Polar Capital Holdings plc

Annual Report 2024

Contents

At a Glance

Polar Capital Holdings plc is a specialist, investment led, active fund management company with a collegiate and meritocratic culture where the capacity of investment strategies is managed to enhance and protect performance.

Who we are

Since its foundation in 2001, the Polar Capital Group has grown to support 13 investment teams managing 27 funds, 3 investment trusts and a number of segregated mandates across a range of long-only and alternative products, with combined assets under management (AuM) at 31 March 2024 of £21.9bn.

Polar Capital Holdings plc ordinary shares are traded on the Alternative Investment Market under the ticker 'POLR.LN'.

Combined AuM
£21.9bn

Our Office Locations

UK
USA
China
France
Spain
Germany
Sweden
Switzerland
Singapore

Our philosophy

- **Primacy of investment performance**
- **Diversified yet complementary set of funds with a focus on fundamental research driven strategies**
- **Broad equity ownership amongst staff**
- **Institutional robustness across operations, compliance, risk and relationship management**
- **A flexible, entrepreneurial and transparent culture**
- **An environment in which talent can flourish and be appropriately rewarded**

Highlights

"It is pleasing that Polar Capital's Assets under Management grew by 14% over the year, from £19.2bn to £21.9bn and given the positive outlook of the business, the total dividend per share was maintained at 46.0p."

Gavin Rochussen, Chief Executive Officer

Assets under Management (AuM)

+14%

2024 £21.9bn

2023 £19.2bn

Profit before tax

+21%

2024 £54.7m

2023 £45.2m

Core operating profit†

-6%

2024 £44.8m

2023 £47.9m

Basic earnings per share

+15%

2024 42.3p

2023 36.8p

Adjusted diluted total earnings per share†

-1%

2024 44.0p

2023 44.3p

Dividend per share

Dividend maintained

2024 46.0p

2023 46.0p

† The non-GAAP alternative performance measures shown here are described on page 29.

This report does not constitute an offer or recommendation to invest in any of the funds referenced within.

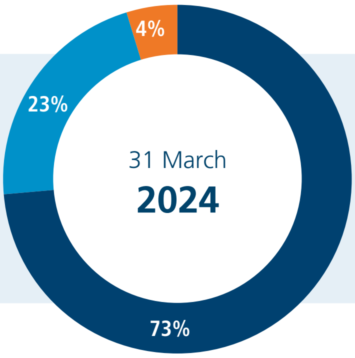
Corporate updates

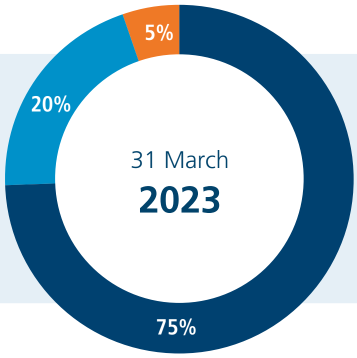
During the year, Polar Capital launched the following funds:

- **Polar Capital Emerging Market ex-China Stars Fund** which seeks to take advantage of companies in emerging markets, excluding China, with high opportunity and potential for growth.
- **Polar Capital European Small Cap Fund** which seeks to take advantage of small-cap equities and equity related securities of companies which are incorporated, domiciled or derive a significant portion of their revenue from Europe.

Assets under Management

AuM split by type





31 March 2024

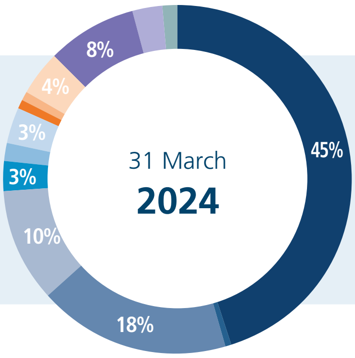
	£bn	%
Open ended funds	16.0	73%
Investment trusts	5.1	23%
Segregated mandates	0.8	4%
Total	21.9	

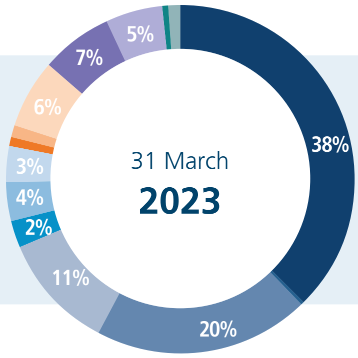
31 March 2023

	£bn	%
Open ended funds	14.3	75%
Investment trusts	3.9	20%
Segregated mandates	1.0	5%
Total	19.2	

AuM split by strategy

Ordered according to launch date





31 March 2024

	£bn	%
Technology	9.9	45%
European Long/Short	0.1	0.5%
Healthcare	3.9	18%
Global Insurance	2.3	10%
Financials	0.6	3%
Convertibles	0.4	2%
North America	0.7	3%
Japan Value	0.2	1%
European Income	0.2	1%
UK Value	0.9	4%
Emerging Markets and Asia	1.8	8%
European Opportunities	0.6	3%
European Absolute Return*	–	–
Sustainable Thematic Equities	0.3	1.5%
Total	21.9	100%

31 March 2023

	£bn	%
Technology	7.2	38%
European Long/Short	0.1	0.5%
Healthcare	3.8	20%
Global Insurance	2.1	11%
Financials	0.5	2%
Convertibles	0.7	4%
North America	0.6	3%
Japan Value	0.2	1%
European Income	0.2	1%
UK Value	1.2	6%
Emerging Markets and Asia	1.3	7%
European Opportunities	1.0	5%
European Absolute Return*	0.1	0.5%
Sustainable Thematic Equities	0.2	1%
Total	19.2	100%

* The Melchior European Absolute Return Fund was closed in May 2023.

Chair's Statement

David Lamb Chair

Introduction

While the financial year saw the continuation of significant geopolitical and global economic narratives from the previous year, it proved eventful in its own right. The emergence of conflict in Gaza and spreading national tensions in the Middle East added to the sustained war in Ukraine while, at a market level, guesswork over the trajectory of inflation and interest rate rises gave way to yet more conjecture as to the pace and magnitude of rate cuts, as we moved into 2024. Gavin Rochussen discusses the subsequent impact for shareholders and underlying investors in his Chief Executive Officer (CEO) report on page 6.

Early in the year under review, the world saw the coronation of Charles III as King of the United Kingdom and the Commonwealth. While reshuffles and by-election results reflected diminishing confidence in the current government, UK investors were given green shoots of market support in the Chancellor's Autumn Statement measures, partly designed to encourage UK domestic share ownership. Alleviating wider negativity on the UK economy somewhat, economic revisions in the latter half of calendar year 2023 placed the UK back among its European peers, ridding the country of its label as 'the sick man of Europe'.

More broadly, the main focal point for investors was the path for inflation and the subsequent turning point for interest rates. While the former continued to subside, stubborn readings towards the end of the year saw the Bank of England hold its base rate at 5.25% after 14 consecutive raises beginning in December 2021.

Against this backdrop it is pleasing to report 79% of our UCITS funds' AuM, representing 72% of total AuM, were in the top two quartiles against their Lipper peer group over the year to the end of March 2024, with 92% in the top two quartiles over three years, and 87% and 100% in the top two quartiles over five years and since inception respectively.

As we look ahead, we are supported by a strong balance sheet and our confidence in both a talented executive team as well as, in our view, some of the best investment managers. While our industry will always brim with competing external challenges and opportunities, such as the rise of innovation in artificial intelligence (AI) and the economies it has yet to create, we are used to navigating our way through uncertain times and the Board and I are confident the outlook for the business remains positive.

Results

Assets under management (AuM) grew by 14% over the year, from £19.2bn to £21.9bn. This £2.7bn increase was the result of market movements and fund performance, together contributing £4.3bn, offset by net redemptions of £1.6bn. Lower average AuM for a large part of the year and higher operating costs led to lower core operating profit† of £44.8m (2023: £47.9m). This was compensated for by higher performance fee profit† of £9.6m (2023: £1.7m) resulting in profit before tax of £54.7m (2023: £45.2m), basic EPS of 42.3p (2023: 36.8p) and adjusted diluted total EPS† of 44.0p (2023: 44.3p).

Dividend

Given the strength of our balance sheet and our confidence in the long-term outlook for the Company, the Board recommend maintaining a second interim dividend per share of 32.0p (2023: 32.0p) to be paid in August 2024. This, together with the first interim dividend per share of 14.0p paid in January 2024, means that the total dividend per share for the year is maintained at 46.0p (2023: 46.0p).

Board

There have been no changes to the Board in the year under review. The Directors are encouraged to provide feedback on the workings of the Board, the operation and leadership of the Company and the fulfilment of their own roles. During the year, the Board participated in an externally facilitated evaluation process from which a summary of action and feedback is included in the report of the Nomination Committee on page 63. The Board continue to meet regularly with Gavin and his executive team on all matters of strategy and the running of the business. The Board and I want to put on record our thanks and appreciation to Neil Taylor who retired from his position as Company

† The non-GAAP alternative performance measures mentioned here are described on page 29 and reconciled to reported results on page 30.

Secretary at the end of this last financial year, Neil has been Company Secretary since the inception of the business and has been a key factor in the success of Polar Capital. We all wish Neil well in his greatly deserved retirement.

We were also pleased to welcome Tracey Lago as our new Company Secretary on 1 April 2024. Tracey has been with Polar Capital since 2017 and is a familiar face to the Board. We wish her well in her new role.

Strategy

We have seen improvements in investment performance, as mentioned above, as well as a pickup in net inflows towards year end, following the broadening of our distribution footprint and increased interest in our investment offerings. It was also encouraging to see signs of slowing outflows from some of our more established strategies, reflecting improving investor sentiment in the second half of the year. Net flows during March 2024 were pleasing, with six Polar Capital strategies seeing inflows totalling £228m. During the final quarter, our open-ended Technology funds saw net inflows of £327m compared to £136m of net outflows in the previous quarter, with £212m of net inflows over March 2024. This continued recent positive momentum saw total net inflows of £56m during the final quarter of the financial year, following a number of quarters of outflows.

