with cash making up 20% of Polar's market cap

- The balance sheet is exceptionally strong. Net assets rose 9% in the half, from £150.8m to £164.3m (H1-26: £126.2m).
- **Cash fell 5%, from £151.0m to £143.5m. Operating activities brought in £51.5m (after tax). Dividend payments were £30.6m and purchases of own shares £12.5m.**
- 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 level of each, and the annual change over the year are shown on the right.
- On 30 Sep 26, £29.1m of the Group's balance sheet (31 Mar 26: £26.0m) 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 £100.5m on 30 Sep 26 (31 Mar 26: £71.6m)**. This is the surplus over and above its regulatory capital minimum of £29.0m and its interim dividend commitment of £17.5m.

Source: Company

Summary capital surplus position

	30 Sep 26	31 Mar 26
Capital after regulatory deductions	**£147.0**	**£136.9**
Less: dividend provision	(£17.5)	(£30.6)
Less: Share buyback		(£8.7)
	£129.5m	**£97.6m**
Regulatory capital requirement	(£29.0m)	(£26.0m)
Surplus capital	**£100.5m**	**£71.6m**

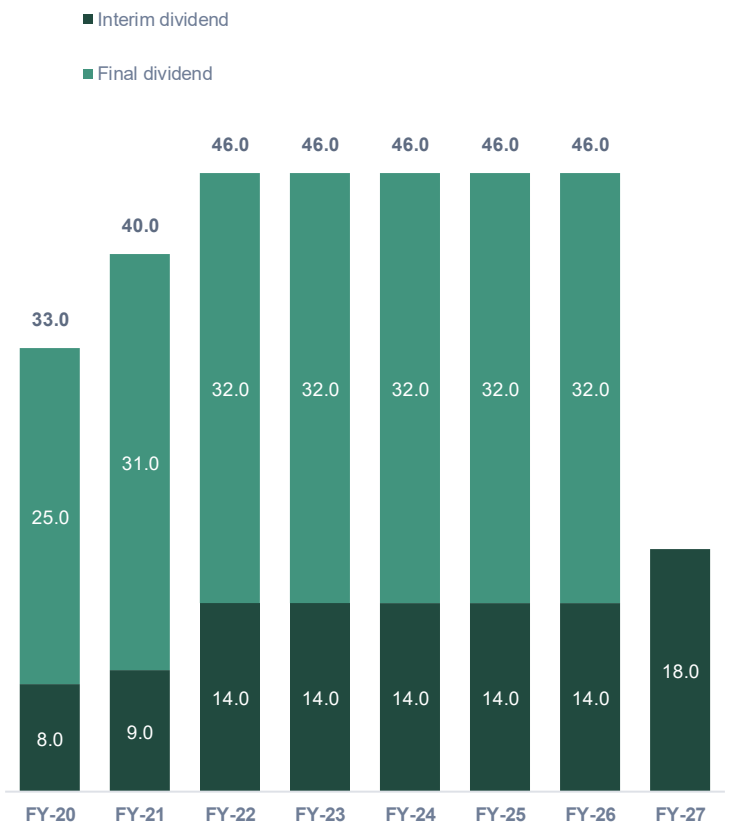
Source: Company

Interim dividend up 29% to 18.0p, FY27E yield 7.1%

Interim dividend 18.0p, first under the new 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 between 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, with an approximate one-third/two-thirds split between interim and final dividend.
- **The interim dividend is 18.0p, up 29% on H1-26 (14.0p). It is the first interim under the new policy**, and is covered 2.6x by adjusted diluted core EPS (46.2p). We forecast a full-year dividend of 50.0p (FY26: 46.0p).
- Polar also bought £12.5m of its own shares in H1 (H1-26: £2.1m). Its £15m buyback programme completed on 6 Aug 26, with 2.08m shares cancelled.

Historic and proposed dividends, pence per share



Source: Company historic data

Updated forecasts and valuation

Updated forecasts

- In July, after a record Q1, we made big upgrades to our FY27 and outer-year forecasts.
- The technology sell-off in Oct and Nov changes the picture somewhat. We cut our year-end AUM assumption by 18% to £38.4bn. FY27 forecasts still rise, because H1 is banked and came in ahead of our expectations. That more than offsets a cut in performance fees to £1.1m (prev. £19.9m). Our PBT forecast rises 1% to £133.9m, and core operating profit 5% to £124.8m. Our FY27 dividend forecast rises 9% to 50.0p.
- FY28 forecasts reduce primarily because starting AUM is likely to be substantially lower than previously forecast. Changes are shown below, with outer-year forecasts overleaf.