Culture

It is testament to the collaborative, supportive and inclusive culture at Polar Capital that the Company has been able to tackle such a challenging and ever-moving market environment throughout the year. I am particularly proud of the commitment our staff continue to make beyond the workplace, specifically through the mentoring support provided on a voluntary basis, to students at Westminster City School, a local academy. The broader work support offered by Polar Capital to the students of the school is a clear demonstration of the Polar Capital culture in action, making a difference to the immediate society in which the Company operates.

A team of nine staff and one Board member also mentored students from the Kingsley Academy who won the 10th annual Grocer Academy Award 2024, a Dragons' Den-style competition aimed at sixth-form students across London. Their winning idea, which aims to reduce food waste, was for a smartphone app that can record fridge contents and facilitate shopping for missing ingredients online or in person. Congratulations to all who took part.

Annual General Meeting

We are planning to hold the Company's forthcoming Annual General Meeting (AGM) on Wednesday 25 September 2024 at the Company's registered office. Shareholders are encouraged to submit any questions to our Company Secretary before the meeting (by using Investorrelations@polarcapital.co.uk, using the subject title 'PCH AGM') who will arrange for a response to be provided to the questions. There will not be a presentation at the meeting, but a video of the CEO and Chief Financial Officer (CFO) presenting the results will be available on the Company's website ahead of the meeting. The notice of the meeting is also available on the Company's website.

Thank you

It has been another challenging year for the industry, our Company, fund managers and staff; we as a Board extend our thanks to Gavin, the executive team, our fund managers and all staff and others that support the business both internally and externally. We appreciate the commitment and dedication shown by all.

David Lamb
Chair

26 June 2024

Chief Executive's Report

Gavin Rochussen Chief Executive Officer

Markets have a tendency to treat external forces in isolation, willing the end of one narrative so another can begin. It has perhaps never been clearer than in recent history, however, that the big picture is never linear, as investors constantly grapple with multiple influences at varying stages of their potency. The year in review aptly demonstrates this constant market truism.

The post-Covid rationalisation of inflation and interest rates continued to dominate the macroeconomic agenda, alongside prolonged and developing geopolitical tensions, China's debt and deflation struggles, and the anticipation of a US presidential election, to name just a few factors moving markets over the year.

As such, the financial year to 31 March 2024 saw a blend of sudden and rapidly evolving headlines, namely the ongoing war in Ukraine, the onset of conflict in Gaza and broadening political agitation in the Middle East, and more medium-term concerns led by stubborn inflation in the US and the subsequent trajectory for global interest rates. In the first half of the year in particular, markets saw the continuation of unprecedented monetary tightening as central banks around the world sought to rein in the excess monetary support provided during the pandemic. In the US, the Federal Reserve carried on its steepest tightening cycle in 40 years as rates were raised to heights last seen during the global financial crisis (GFC). In Europe, the European Central Bank (ECB) lifted rates by 100 bps over the year, ultimately maintaining the 4.5% level reached in September 2023. Japan finally ended its negative interest rate policy eight years after cutting its short-term policy rate to -0.1% in February 2016, having long battled deflation and subdued economic growth. Corporate governance reforms in the country are seemingly bearing fruit, attracting investment and helping propel the Nikkei 225 Index to new highs, finally surpassing its 1989 peak.

It was a positive period for equities more broadly, as markets reversed weak performance over the previous year, which delivered the worst annual return since 2008. Buoyed by the so-called Magnificent Seven[1] US technology stocks and the continuing demand for AI enablers, the MSCI All-Country World Index rose by 24% to the end of March 2024[2]. The technology-heavy NASDAQ Composite Index returned 35%, outstripping the 22% achieved by the Dow Jones Industrial Average (DJIA), with the Morningstar US Growth Index delivering 30% against 21% for the Morningstar US Value Index (all total return, in dollar terms)[3]. The latter proved a notable volte face compared with the previous year, in which growth markedly underperformed value, highlighting both the weight of large US technology names in global indices and the strength of the AI theme.

While investors began the year in a generally bearish mood, expecting imminent recession, the following six months in fact displayed faster-than-expected economic growth, driving a shift in outperformance from more defensive stocks, which excelled in 2022, to more cyclical areas of the market. Moving into Q3 2023, investors' concerns shifted towards a potential reacceleration in inflation and worries over the extent to which central banks would have to raise interest rates as a result. A move higher in rates followed, leading to a difficult time for equities, with small and mid-cap stocks hit particularly hard. However, October 2023 saw the end of the correction, with economic data suggesting inflation and growth were indeed cooling. Financial conditions eased and stocks bottomed out, starting what became a significant rally to the end of Q1 2024. The S&P 500 climbed to new all-time highs in March 2024, delivering its best calendar Q1 since 2019[4]. The mood was shared by the DJIA (up 6%) and the NASDAQ (up 9%) during the quarter, as the market remained sanguine despite stronger-than-expected economic data raising the prospect of fewer rate cuts in 2024 than previously anticipated.

While the AI theme continued to garner corporate and consumer attention over the year, the pace of innovation and adoption in the sector began to split fortunes among the leading technology names. Indeed, performance among the Magnificent Seven during calendar Q1 2024 sowed the seeds of potential longer-term divergence, with the bifurcating factor likely the use and implementation of an AI strategy or lack

1 Alphabet, Amazon, Apple, Meta Platforms (Facebook), Microsoft, NVIDIA and Tesla
2 MSCI ACWI Index
3 Bloomberg, April 2024
4 April 2024 Stock Market Outlook – Forbes Advisor

thereof, ushering in talk of a 'Fab Four' label as a replacement. NVIDIA and Meta Platforms (Facebook) benefitted from strong AI tailwinds; Microsoft Copilot is showing early signs of success and Amazon has been deemed a potential longer-term beneficiary of generative AI. However, Google, Alphabet's flagship subsidiary, the first company to publish a paper on the transformer model and the importance of 'self-attenuation' (self-control within AI models) – faces the threat of losing ground in its core Search business due to the rise of large language models (LLMs). Apple faces several regulatory headwinds and, along with Tesla, is seeing increasing competition from China hit demand. There is also a comparative uncertainty as to both firms' AI strategies weighing on the companies' share price as they trailed their Magnificent Seven peers into period end. Given the beginnings of such a divergence, it is not unreasonable to suggest AI could potentially prove to be the fork in the road, separating those for whom AI adoption propels growth from those who suffer from a lagging response or eventual cannibalisation.

Polar Capital was supported by our large exposure to the technology and related sectors, with AuM growing by 14% over the year, from £19.2bn to £21.9bn. This £2.7bn increase was the result of market movements and fund performance, together contributing £4.3bn, offset by net redemptions of £1.6bn. Net flows during March 2024 were pleasing, with six Polar Capital strategies seeing inflows totalling £228m. This continued recent positive momentum, which saw total net inflows of £56m during the final quarter of the financial year, following a number of quarters of net outflows.

Turning to **investment performance**, as at the end of March 2024, 79% of our UCITS funds' AuM, representing 72% of total AuM, were in the top two quartiles against the Lipper peer group over one year, 92% in the top two quartiles over three years with 87% and 100% in the top two quartiles over five years and since inception respectively. Of our UCITS funds' AuM, 91% is in the first quartile against the Lipper peer group since inception with 85% of AuM delivering benchmark outperformance since inception. Encouragingly, the final quarter to the end of March saw 97% of AuM in the top two quartiles compared with the Lipper peer group.

The growth in AuM and signs of positive momentum regarding flows towards the end of the financial year compare favourably with sector peers experiencing persistent outflows. During the final quarter, our open-ended Technology funds saw net inflows of £327m compared to £136m of net outflows in the previous quarter, with £212m of net inflows over March 2024.

Financial performance for the year continued to be challenging. Average AuM over the first half of the year was 3% lower than the comparable six-month period, however, following improved performance and market movement in the second half of the year, remained flat overall compared to 2023 at £19.6bn. The lower average AUM for the majority of the year resulted in a 1% decrease in management fees from 2023 though performance fee profit† was higher at £9.6m than the prior year £1.7m, offsetting this decrease. Operating costs increased, primarily as a result of additional rental charges and inflationary related increases. As a result, profit before tax and basic EPS increased by 21% and 15% respectively. Adjusted diluted total EPS† declined by 1% from 44.3p to 44.0p. Total dividend per share for the year has been maintained at 46.0p (2023: 46.0p).

Polar Capital's regulatory environment remains abundant with changes in the UK, US, Switzerland and the EU. The implementation process for Consumer Duty was completed during the year and it remains an area of focus for the Group as we continue to make improvements in line with evolving good practice. The FCA Sustainability Disclosure Requirements and Anti-Greenwashing rules, and Task Force on Climate-Related Financial Disclosures have challenged firms to ensure their products' environmental claims are accurate, transparent and mitigate greenwashing risk by providing clear information to investors about the environmental impact of their investments.

Progress has continued under the 'Growth with diversification' strategy, diversifying our distribution footprint into new regions. The Nordic region has become a significant market and to support our existing operations and add to our local presence, we filled a new role of Regional Sales Executive for the Nordics internally and opened an office in Stockholm, Sweden, in September 2023. In the following March, we were awarded *Fund Company of the Year* at the Söderberg & Partners Award Ceremony in March 2024. We have continued to develop our US footprint with experienced business development capability covering the major regions within the US. This has resulted in sustained interest in our Emerging Markets Stars fund strategies.

Later this year, we anticipate launching an International Small Company strategy led by a manager with a compelling long-term track record. The strategy will be marketed primarily to our growing US client base.

Sustainability is important to our business at both a corporate and investment level and we remain committed to integrating sustainable practices across the Group. Our Diversity and Inclusion Committee has continued to be a forum for positive action, establishing important initiatives within the business

† The non-GAAP alternative performance measures mentioned here are described on page 29 and reconciled to reported results on page 30.

Chief Executive's Report continued

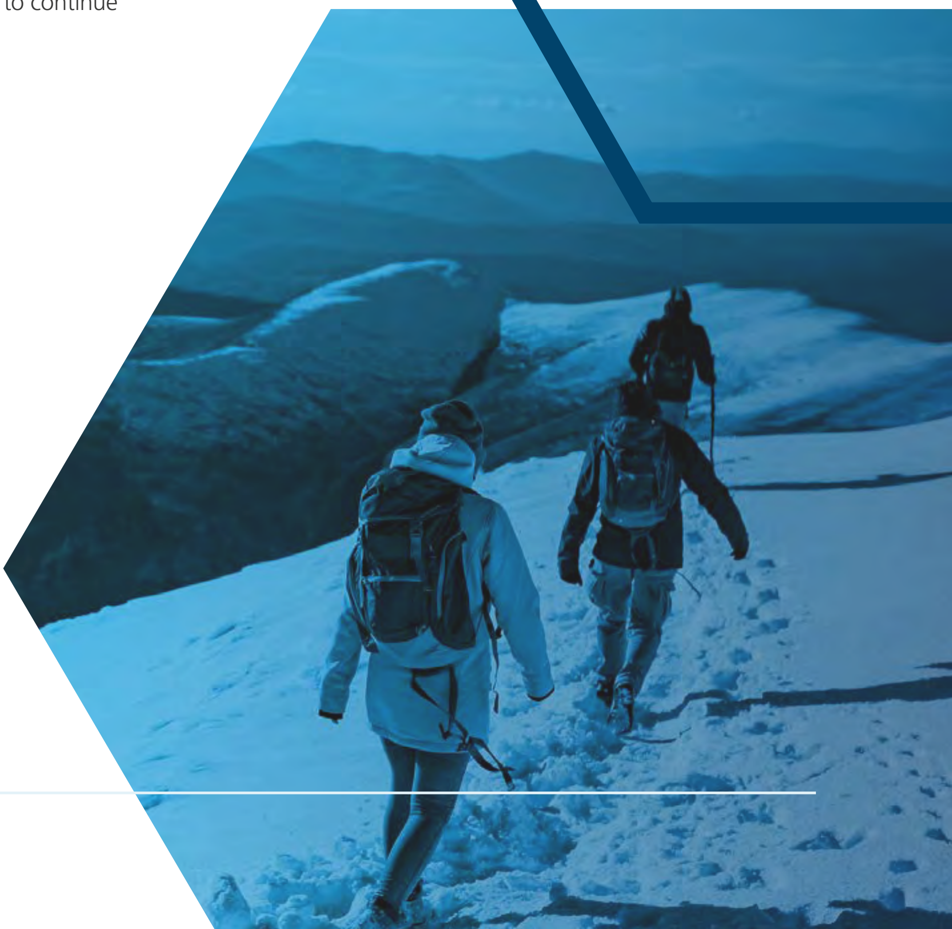
and externally. Our staff have continued to participate in industry initiatives such as the Diversity Project and Investment 20/20, and we are pleased with progress in our ongoing partnership and bursary programme with a local academy adjacent to our London offices.

ESG and sustainability-related regulation continues to drive change in our industry and the UK's Sustainability Disclosure Requirements (SDR) will push the UK ahead with disclosure and reporting standards. Similarly, over the year we have further developed and implemented the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) across our business strategy, governance structure and risk management process. We will publish our first full TCFD report in June 2024. The transition to a net-zero economy is an important consideration for our business and we remain focused on developing our climate strategy, analysis capabilities and stewardship practices.

The outlook is more constructive for risk assets such as equities with a continuing reduction in global inflation, interest rates peaking and central banks poised to ease monetary policy. Polar Capital has active, specialist and differentiated thematic, sector and regionally focused fund strategies with compelling long-term performance track records and significant remaining capacity.

While there remains geopolitical risk and a significant portion of the developed world population facing elections this year, our performance-led culture, strong balance sheet and improving sentiment for equities positions us well to continue performing for our clients and shareholders.

Gavin Rochussen
Chief Executive Officer
26 June 2024



Market Review

In portfolio management, uncertainty is one reliable constant. As investors, we need to make an assessment about the future, and yet very few humans are good at forecasting.

The dominant narrative at the beginning of calendar year 2023 was that global economies were heading for recession as interest rates rose to combat inflation. The expectation was that equity markets would follow a downward path in tandem. In reality, calendar year 2023 began and ended with equity markets moving markedly higher, at first because the US economy in particular continued to expand, and towards the end as inflation appeared to be moderating. This picture is now less clear.

The equity market recovery continued into the first calendar quarter of 2024, the final quarter of Polar Capital's financial year. In this latter period, investors were once again faced with an unexpected phenomenon; very few forecast that gold would outperform a rising US equity market.

Financial markets' major preoccupations are currently two-fold.

The first is the growth and innovation dynamic which is coming from artificial intelligence and the use of natural language processing and large language models. Polar Capital's experienced Technology team has written extensively on this subject, highlighting the potential of AI to deliver a significant productivity boost, as was the case with previous general purpose technologies such as steam, electrification and information technology. The team's view is that there will be a number of adoption waves for AI which, as with previous technological advances, may lead to reductions in labour input. Equally, if the past is a guide, many new jobs, ideas and innovations will be made possible by the combination of man and machine.

The market's second preoccupation, more prosaically, is the direction of US interest rates.

In his March 2024 testimony, Federal Reserve Chair (Fed) Jerome Powell said "We're waiting to become more confident that inflation is moving sustainably at 2%. When we do get that confidence, and we're not far from it, it'll be appropriate to begin to dial back the level of restriction".

This is a reasonably constructive message for those expecting lower interest rates, which the market is discounting in the second half of 2024, although Powell's more recent comment, that "we can be patient and we'll be careful and cautious as we approach the decision to cut rates" is open to a number of interpretations, leading to more uncertainty.

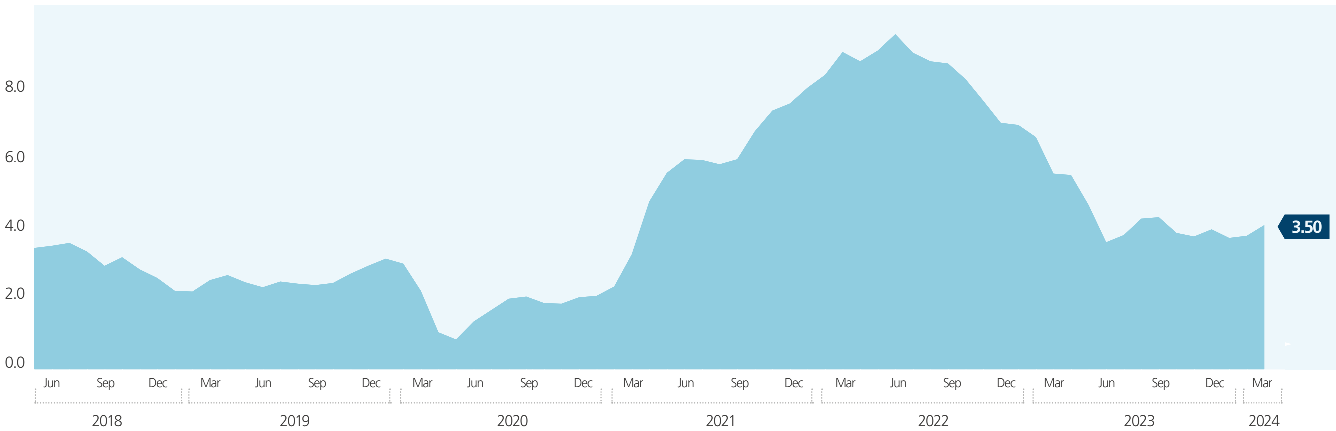
The risk is that interest rates do not come down as quickly as many expect, although the most likely reason for that would be a positive one, namely healthy US economic growth.

Some investors have attempted to draw parallels between current market conditions and the excesses which preceded the 2000 equity market crash. The difference this time is that many of the largest technology companies generate a high return on capital and are seeing strong upward earnings revisions.

The upcoming US presidential election, now almost certain to be fought between Biden and Trump, introduces an additional layer of unknowns. When Trump was elected in 2016, his economic stimulus measures led to a sharp market rally. This time round, the US economy is already benefiting from Biden's initiatives such as the Inflation Reduction Act and the CHIPS and Science Act[1], so there is perhaps less room for positive economic surprise.

Markets continue to remind us how little we know, and of the perils of over-confidence. With this in mind, we endeavour to remain humble, open-minded, and inquisitive.

CPI year on year Index (US CPI Urban Consumers YoY NSA)



Source: Bloomberg data at 31 March 2024.

1 The CHIPS and Science Act is a U.S. federal statute enacted by the 117th United States Congress and signed into law by President Joe Biden on 9 August 2022. The act authorises new funding to boost domestic research and manufacturing of semiconductors in the United States.

Strategy and Business Model

The Group's aim is to remain a leading specialist, investment led, active fund manager through a strategy of delivering a range of fundamentally driven investment products that deliver differentiated risk adjusted returns over the long-term to professional and institutional investors.

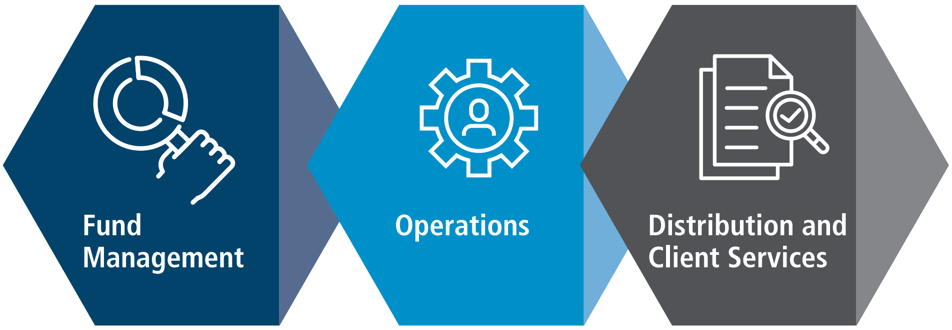
Objectives

Our focus is investment performance over and above the gathering of assets. We believe there is an alignment of interest between the fund managers we recruit, their focus on delivering superior returns and the interests of professional and institutional clients who are seeking differentiated investment products.