Performance vs forecast / changes to forecasts

Year to 31 Mar (£m)	FY27E Revised	FY27E Old	Change	FY28E Revised	FY28E Old	Change
AUM (£bn)	38.4	46.9	-18%	41.0	49.8	-18%
Rev	354.4	357.3	-1%	367.6	425.4	-14%
Management fees	353.3	337.4	5%	353.3	411.0	-14%
Performance fees	1.1	19.9	-94%	14.3	14.3	0%
PBT	133.9	132.0	1%	133.8	156.9	-15%
Core operating profit	124.8	119.4	5%	121.8	146.8	-17%
Performance fee profit	0.5	8.8	-94%	6.3	6.3	0%
EPS basic (p)	104.8	100.7	4%	104.7	118.0	-11%
EPS adjusted diluted (p)	96.8	97.2	0%	100.9	114.1	-12%
PER	6.8	7.0		6.8	6.0	
Div (p)	50.0	46.0	9%	50.0	53.8	-7%
Yield	7.1%	6.5%		7.1%	7.6%	
Net assets	193.1	190.2	2%	245.5	267.9	-8%
Net cash	196.5	209.9	-6%	251.4	301.9	-17%

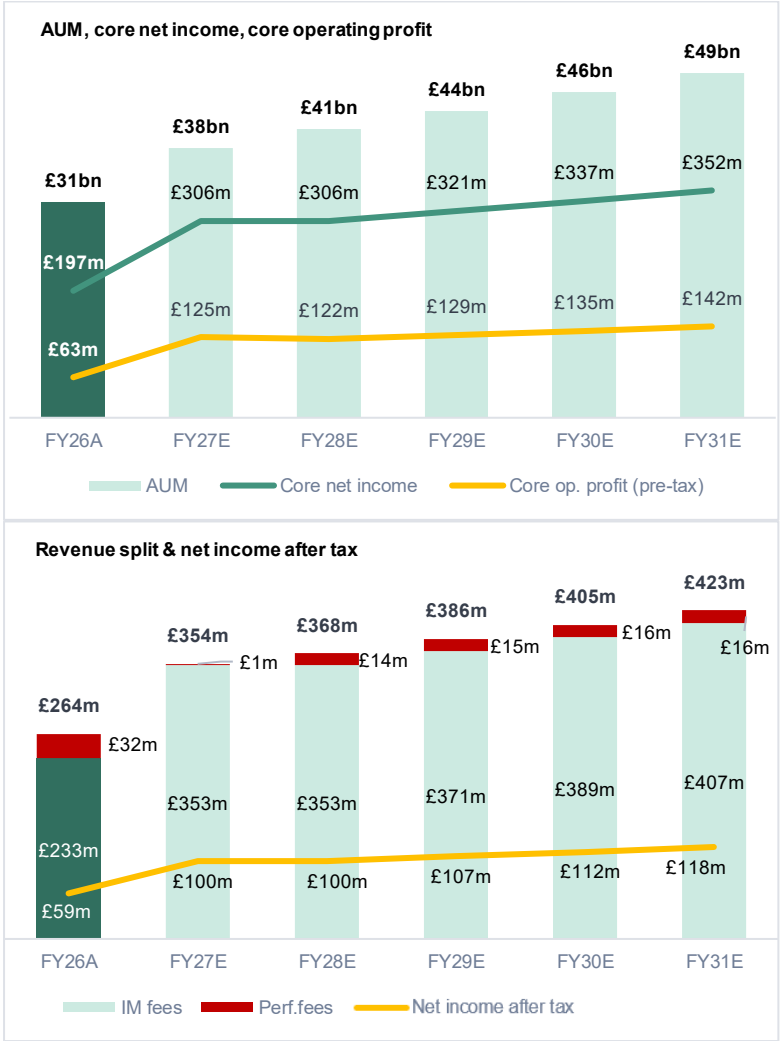
Source: Equity Development. PER and yield based on share price of 709p.