- Remain a leading global investment management boutique
- Deliver first quartile fund performance over the investment cycle
- Sustain high levels of corporate governance and transparency
- Be a strong and dependable partner to our clients offering them a range of attractive and diversified investment products
- Maintain a robust operational infrastructure
- Preserve a strong balance sheet

Business model

The Group operates as a scalable business platform for specialist, active fund management teams and is structured into three main business areas: Fund Management, Operations and Distribution and Client Services.



The Group currently supports 13 investment teams that manage a range of long-only and alternative products, including open-ended UCITS, SICAV, US 40 Act mutual funds as well as closed-ended investment trust companies and segregated mandates. We have created an environment in which fund managers can focus on managing portfolios and not be distracted by other day-to-day aspects of running a business, particularly administration. The capacity of our strategies are actively managed to enhance and preserve investment performance.

The Group maintains a robust and scalable operational infrastructure and system of risk and controls which, in collaboration with third-party service providers, support all business areas.

The Group's distribution and client services teams distribute its products in the UK and internationally to professional and institutional investors through our strong digital platform with insightful content.

Strategy for further growth – Growth with diversification

Investment strategies

- Add complementary strategies to appeal to professional investors
- Selectively extend existing teams to provide additional capacity

Distribution and Client Services

- Focus on building the institutional channel
- Increase US client assets over time
- Enhance international distribution capability
- Focus distribution opportunities in Asia and US

Link to KPIs

- Core operating profit
- Performance fee profit
- Core operating margin
- Adjusted diluted total EPS
- Adjusted diluted core EPS
- Total shareholder return
- Net management fee
- Net management fee yield
- Net inflows
- Investment performance

Progress during 2023–24

- AuM grew by 14% over the year, from £19.2bn to £21.9bn.
- Net inflows of £56m for the final quarter of the year including net inflows of £327m to our open ended funds within the Technology strategy which had seen net outflows of £136m in the previous quarter.
- Expansion of our funds offering including the launch of the Polar Capital Emerging Market Ex-China UCITS and DOST funds, and Polar Capital European Small Cap Fund.
- Continued sustained interest in our Emerging Market Stars Fund strategies has resulted in AuM managed in US products of £164m
- Continued expansion of our distribution footprint by increasing headcount in the US and the opening of a client servicing office in Sweden to support the Nordic region.
- Progress towards launching an International Small Company strategy.
- Maintained total dividend per share at 46.0p.

Key Performance Indicators (KPIs)

We use the following key performance indicators to measure progress against our strategy. The financial performance indicators, alongside the drivers for year on year movements, are discussed in greater detail in the Financial Review on pages 25 to 28.

During a difficult period for markets (see pages 6 to 9), Polar Capital has demonstrated resilience and maintaining investment performance. The Group's strong balance sheet and significant capacity in fund strategies that are currently benefitting from net inflows positions Polar Capital well for the future.

Financial performance indicators

Core operating profit†

These are Group profits before performance fee related profits, other income and tax.

-6%

2024	£44.8m
2023	£47.9m

Core operating profit margin†

This measure of Group profitability is calculated as core operating profits divided by net management fee revenue.

-2%

2024	29%
2023	31%

Net management fee yield†

This measures the average management fee charged across our product range by dividing net management fees earned by the average AuM during the year.

-1bps

2024	78bps
2023	79bps

Performance fee profit†

Gross performance fee revenue less performance fee interests due to staff.

+465%

2024	£9.6m
2023	£1.7m

Adjusted diluted total EPS†

The Group's adjusted profits from management fees, performance fees and other income measured per share.

-1%

2024	44.0p
2023	44.3p

Adjusted diluted core EPS†

The Group's adjusted core operating profits measured per share.

-12%

2024	35.0p
2023	39.7p

Total shareholder return

We measure the value created for shareholders by monitoring the sum of the change in share price plus dividends paid.

+31%

2024	11%
2023	-20%

Improvement in total shareholder return is due to increase in share price and maintained dividend payout.

† These non-GAAP alternate performance measures are described in more detail on page 29.

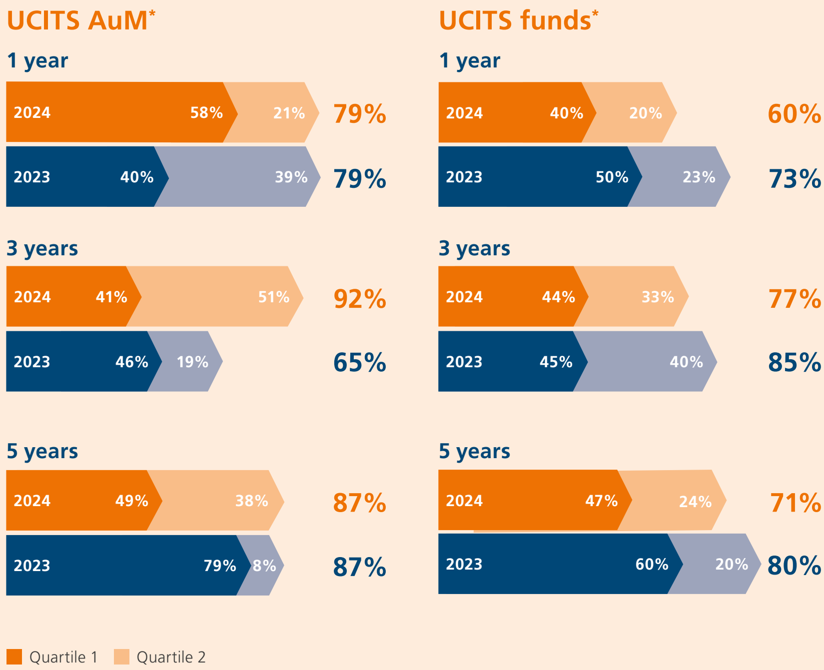
Non-financial performance indicators

Net flows

These represent the net amount of inflows into and redemptions from our product range during the year.

Investment performance

We monitor the percentage of our UCITS AuM and number of funds in the top two quartiles per Lipper figures over 1, 3 and 5 year rolling periods.



*Information as at 31 March 2024 relating to our UCITS products which represents 72% of total AuM.

Business Review

AuM and fund flows

The past two years have been a challenging period for the asset management industry.

Following a difficult calendar year in 2022, the rebound hoped for in 2023 failed to materialise. A staunchly risk-off stance proved the dominant narrative, with investor sentiment deteriorating month-on-month. As a result, the European funds industry suffered a second consecutive year of net outflows.

Polar Capital was not immune from these headwinds and, in line with the wider industry, also experienced a second consecutive year of negative fund flows. However, a combination of net outflows and a fund closure were offset by market and fund performance, resulting in our AuM at the end of the financial year increasing by 14% to £21.9bn from £19.2bn at the end of March 2023. The average AuM for the year was £19.6bn in line with £19.6bn the previous year.

Overall, despite gross inflows of over £4.4bn, we saw total net outflows for the year of £1.6bn. While we experienced selling pressure across several of our strategies, including areas that were out of favour with investors, such as UK and European equities, we saw interest and net new inflows into several of our funds, including Polar Capital Emerging Market Stars Fund (£280m), Polar Capital Asian Stars Fund (£94m), Polar Capital Artificial Intelligence Fund (£192m), Polar Capital Smart Energy Fund (£84m), Polar Capital European ex-UK Income Fund (£81m) and Polar Capital Healthcare Bluechip Fund (£32m).

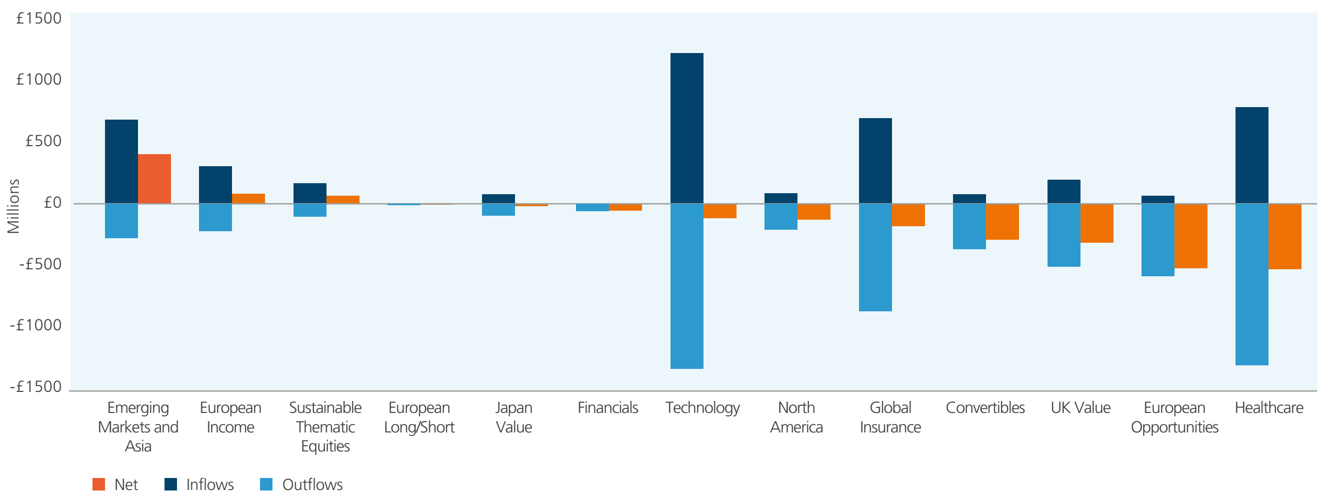
Encouragingly, we saw a marked improvement in the final quarter of the financial year, as outflows slowed in January and February 2024 and turned to positive net flows in March 2024 where six of our strategies benefitted from net inflows, with an overall total of £228m during the final month, resulting in an overall net positive quarter of £56m, the first quarter in eight.

Communicating with our clients

The way in which our clients are engaging with us continues to evolve. For many of them that engagement, at least initially, is increasingly digital and there is a requirement for accessibility, transparency and detailed, technical content and communications.

To meet the fast-changing needs and expectations of our existing and prospective clients, we continue to invest in our digital marketing and client service capabilities, aiming to further configure and tailor our offering to specific client segments and geographies.

Strategy fund flows for the 12 months to 31 March 2024[1]



Source: AuM – Polar Capital

1. The above table exclude Melchior European Absolute Return Fund which was closed down in May 2023.

Client-oriented thinking and appealing specialist investment strategies are key attributes sought by professional fund buyers, both of which provide points of differentiation for Polar Capital and an opportunity to take market share.

Growth with diversification

Under our 'Growth with diversification' strategy, we continue to focus on building scale from clients based outside our home market of the UK.

Our approach to international expansion remains both targeted and measured. We see the greatest potential for future growth in the US, in south-east Asia and in seven core markets in Continental Europe where we continue to focus.

In the US, we have made two senior sales appointments this year. We continue to broaden and deepen our presence there and these appointments reflect its importance and our commitment to providing our existing and prospective US clients with exceptional service and support.

Good progress continues to be made in Continental Europe, which now accounts for around one-third of our AuM. This has recently been recognised by Polar Capital winning ‘European Asset Management Firm Of The Year’ in the €20bn-€100bn category of the Funds Europe 2023 Awards.

We have also made significant progress in Scandinavia, where AuM has reached close to £700m. We recently established a distribution office in Stockholm to support our clients in the region, where support for our investment strategies and funds continues to grow. Pleasingly, and testament to our approach, Swedish Wealth Manager Söderberg & Partners recently announced Polar Capital as winner of their ‘Mutual Fund Company of the Year’ award.

During the year, Polar Capital has been recognised in a number of awards, including:

Funds Europe 2023 Awards:
Winner – Best Fund Management Group (€20bn - €100bn)

Financial News Excellence in Institutional Fund Management Awards for 2023:
Winner – Emerging Markets Manager

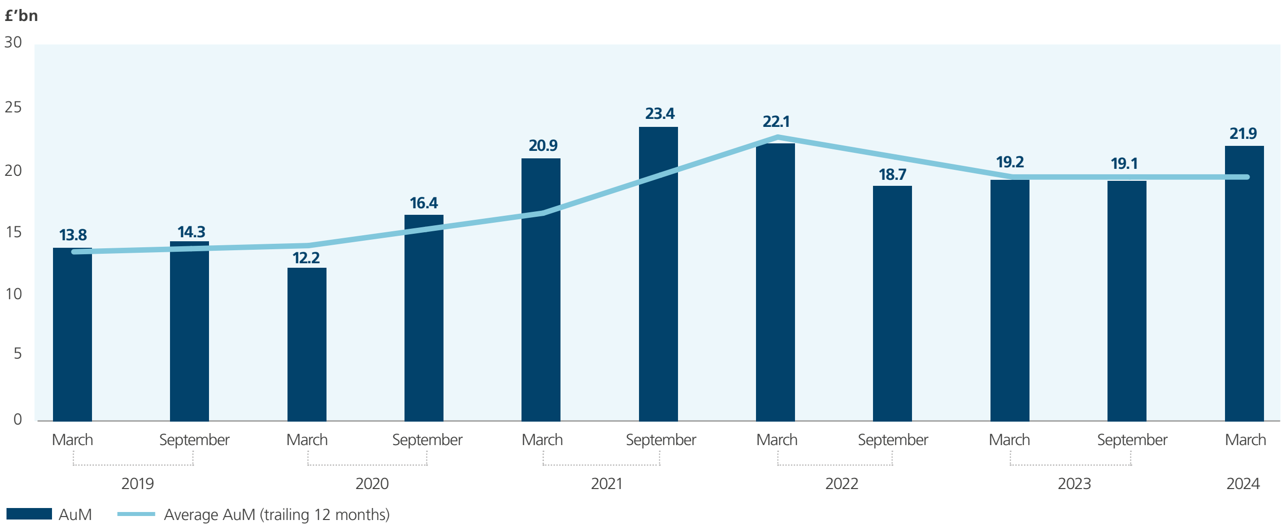
Söderberg & Partners:
Fund Company of the Year 2023

Outlook

While the outlook for 2024 is uncertain, and global financial markets remain exposed to several headwinds, investor sentiment can change quickly. The potential of interest rates peaking and central banks beginning to consider the possibility of rate cuts, bodes well for equities in general and investors will, we believe, continue to seek additional exposure to the asset class.

Now that the easy money era of 2009-21 is over, beta is less likely to be the primary driver of returns going forward; alpha generation will become even more critical and a stronger tilt to active strategies may help investors navigate performance dispersion. This should play to Polar Capital’s strengths, and we have the capacity to meet investor demand for our active, specialist and differentiated investment strategies.

Polar Capital AuM



Source: AuM – Polar Capital

Business Review continued

Fund performance and oversight

Calendar year 2023 confounded most investment strategists' expectations, delivering better economic growth, rising equity markets and, until the very end of the year, falling bond markets. The prevailing bearishness at the beginning of the year proved to be a fertile foundation for strong equity market returns.

The second major characteristic in calendar 2023 was the underperformance of small and mid-cap (SMID-cap) stocks versus broader indices. SMID-cap stocks have been a reliable outperformer, particularly in Europe, for much of the period since 2000, with the exception of short periods during recessions and market dislocations, but in the period since Covid, SMID-cap stocks have reversed a number of years of outperformance.

Part of this phenomenon is explained by the strong share price returns from the largest US technology stocks. New drug discoveries in the pharmaceuticals sector have also contributed. The largest companies have not only proven to be innovative, but are also perceived as being resilient in a period of higher financing costs. New listings have been few and far between, and exciting, high growth companies have chosen to remain private for longer.

Polar Capital's strategies are reasonably evenly distributed in terms of directional sensitivity (i.e. whether they outperform on up days or down days in the market), and there is also representation in both value and growth styles, although a greater percentage of Polar AuM is in growth styles. Many Polar Capital strategies generate outperformance on days when smaller and mid-sized companies outperform larger ones.

This is expected, given the bottom-up research orientation of Polar Capital's investment teams, and the likelihood therefore of finding the most attractive opportunities in the less well researched areas of the market. It is also in part a response to passive competition; clients want us to do something other than own the largest names in the investment universe. They often do that themselves.

As the US Federal Reserve began to signal a possible end to the cycle of interest rate rises, SMID-cap stocks returned to favour in the closing weeks of 2023. This provided a tailwind for relative performance across almost all Polar Capital strategies, as did the broadening of share price performance across the US market in the first few months of calendar year 2024. These factors in combination contributed to a good period for investment performance in the second half of Polar Capital's financial year ending in March 2024.

The year to the end of March 2024 saw particularly strong gains relative to benchmark for Polar Capital's Healthcare and Biotechnology strategies. The Polar Capital Biotechnology Fund ended the year over 15% ahead of its benchmark, and rose by 24% in absolute terms, while the sizeable Polar Capital Healthcare Opportunities Fund was more than 9% ahead of its reference index.

The other standout performer was Polar Capital's Artificial Intelligence Fund, which outperformed its global equity benchmark by more than 13%, rising by 36% in the year. This strategy is focussed on identifying beneficiaries of AI applications across global equity markets, not just in the technology sector. With AI offering growth and productivity-enhancing innovations in a wide range of industries, the scope of opportunity is very large.

Polar Capital's well known Global Technology Fund, and its closed-ended sister strategy, the Polar Capital Technology Trust plc, also performed well in absolute and relative terms, appreciating by more than 40% in the year to the end of March 2024 as the cycle of innovation and investment in technology, and in AI in particular, led to significant share price gains.

Among Polar Capital's newer strategies, the Polar Capital Smart Energy and Smart Mobility funds, which offer clients a way to benefit from decarbonisation, electrification, and evolution in vehicles and transport, delivered returns in excess of their reference benchmarks.

The Polar Capital North America Fund recovered strongly during the year to the end of March 2024, outperforming by nearly 5%. The Fund more than made up for the negative impact on relative performance of not owning some of the large technology names which led the market.

With investment returns for much of the year under review dominated by a small number of larger companies in the technology and healthcare sectors, and hence by growth as a style, some of Polar Capital's value oriented strategies performed less well.

Polar Capital's European ex-UK Income (a large cap, income seeking approach) and Japan Value funds (a small-cap value style) underperformed their benchmarks.

Polar Capital Global Insurance Fund was also a modest underperformer, as the shares of many P&C (Property & Casualty) companies were marked down in Q4 2023 as interest rate expectations began to fall. In the short term, this affects their investment income. Since inception, this strategy has delivered a compound annual return of 10%,

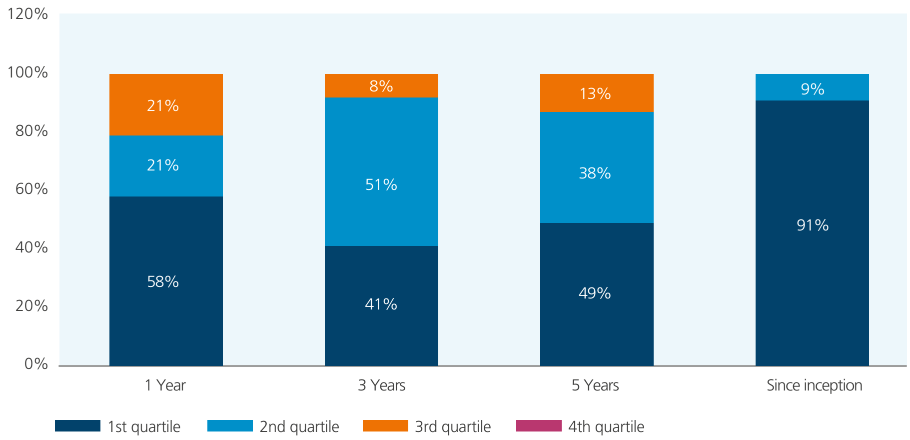
driven by the impact on net asset value of the best insurance companies' underwriting results.

The Polar Capital Global Financials Trust plc was also a modest underperformer, in part due to the size effects noted above, and that its income-generating bond holdings performed less well than the Trust's equity reference benchmark.