Fundamental Valuation of 1,200p / 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 falls 12% in H2-27, then grows c. 6% p.a., more specifically:
  - AUM falls from £43.7bn at 30 Sep 26 to £38.4bn by 31 Mar 27, reflecting the Oct/Nov technology sell-off. We assume H2 net flows of +£0.2bn (the flows recorded to 13 Nov).
  - Net flows of +£700m are assumed for FY28 and +£500m p.a. for FY29-FY31 (+£3.6bn H1-27, +£902m FY26, +£123m FY25, -£1,613m FY24).
  - Investment returns contribute 5% p.a. to AUM.
- Revenue grows 34% in FY27, then 4% in FY28 as lower AUM feeds through. It grows c. 5% p.a. thereafter (slightly below AUM growth, as we assume 1bp p.a. of fee margin 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 to c. 41% in FY27, with a small reduction to c. 40% in FY28.
- For the terminal value, we apply an exit multiple of 15x FY31 free cash flow to equity (after share-based payments). Cash and seed investments (£172.6m at 30 Sep 26) are valued separately.
- **All cash flows are discounted at 14%. That produces a value of c. 1,200p per share (previously 1,250p), 69% above the current share price (709p).**

Summary 5Y growth forecasts



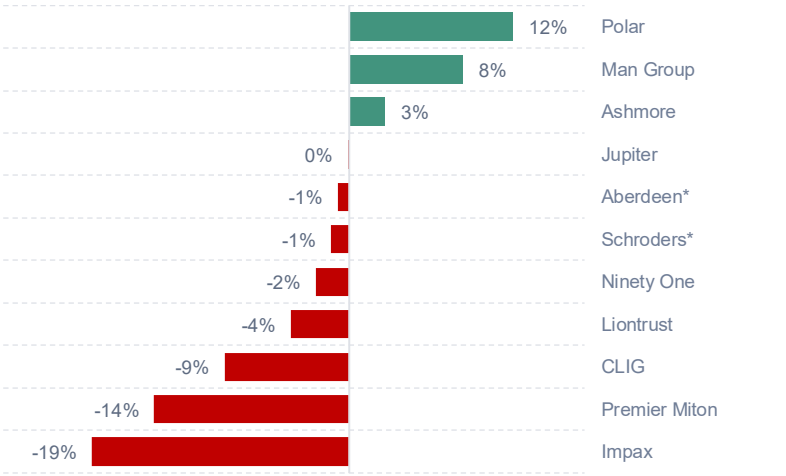
Source: Company historic data, ED forecasts and analysis

Superior performance not reflected in rating compared to peers

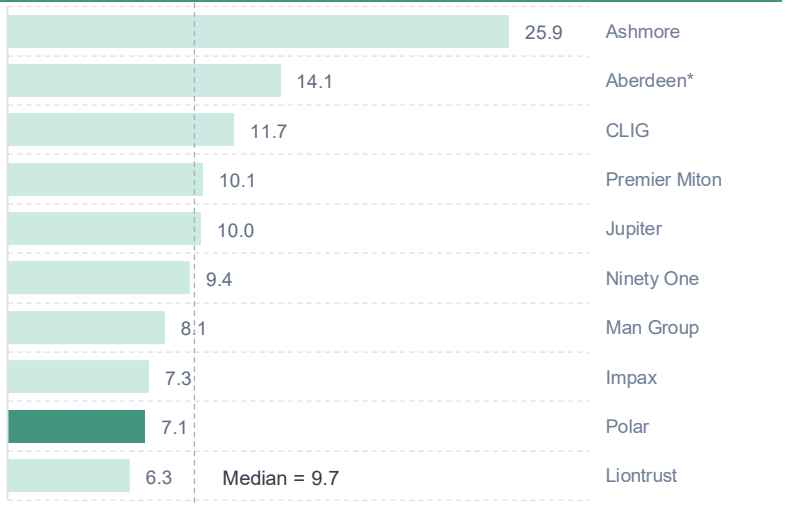
PER looks too low given strong performance & position

- The large mismatch between our fundamental valuation and the share price (1,200p versus 709p) is consistent with a PER which looks too low.
- Despite far superior net flow and AUM growth rates, niche positioning, strong margins and a strong balance sheet (£144m net cash and no debt), Polar is actually **one of the lowest rated London-listed asset managers** on a forward PER basis (given the huge jump which is expected in Polar's earnings for FY27, forward PERs provide a far more meaningful comparison to peers than historic PERs).
- This seems bizarre to us, as **based on fundamentals we would expect Polar to trade at a significant premium to peers.**

Net flows/opening AUM, 1 Apr 26 – 30 Sep 26



Forward PE ratios



*Source (top chart): company reports; ED analysis; (bottom chart): Koyfin (PER based on next 12 months consensus earnings forecasts 23 Nov share price). *Asset management business units only.*

Summary financials

Income statement

Year to 31 Mar (£m)	FY24A	FY25A	H1 26A	FY26A	H1 27A	FY27E	FY28E
Revenue	195.1	222.1	101.4	264.3	190.2	354.4	367.6
Other Income	2.5	4.0	4.6	0.1	2.2	3.2	4.4
Gross Income	**197.6**	**226.1**	**106.1**	**264.4**	**192.3**	**357.6**	**372.0**
Commissions and fees payable	(22.7)	(27.8)	(14.7)	(35.7)	(32.1)	(47.7)	(47.7)
Net Income	174.9	198.3	91.4	228.7	160.3	310.0	324.3
Operating Costs	(120.0)	(146.5)	(63.4)	(151.6)	(94.7)	(175.9)	(190.4)
Profit for the year before tax	**54.7**	**51.6**	**27.9**	**76.9**	**65.5**	**133.9**	**133.8**
Taxation	(13.9)	(16.3)	(7.5)	(18.2)	(16.0)	(33.5)	(33.4)
Profit attributable to ordinary shareholders	**40.8**	**35.3**	**20.4**	**58.7**	**49.5**	**100.4**	**100.3**
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	1.6	1.8	1.0	1.8	1.8
Add exceptional items - FV charge on def cons on acquisition	-	-	-	-	*0.9*	*0.9*	-
Less net amount of deferred staff rem	0.3	0.3	(0.6)	(3.1)	(4.4)	(8.0)	(3.0)
Adjusted Profit After Tax	**43.0**	**52.3**	**21.4**	**57.3**	**47.0**	**95.1**	**99.1**
Basic EPS, p	42.3	36.6	21.1	60.6	51.6	104.8	104.7
Diluted EPS, p	41.8	36.1	21.0	59.2	50.6	102.3	102.2
Basic adjusted EPS, p	44.6	54.2	22.1	59.2	49.0	99.2	103.4
Diluted adjusted EPS, p	44.0	53.5	22.0	57.8	48.1	96.8	100.9
Core operating profit							
Management fees	176.4	206.1	101.4	232.6	190.2	353.3	353.3
Commissions and fees payable	(22.7)	(27.8)	(14.7)	(35.7)	(32.1)	(47.7)	(47.7)
Net management fees	153.7	178.4	86.8	196.9	158.1	305.6	305.6
Profit/(loss) on foreign currency contracts	-	-	-	-	-	-	-
Core operating costs	(108.7)	(121.4)	(61.6)	(133.9)	(92.3)	(180.6)	(183.6)
Finance costs	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.2)
Core operating profits (before tax)	**44.8**	**56.7**	**25.1**	**62.8**	**65.7**	**124.8**	**121.8**

Source: Company data, Equity Development.