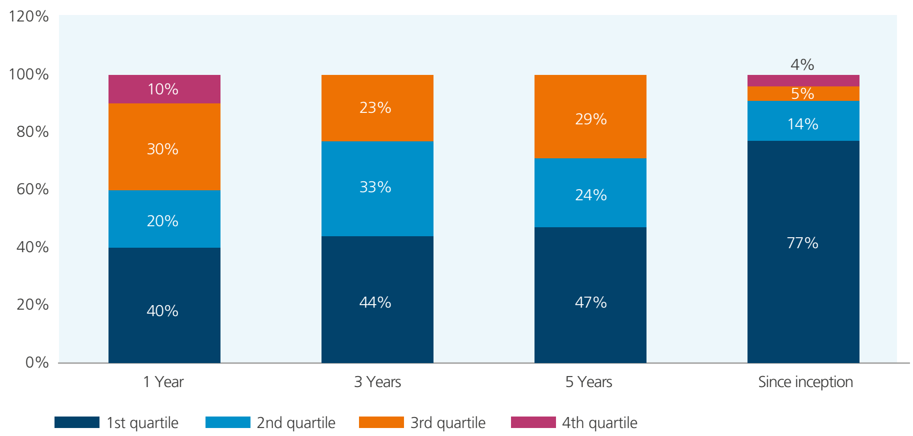
As at 31 March 2024, 79% of our UCITS funds' AuM, representing 72% of total AuM, were in the top two quartiles against the Lipper peer group over one year, 92% in the top two quartiles over three years with 87% and 100% in the top two quartiles over five years and since inception respectively.

Of our 22 funds listed within the Dublin UCITS umbrella 60% were in the top two quartiles over one year, and 77%, 71% and 91% in the top two quartiles over three years, five years and since inception respectively.

Performance over time for UCITS funds AuM



Performance over time for UCITS funds



Source: Lipper figures for long only and alternative UCITS funds at 31 March 2024.

Business Review continued

Profile of investment teams

The Group comprises **13 investment teams** managing **27 funds**, **3 investment trusts** as well as **a number of segregated mandates**. The following is the profile of each investment team in order of their establishment.

Technology

Established: **2001**

Team size: **10**

Years' experience: **130+**

Team AuM: **£9.9bn**

The team is among the most respected in the industry. It leverages the knowledge and experience of 10 sector specialists who run one of the largest pools of technology assets in Europe and enjoy a strong multi-cycle track record. They look for technology companies exposed to structural, secular trends, applying or enabling AI, which have long-term growth potential as disrupters. This multi-cap, growth-centric investment approach is delivered within a diversified portfolio to capture growth/upside potential while managing risk.

The team believes generative AI represents a historic technology inflection point. The vast majority of the portfolio consists of companies they believe are enablers, beneficiaries or adopters of AI, and apply an 'AI lens' to all potential and existing portfolio holdings. The Polar Capital Artificial Intelligence Fund was launched in 2017 to capture the wide-reaching impact of AI beyond the technology sector, and we believe the team's experience in running a dedicated AI fund is a major advantage to help navigate the complexities around AI as the next big disruptive technology.

Funds Managed:
- Global Technology
- Artificial Intelligence
- Polar Capital Technology Trust

European Long/Short

Established: **2003**

Team size: **3**

Years' experience: **45+**

Team AuM: **£0.1bn**

The team aims to maximise returns at a low level of risk by applying a bottom-up, value-biased approach to stock selection. They look to achieve this by investing predominantly in mispriced small-cap European equities, enhancing returns and reducing absolute volatility through short sales. They identify potential investments from a large, under-researched universe through due diligence that applies fundamental research techniques. In particular, they evaluate the underlying quality of a business franchise as well as its long-term prospects of maintaining or improving its market position and sustaining above-average profitability. This includes detailed financial statement analysis and maintaining a highly disciplined approach to the price paid for any portfolio holding.

The European smaller-companies landscape has many niche market leaders and national champions; the competitive landscape for these companies is ever-changing; there is a constant buzz of corporate activity and numerous structural trends and themes at play. They observe high valuation dispersion, with a significant disconnect between the valuations of modestly growing, high quality, but lesser-known smaller companies and their larger, more liquid peers. This creates a rich environment in which to forage for ideas on both sides of the book.

Funds Managed:
- European Forager
- European Small Cap

Healthcare

Established: **2007**

Team size: **7**

Years' experience: **135+**

Team AuM: **£3.9bn**

We believe our well established and highly experienced healthcare team has a very clear, defined way of managing money: they use a bottom-up, stock-picking approach to construct well diversified but concentrated portfolios that target growth at a reasonable price. This conviction approach remains the same across the five-strong fund range, each of which has a different risk profile and provides exposure to different aspects of the healthcare sector.

The team views healthcare as a long-term, secular growth sector as an older population drives the demand and the need for increased healthcare provision. Moreover, technology is transforming the way healthcare is managed, delivered and paid for, changing the competitive structure of the industry. This shifting landscape creates investment opportunities that extend well beyond the familiar pharmaceutical companies.

Looking ahead, they expect returns to be polarised, with the winners being both the smaller companies that innovate to bring breakthrough new medicines and technologies to patients, as well as those larger companies which can adapt to, or perhaps even drive, structural change in the way healthcare is delivered. The team believe smaller companies – the innovators – will disrupt the sector with new technologies, devices, business models, drugs, software and services. At the same time, they believe it is those with proactive management using strategies to transform how healthcare is managed, delivered and paid for that will take market share as well as delivering stable earnings growth and compounding returns for investors.

Funds Managed:
- Healthcare Opportunities
- Healthcare Discovery
- Global Healthcare Trust
- Healthcare Blue Chip
- Biotechnology
- Segregated mandates

Global Insurance

Established: **2010**

Team size: **2**

Years' experience: **40+**

Team AuM: **£2.3bn**

The team invests primarily in the global non-life insurance industry. The team believes a key attraction of the sector is that the driver of book value (or NAV) growth for the best companies is underwriting profits. This profit stream tends to be largely disconnected with the broader economy and financial markets. Insurance is mostly a compulsory purchase, often required by law, and therefore the industry exhibits robust demand characteristics and has historically been defensive in challenging economic times.

Non-life insurance company investment portfolios largely consist of cash and short-dated bonds as companies need liquidity to pay claims that can happen at any time, adding to sector defensiveness. Non-life insurers have coped well with the low investment returns since the global financial crisis. Insurance policies renew annually and therefore insurers have adjusted premiums to sustain overall returns. Since 2022, companies have seen significant growth in their investment income given the rise in short-term bond yields which, when added to already exceptional underwriting profitability, has resulted in the best earnings power the team have seen in many years.

A well-run insurance company is a compounding machine. In insurance, the rate of compounding is best measured as the growth in book value per share and dividends over time. The team's investment process is to construct a diversified portfolio of 30-35 stocks where the holdings, in aggregate, can grow their book values at an attractive rate over time. The team favours smaller, specialist underwriters with significant management ownership rather than large conglomerates. The insurance industry exists to pay claims so having appropriate underwriting diversification, and limiting exposure to volatile natural catastrophe (re)insurance, are key to maintaining good returns.

Funds Managed:
- Global Insurance

Business Review continued

Financials

Established: **2009**

Team size: **5**

Years' experience: **90+**

Team AuM: **£0.6bn**

The team is one of the largest in the industry dedicated to the financials sector, responsible for three funds that invest in the equities and bonds of financial companies. The team's investment process looks for high-quality businesses with strong franchises and profitability from a bottom-up, fundamental stock and credit analysis using their own proprietary analysis of companies built up over many years.

The financials sector is the second largest globally and has been a big beneficiary of rising interest rates and bond yields over the past couple of years which has boosted earnings leading to stronger performance. Consequently, the sector has outperformed in two of the past three years notwithstanding the impact of the war in Ukraine and the US regional bank crisis.

With markets moving to the view that interest rates will not return to the levels seen during the pandemic or for much of the decade after the global financial crisis, the team expect the sector to benefit as valuations adjust to reflect the longer-term improvement in profitability. The inclusion of payment companies in the sector in 2023, which moved from the technology sector, offers yet more growth opportunities.

Over the past 10 years, the sector has compounded total returns at over 10% per annum despite significant headwinds. Against that background, valuations are little changed against wider equity markets which have significantly rerated. Consequently, looking forward the team sees the setup as an attractive risk/reward and one which favours the team's stock-picking skills.

Funds Managed:
- Global Financials Trust
- Financial Opportunities
- Financial Credit

Convertibles

Established: **2010**

Team size: **5**

Years' experience: **105+**

Team AuM: **£0.4bn**

The team is highly experienced and manages two funds with different risk characteristics. The Global Convertible Fund is a long-only fund and the Global Absolute Return Fund is a long convertible/short equity fund. Nonetheless both have a similar, three-stage investment process, namely fundamental credit analysis followed by convertible analysis and finally the identification of equity catalysts. The primary difference between the two funds is the extent of hedging of down-side risks.

Over the past three years, the convertible asset class has grown and broadened, leading to a universe today that is as diverse as the S&P 500. This, and the fact convertibles can benefit from higher equity volatility, has led to renewed investor interest in this inherently defensive asset class.

Looking forwards, the team expects higher equity volatility and market uncertainty to continue as central banks and regulators seek to wrestle both inflation and market stability. Additionally, with interest rates higher, the team expects their investment universe to broaden still further as companies seek cheaper alternatives than financing themselves via the fixed income markets.

For all these reasons, the team believes the outlook for convertibles is one of the most compelling they have seen in years.

Funds Managed:
- Global Convertible
- Global Absolute Return

North America

Established:
2011

Team size:
3

Years' experience:
65+

Team AuM:
£0.7bn

The team's active approach to investing is driven by bottom-up, fundamental stock analysis. Their investment approach is based on the simple idea that they are investing their clients' savings in American businesses with the goal of compounding those savings over the long term with an attractive return. They believe the best chance of doing this successfully is to invest in businesses that sustainably compound at attractive rates over time and to invest in them at an attractive price. They seek to identify companies across a broad market-cap spectrum that offer both long-term value creation and value. By focusing on both the value creation delivered via a business's underlying operational growth and capital return as well as taking a disciplined approach to value, the team believe the portfolio has both a higher probability of delivering attractive upside potential while also benefitting from a two-fold margin of safety – a fundamental margin of safety and a value margin of safety.