Balance sheet

Year to 31 Mar (£m)	FY24A	FY25A	H1 26A	FY26A	H1 27A	FY27E	FY28E
Non-current assets							
Goodwill and intangible assets	14.8	-	-	-	-	-	-
Property & equipment	8.3	6.1	5.4	3.9	3.0	1.9	23.2
Deferred tax assets	1.9	4.3	5.0	5.7	5.2	5.7	5.7
Sub-total NCAs	**25.0**	**10.4**	**10.3**	**9.6**	**8.2**	**7.5**	**28.9**
Current assets							
Assets at fair value through P&L	62.4	63.3	78.9	57.5	77.8	73.0	73.0
Trade & other receivables	21.1	22.9	25.2	29.8	39.6	40.0	41.5
Other financial assets	3.4	1.5	0.0	-	0.1	-	-
Assets at amortised cost	6.7	-	-	-	-	-	-
Cash & cash equivalents	98.9	121.8	82.5	151.0	143.5	196.5	251.4
Current tax assets	0.1	0.1	-	0.2	3.1	0.2	0.2
Sub-total CAs	**192.6**	**209.7**	**186.6**	**238.5**	**264.1**	**309.7**	**366.1**
TOTAL ASSETS	**217.6**	**220.1**	**197.0**	**248.1**	**272.3**	**317.2**	**395.0**
Current Liabilities							
Liabilities at fair value through P&L	5.4	5.8	6.4	4.3	4.5	4.3	4.3
Trade & other payables	64.1	71.2	56.3	85.5	96.2	114.7	119.0
Provisions	0.2	-	-	-	-	-	-
Other financial liabilities	0.0	-	3.1	3.0	5.6	2.4	2.3
Current tax liabilities	4.1	3.5	0.7	1.5	0.1	1.5	1.5
Sub-total CLs	**73.9**	**80.5**	**66.5**	**94.4**	**106.3**	**122.9**	**127.1**
Non-current Liabilities							
Provisions & other liabilities	7.5	5.1	4.3	2.9	1.8	1.2	22.4
Liabilities at fair value through P&L	0.2	0.1	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-
Sub-total NCLs	**7.8**	**5.2**	**4.3**	**2.9**	**1.8**	**1.2**	**22.4**
TOTAL LIABILITIES	**81.7**	**85.7**	**70.7**	**97.3**	**108.0**	**124.1**	**149.5**
NET ASSETS	**135.9**	**134.4**	**126.2**	**150.8**	**164.3**	**193.1**	**245.5**
Capital & Reserves							
Issued share capital	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Share premium	19.4	19.4	19.4	19.4	19.4	19.4	19.4
Investment in own shares	(34.7)	(29.7)	(28.5)	(27.1)	(20.8)	(20.8)	(20.8)
Capital & other reserves	12.0	12.3	12.3	14.0	17.3	17.3	17.3
Retained Earnings	136.6	130.0	120.5	142.1	145.9	174.8	227.2
TOTAL EQUITY	**135.9**	**134.4**	**126.2**	**150.8**	**164.3**	**193.1**	**245.5**

Source: Company data, Equity Development

Cash flow statement (page 1 of 2)

Year to 31 Mar (£m)	FY24A	FY25A	H1 26A	FY26A	H1 27A	FY27E	FY28E
Operating activities							
Profit before taxation	**54.7**	**51.6**	**27.9**	**76.9**	**65.5**	**133.9**	**133.8**
Adjustment for:							
Interest receivable and similar income	(2.3)	(2.7)	(1.1)	(1.9)	(1.3)	(2.7)	(3.9)
Investment income	(0.4)	(0.3)	(0.2)	(1.1)	(0.1)	(0.5)	(0.5)
Interest on lease	0.2	0.2	0.1	0.2	0.1	0.2	0.4
Depreciation on property & equipment	2.5	2.5	0.9	2.5	1.1	2.2	2.4
Amort. & impairment of intangible assets	1.2	14.8	-	-	-	-	-
Decr/(Incr) in assets at FVTPL	-	-	(8.4)	-	(4.0)	(4.0)	-
Decr/(incr) in other financial assets & liabilities	2.9	(1.8)	3.6	(3.8)	2.6	2.6	-
(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)	(2.3)	(6.9)	(9.8)	(10.2)	(1.5)
(Decr)/incr in trade and other payables	(7.1)	5.7	(14.5)	14.4	10.5	29.2	4.3
Share-based payment charges	5.1	7.0	4.3	7.7	3.7	10.1	12.1
Incr/(decr) in liabilities at FVTPL	(2.2)	0.1	1.6	1.3	0.6	-	-
Release of fund units deferred rem	(1.2)	3.8	(3.0)	(3.9)	(2.3)	-	-
Other non-cash items	-	-	-	-	-	-	-
Cash generated from operations	**52.0**	**80.7**	**8.8**	**91.0**	**66.7**	**160.8**	**147.0**
Corporation tax paid	(12.4)	(19.4)	(10.4)	(20.3)	(16.4)	(33.5)	(33.4)
Interest on lease	-	-	-	-	-	-	-
Interest received	2.3	2.7	1.1	1.9	1.3	2.7	3.9
Net cash from operating activities	**41.9**	**64.0**	**(0.6)**	**72.6**	**51.5**	**130.0**	**117.5**

Source: Company data, Equity Development

Cash flow statement (page 2 of 2)