The team expect a very different investing environment in the coming years to that of the past decade. A different inflationary environment is one example of this. The team also expect a different valuation environment to that which characterised much of the period following the global financial crisis and, as a result, they expect their valuation discipline to reassert itself as a positive driver of alpha. Furthermore, after a such a strong period of mega-cap stock performance they are hopeful returns may be more broadly distributed and for that to result in better relative stock performance further down the market-cap spectrum.

The team's multi-cap and high active share approach is well suited to taking advantage of the wide range of investment opportunities on offer, a natural ongoing advantage of the American equity market.

Funds Managed:
- North American

Japan Value

Established:
2012

Team size:
2

Years' experience:
35+

Team AuM:
£0.2bn

The team believes in a long-term, bottom-up, research-driven approach to investing. They have a value philosophy and look to capitalise on the unique investment opportunities presented by Japan, with extreme divergence between intrinsic and market values caused by a combination of behavioural, capital and informational inefficiencies. The team looks to exploit these unique inefficiencies to generate consistently strong risk-adjusted returns by investing in companies trading below their intrinsic value.

The Fund offers an all-cap investment opportunity, but with greater exposure to small and mid-cap companies where the team believe the greatest market inefficiencies exist. They believe the investment opportunities in Japan are attractive when put in a global context and return potential is underwritten by unique long-term drivers. One of the core long-term drivers for the Japanese equity market is the continued corporate reform. The team expects the ongoing corporate governance reform to have a material impact on company valuations.

Each year, management teams are placed under further pressure with increased regulations or disclosure requirements. The changes we saw implemented by the Tokyo Stock Exchange in 2023 are significant, with all companies trading below book value being directly targeted. The team believes these developments will have a large impact on capital allocation and, in turn, deliver significant benefits to shareholders.

Elsewhere, the team is excited about the prospects of the Japanese economy 'normalising'. In March 2024, after a three-decade battle against deflationary pressures, the Bank of Japan signalled the start of a new era in Japan by announcing the end of their negative interest rate and yield curve control policies. The benefits that could come from the transition to a normal economy with a virtuous link cycle between inflation and wage growth should not be underestimated.

Funds Managed:
- Japan Value

Business Review continued

European ex-UK Income

Established: **2014**

Team size: **3**

Years' experience: **30+**

Team AuM: **£0.2bn**

The team focuses on the compounding power of dividend growth over the medium term and aims to achieve a double-digit annual total shareholder return (dividend yield plus earnings growth). Their investment process looks for contrarian entry points into good companies when they are out of favour. To do this, they undertake business, capital and ESG due diligence. Europe is an excellent index for income investing – the region has relatively low trend growth and an abundance of mature, cash-generative businesses.

The Fund avoids both very expensive and the lowest quality companies. Instead, the team favours large-cap, defensive, attractively valued sectors and companies that can sustainably grow their dividends over time. They believe the compounding power of growing dividends is a key driver of long-term investment returns. The team typically does not buy stocks yielding more than 6%, as anything beyond this level usually proves unsustainable and dividends are eventually cut.

The pandemic period saw a dividend reset. The lifting of the taboo of cutting dividends saw many companies reduce dividend payouts and return with new shareholder distribution policies that combine both dividends and buybacks. We are starting to see dividend growth accelerate as share buybacks start to meaningfully boost dividend-per-share power. A higher cost of capital should also favour defensive dividend stocks. The starting attractive valuations of many defensive stocks should allow attractive risk-adjusted prospective returns in an uncertain world.

Funds Managed:
- European ex-UK Income

UK Value

Established: **2017**

Team size: **2**

Years' experience: **35+**

Team AuM: **£0.9bn**

The team have followed the same bottom-up, company-specific, research-driven process for over a decade. They have a value philosophy looking to uncover companies trading at a temporary discount to their intrinsic value, adopting a multi-cap approach, taking advantage of the best investment opportunities in UK large, mid- and small-cap stocks. The Fund has a high active share with stock holdings differing significantly from its benchmark.

In recent years, the UK has been an outlier on inflation, growth and political stability which has led to significant underperformance for small and mid-cap, domestic businesses. However, as we look ahead, inflation is forecast to fall below 3% in the coming months and remain below 3% for the rest of the year. We believe positive real incomes are set to accelerate, which could boost UK growth. The political backdrop is significantly calmer and more centrist than its recent history and relative to other developed nations.

The UK's outlier status on inflation, growth and politics is melting away yet the valuation anomaly has remained. We see this as an exciting window of opportunity to buy domestically focused, small and mid-cap shares. Both M&A and bolt-on acquisitions have surged back, suggesting UK corporates are jumping the gun before interest rates fall.

Funds Managed:
- UK Value Opportunities
- Segregated mandate

Emerging Markets and Asia

Established: **2018**

Team size: **6**

Years' experience: **85+**

Team AuM: **£1.8bn**

The team comprises fundamental, bottom-up stock-pickers who take a long-term investment view. Their core objective is to add alpha by identifying companies whose potential growth in Economic Value Added (EVA) is mispriced. They seek to do this by leveraging their strong analytical skills and company relationships.

Part of this process includes a detailed analysis of a company's ESG characteristics that are most likely to create long-term, sustainable shareholder returns. They also look for potential improvements in a company's ESG profile as an indicator of an improved outlook for the company and thereby enhanced returns.

The team believes the outlook for corporate profits in emerging markets is positive. Markets have only priced in relatively low growth and return expectations over the medium term. Consequently, they believe higher quality companies in particular offer a good balance of risk and reward.

Funds Managed:
- Asian Stars
- Emerging Market Stars
- Segregated mandates
- China Stars
- Emerging Market ex-China Stars

European Opportunities

Established: **2010***

Team size: **3**

Years' experience: **45+**

Team AuM: **£0.6bn**

The team invests in a selective number of companies across the continent, including the UK, Switzerland and Scandinavia, across the market-cap spectrum. The patchwork of European equity markets increases their complexity and gives rise to inefficiencies and anomalies which the Fund looks to take advantage of. In particular, the team looks to uncover stocks that are not widely known or followed, where there is greater scope to gain a comparative advantage.

The Fund invests in companies where the team sees strong medium-term growth potential, while exercising a valuation discipline. The team looks for companies that are not reliant on a strong macro tailwind, but instead have demonstrated their ability to thrive in less fertile environments. Specifically, they look to identify companies with a competitive advantage or differentiation that will enable them to gain market share at the expense of weaker competitors. They also look to invest in companies delivering a steady improvement in returns that is not yet factored in by the market.

Towards the end of 2023, the soft-landing narrative gained traction as rates expectations fell and growth expectations stabilised. The lags from monetary tightening will continue to exert a drag in 2024, but improving real wages should support consumption overall. Furthermore, we see more signs that destocking, a persistent headwind in many sectors in 2023, could swing into a modest tailwind in 2024.

With a potential shift in the inflation and rates environment, we see attractive opportunities in European equities which, on just over 12x earnings, are still valued close to the lows of the past decade. European small and mid-caps, which have been the lightning rod for the multitude of concerns that have weighed on sentiment towards the region over the past two years, look especially compelling, trading at a larger discount to large caps than in the depths of the global financial crisis. Given this derating, any moderation in financing costs is also likely to see a pick-up in M&A, currently at trough levels this century.

* Joined Polar Capital in 2021

Funds Managed:
- Melchior European Opportunities
- Segregated mandates

Business Review continued

Sustainable Thematic Equities

Established: **2021**

Team size: **5**

Years' experience: **90+**

Team AuM: **£0.3bn**

The team invest in opportunities that enable the transition towards a more sustainable economy. The investment objective of the fund range is to provide long-term capital growth while pursuing a sustainable objective as given by the theme.

A disciplined and rigorous investment process enables consistency in stock selection and focuses on fundamental analysis to build a high-conviction portfolio. The fundamental analysis entails an assessment of the attractiveness of the corresponding subthemes, the drivers underpinning them and solutions/technologies that contribute positively to them.

The portfolios are actively managed, flexibly looking for new investment opportunities in attractive growth areas while taking into account general macroeconomic conditions.

An investment is most likely if a company offers strong growth potential and high barriers to entry, is run by an experienced management team and appears underappreciated by the market participants. A comprehensive risk framework is in place, allowing an optimisation of the portfolio's risk/return characteristics through sufficient diversification, while carefully monitoring stock and cluster-specific risks.

The team's sustainability expertise is integrated at all the different stages of the investment process and they invest in sustainable companies that have significant positive contributions to the theme through their innovative technologies and solutions. They believe sustainable companies can mitigate risks while providing positive, long-term returns.

Funds Managed:
- Smart Energy
- Segregated mandates
- Smart Mobility

Financial Review

Samir Ayub Chief Financial Officer

AuM

AuM movement in twelve months to 31 March 2024 (£bn)	Open ended funds	Investment Trusts	Segregated mandates	Total
AuM at 1 April 2023	14.3	3.9	1.0	19.2
Net redemptions	(1.2)	(0.15)	(0.2)	(1.6)
Fund closures	–	–	(0.05)	(0.05)
Market movement and performance	2.9	1.3	0.1	4.3
Total AuM at 31 March 2024	16.0	5.1	0.8	21.9

During the financial year the £2.7bn increase in AuM resulted from market movement and fund performance of £4.3bn, offset by net redemptions of £1.6bn.

The mix of AuM between open ended funds, investment trusts and segregated mandates remained similar to the prior year.

Average AuM over the first half of the year was 3% lower than the comparable six month period and the market movement and performance led increase over the second half of the year meant the year on year comparison remained flat at £19.6bn.

Revenue

Management fees

	31 March 2024 £'m	31 March 2023 £'m
Management and research fees	176.4	176.2
Commissions and fees payable	(22.7)	(21.4)
Net management fees†	153.7	154.8

The lower average AuM over the majority of the year and lower yield translated into the Group's net management fees† decreasing by 1% from £154.8m in 2023 to £153.7m this year.

Net management fee yield

	31 March 2024	31 March 2023
Average AuM (£'bn)	19.6	19.6
Net management fees (£'m)†	153.7	154.8
Net management fee yield (bps)†	78	79

Net management fee yield† over the year measured 78bps (2023: 79bps). The decrease was in line with our stated expectations of an annual decrease of at least 1-2bps as net outflows from the higher margin Technology and Healthcare strategies are replaced by inflows into more recently launched strategies at lower margin.