Year to 31 Mar (£m)	FY24A	FY25A	H1 26A	FY26A	H1 27A	FY27E	FY28E
Investing activities							
Interest received	-	-	-	-	-	-	-
Investment income received	0.4	0.3	0.2	1.1	0.1	0.5	0.5
Sale of assets at FV through P&L	56.1	44.0	22.3	75.9	9.9	9.9	-
Purchase of assets at FV through P&L	(36.4)	(46.9)	(26.4)	(53.5)	(24.0)	(24.0)	-
Purchase of assets at amortised cost	(6.7)	6.7	-	-	-	-	-
Purchase of property and equipment	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.6)
Sale of property and equipment	-	0.0	-	-	-	-	1.0
Payments in respect of asset acquisition	(0.1)	(0.0)	(0.0)	(0.0)	-	-	-
Cash from disposal of cons seed investments	-	-	-	(11.2)	-	-	-
Net cash used in investing activities	**13.1**	**3.9**	**(4.0)**	**12.2**	**(14.1)**	**(13.7)**	**0.9**
Financing activities							
Dividends paid to shareholders	(44.3)	(44.4)	(30.9)	(44.5)	(30.6)	(48.2)	(47.9)
Lease payments	(1.7)	(1.5)	(1.2)	(2.4)	(1.1)	(2.4)	(2.1)
Interest on lease	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.4)
Issue of shares	-	-	-	-	-	-	-
Purchase of own shares	(8.2)	0.4	(2.1)	(7.2)	(12.5)	(20.0)	(12.1)
3rd party subs into consolidated funds	5.0	1.4	0.7	3.7	0.5	-	-
3rd party redemptions from consolidated funds	(13.4)	(1.1)	(1.5)	(5.2)	(1.0)	-	-
Dividends paid to 3rd party interests	-	-	-	-	-	-	-
Net cash from /(used in) financing activities	**(62.9)**	**(45.4)**	**(35.0)**	**(55.7)**	**(44.8)**	**(70.8)**	**(62.4)**
Net (decr)/incr in cash & equivalents	**(7.9)**	**22.5**	**(39.6)**	**29.0**	**(7.4)**	**45.5**	**55.0**
Cash & equivalents beginning of year	107.0	98.9	121.8	121.8	151.0	151.0	196.5
Effect of forex rate changes	(0.2)	0.4	0.2	0.1	(0.1)	-	-
Cash & equivalents at end of year	**98.9**	**121.8**	**82.5**	**151.0**	**143.5**	**196.5**	**251.4**

Source: Company data, Equity Development

Spare text

in an environment which saw outflows for active managers (page have been exceptionally strong These results, in addition to the exceptionally strong FY26, are of huge significance, and mark a step-change in scale for Polar. AUM doubled in 18 months.

Those results are no surprise. End-H1 AUM was disclosed in early-Oct, and we had solid revenue-yield and cost guidance.

will undoubtedly be the focus of investors' attention.

, and could forecast the H1 financials with a degree of certainty.

with Polar continuing to attract significant capital from investors. In Q2, net flows were +£1.2bn compared to +£2.5bn in Q1 and +£1.4bn in Q4-26, in an environment where most active equity funds in the UK have suffered heavy outflows (page 3).

Fundamentals are hugely impressive, yet Polar's shares trade on the lowest forward PER in the sector (page 4), which supports our argument that there is a substantial gap between fundamental valuation (1,250p per share) and share price (726.5p). We see no logical reason for this.

The setback came after the period end. Technology stocks sold off hard in October. The Global Technology Fund fell 16.5% in the month (benchmark: -9.8%). We estimate group AUM was c. £37bn on 11 Nov, down c. 15% since 30 Sep. We now assume year-end AUM of £38.3bn (was £46.9bn). FY27 forecasts still go up, because H1 is banked and we add performance fees. New FY27 forecasts: revenue £372m (+41% y-o-y), core operating profit £126m (+101%), PBT £145m (+89%). FY28 is cut: revenue -17% to £354m, PBT -24% to £119m.

H1 AUM growth came from both performance and flows. Investment performance added £9.5bn, or 31% of opening AUM. Net flows added £3.6bn, or 12% of opening AUM. That is Polar's strongest half-year flow rate in more than five years, and it came while most UK active equity funds saw outflows (page 5).

Polar's flagship technology strategy is high conviction, and that cuts both ways. The Global Technology Fund beat its benchmark in September (+9.5% vs +6.6%). It also fell further than its benchmark in July and October. Investors should expect AUM to swing with technology valuations.

Contacts

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

Hannah Crowe
Direct: 0207 065 2692
Tel: 020 7065 2690
hannah@equitydevelopment.co.uk

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