Performance fees

	31 March 2024 £'m	31 March 2023 £'m
Performance fees	18.7	6.7

The strong performance posted by certain underlying funds resulted in performance fees earned for the financial year to 31 March 2024 increasing to £18.7m (2023: £6.7m).

† The non-GAAP and alternative performance measures shown here are described on page 29 and reconciled on page 30.

Financial Review continued

Operating and finance costs

	31 March 2024 £'m	31 March 2023 £'m
Salaries, bonuses and other staff costs[1]	35.0	36.1
Core distributions[2†]	42.8	44.0
Share-based payments[3]	3.2	2.7
Performance fee interests[†]	9.1	5.0
Total staff compensation	90.1	87.8
Other operating costs	28.7	24.7
Exceptional costs	1.2	6.2
Total operating costs	120.0	118.7
Finance costs	0.2	0.2
Operating and finance costs	120.2	118.9

1. Including share awards under deferment plan of £0.7m (2023:£0.8m)
2. Including share awards under deferment plan of £1.2m (2023:£0.9m)
3. Share-based payments on preference shares of £0.7m (2023: £0.3m), LTIPs of £1.9m (2023: £1.8m) and equity incentive plan of £0.6m (2023:£0.6m). Refer to note 3.6

Total operating and finance costs increased 1% to £120.2m (2023: £118.9m).

Core distributions, which are variable compensation amounts payable to investment teams from management fee revenue, decreased as a direct consequence of the lower average AuM over most of the year and the resulting lower management fee revenues and core profits.

Performance fee interests, which are variable compensation amounts payable to staff from performance fee revenue, increased due to the higher amount of such fees generated this year.

Other operating, non-staff compensation related, costs increased to £28.7m (2023: £24.7m) through a combination of higher rental, marketing and travel costs as well as inflationary increases.

Exceptional items

	31 March 2024 £'m	31 March 2023 £'m
Recorded in operating costs		
Termination and reorganisation costs[4]	–	5.0
Amortisation of intangibles	1.2	1.2
Total exceptional items recorded in the consolidated statement of profit or loss	1.2	6.2

4. The 2023 amounts include the cost of the out of court settlement of the Group's legal action against First Pacific Advisors (FPA), the vendor of the funds in the Phaeacian transaction, and FPA's counterclaim.

Exceptional items for both 2024 and 2023 comprised of either significant items of income or expenditure related to acquisitions, or their unwinding, and were therefore expected to be non-recurring, as well as the amortisation of acquired intangible assets. The items are presented separately to allow a supplemental understanding of the Group's results.

Profit before tax

	31 March 2024 £'m	31 March 2023 £'m
Core operating profit[†]	44.8	47.9
Performance fee profit[†]	9.6	1.7
Other income[^]	2.2	2.1
Share-based payments on preference shares	(0.7)	(0.3)
Exceptional items	(1.2)	(6.2)
Profit before tax	54.7	45.2
Core operating profit margin[† 5]	29%	31%

^ A reconciliation to reported results is given on page 30.

5. This measure is calculated as core operating profit divided by net management fee.

† The non-GAAP and alternative performance measures shown here are described on page 29 and reconciled on page 30.

The headline profit before tax for the year has increased by 21% to £54.7m (2023: £45.2m) mainly driven by higher performance fee.

The analysis of the three key components of profits shows that:

- **Core operating profit**
  Decreased by 6% to £44.8m (2023: £47.9m) reflecting lower average AuM over a large part of the year and higher operating costs. Over time, we expect to grow core profit as a proportion of the Group's total earnings, and thereby reduce the volatility of total earnings due to performance fees.
- **Performance fee profit**
  Performance fee profit increased because of the stronger investment performance on certain specific strategies during the current year.
- **Other income**
  The increase in other income is due mainly to interest income on the Group's cash balances.

Earnings per share

Basic EPS increased by 15% to 42.3p during the year (2023: 36.8p) and diluted EPS increased by 16% to 41.8p (2023: 36.1p) with adjusted diluted total EPS remaining broadly flat year on year at 44.0p (2023: 44.3p). The effect of the adjustments made in arriving at the adjusted diluted total EPS and adjusted diluted core EPS figures of the Group is as follows:

(pence)	31 March 2024	31 March 2023
Diluted earnings per share	41.8	36.1
Impact of share-based payments on preference shares	0.7	0.3
Impact of deferment, where staff compensation costs are deferred into future periods	0.3	1.7
Impact of exceptional items	1.2	6.2
Adjusted diluted total EPS†	44.0	44.3
Of which: performance fee profit and other income	9.0	4.6
Adjusted diluted core EPS†	35.0	39.7

Preference shares

A separate class of preference share has historically been issued by Polar Capital Partners Limited for purchase by each new team of fund managers on their arrival at the Group.

These shares provide each manager with an economic interest in the funds that they run and ultimately enable the manager to convert their interest in the revenues generated from their funds into equity in Polar Capital Holdings plc.

The equity is awarded in return for the forfeiture of their current core economic interest and vests over three years with the full quantum of the dilution being reflected in the diluted share count (and so diluted EPS) from the point of conversion.

The event has been designed to be, at both the actual and the diluted levels, earnings enhancing to shareholders.

In the year to 31 March 2024 there were no conversions of preference shares into Polar Capital Holdings plc equity (2023: no conversions).

As at 31 March 2024 five sets of preference shares (2023: five sets) have the ability to call for a conversion.

The call must be made on or before 30 November 2024 if any conversion is to take place with effect from 31 March 2024.

As indicated last year, no further preference shares are expected to be issued and any new teams arriving are expected to be on a revenue sharing model with deferment into equity in Polar Capital Holdings plc as the new long-term incentivisation plan for investment teams. This revised model is not expected to change core distributions when measured in percentage terms against net management fee revenue but is expected to be simpler to administer compared to the preference shares arrangement.

Balance sheet and cash

At the year end, the Group's cash and cash equivalents were £98.9m (2023: £107.0m), see Note 4.9 to the financial statements. Additionally, the Group held £6.7m (2023: nil) as long-term deposits maturing over a period of 6-12 months, see Note 4.5(b) to the financial statements, resulting in a total amount of cash and deposits held of £105.6m (2023: £107.0m). In line with the Group treasury policy, cash and cash equivalents are held across several UK banking counterparties on maturity terms ranging from 30 to 90 days. At the balance sheet date the Group also held £35.8m of investments in its funds (2023: £44.1m). See Note 4.5(a) to the financial statements.

† The non-GAAP and alternative performance measures shown here are described on page 29 and reconciled on page 30.

Financial Review continued

Capital management

The Group believes in retaining a strong balance sheet. The capital that is retained in the business is used to seed new investment products, as a buffer for times of uncertainty, pay dividends and fund the EBT to buy Company shares to reduce the dilutive effects of Group share awards. Depending on the market outlook, and as the Group grows in size, the allocation of overall capital amongst these four categories may vary over time as we seek to balance returns to shareholders with the need to re-invest in the business for future growth.

As at 31 March 2024 £35.8m (2023: £44.1m) of the Group's balance sheet was invested to seed fledgling funds and during the year the Group advanced loans to the EBT of £7.5m (2023: £6.0m) to buy shares in the Company.

The Group's dividend policy is 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.

As at 31 March 2024 the Group had surplus capital of £52.1m (2023: £57.7m) above its regulatory capital requirement of £26m (2023: £26m) and August dividend commitment of £30.9m (2023: £30.9m).

Going concern

The Financial Reporting Council has determined that all companies should carry out a rigorous assessment of all the factors affecting the business in deciding to adopt a going concern basis for the preparation of the accounts.

The Directors have reviewed and examined the financial and other processes embedded in the business, in particular the annual budget process and the financial stress testing inherent in the Internal Capital Adequacy and Risk Assessment (ICARA) process.

Based on this review and the significant liquid assets underpinning the balance sheet relative to the Group's predictable operating cost profile, the Directors consider that the adoption of a going concern basis, covering a period of at least 12 months from the date of this report, is appropriate.

Samir Ayub
Chief Financial Officer

26 June 2024

Alternative Performance Measures (APMs)

The Group uses the non-GAAP APMs listed below to provide users of the Annual Report with supplemental financial information that helps explain its results for the current accounting period.

APM	Definition	Reconciliation	Reason for use
Core operating profit	Profit before performance fee profits, other income and tax.	Page 30	To present a measure of the Group's profitability excluding performance fee profits and other components which may be volatile, non-recurring or non-cash in nature.
Performance fee profit	Gross performance fee revenue less performance fee interests due to staff.	Page 30	To present a clear view of the net amount of performance fee earned by the Group after accounting for staff remuneration payable that is directly attributable to performance fee revenues generated.
Core distributions	Variable compensation payable to investment teams from management fee revenue.	Page 30	To present additional information thereby assisting users of the Annual Report in understanding key components of variable costs paid out of management fee revenue.
Performance fee interests	Variable compensation payable to investment teams from performance fee revenue.	Page 30	To present additional information thereby assisting users of the Annual Report in understanding key components of variable costs paid out of performance fee revenue.
Adjusted diluted total EPS	Profit after tax but excluding (a) cost of share-based payments on preference shares, (b) the net cost of deferred staff remuneration and (c) exceptional items which may either be non-recurring or non-cash in nature, and in the case of adjusted diluted earnings per share, divided by the weighted average number of ordinary shares.	Page 27 Note 3.8	The Group believes that (a) as the preference share awards have been designed to be earnings enhancing to shareholders (See page 27) adjusting for this non-cash item provides a useful supplemental understanding of the financial performance of the Group, (b) comparing staff remuneration and profits generated in the same time period (rather than deferring remuneration over a longer vesting period) allows users of the Annual Report to gain a useful supplemental understanding of the Group's results and their comparability year on year and (c) removing acquisition related transition and termination costs as well as the non-cash amortisation, and any impairment, of intangible assets and goodwill provides a useful supplemental understanding of the Group's results.
Adjusted diluted core EPS	Core operating profit after tax excluding the net cost of deferred core distributions divided by the weighted average number of ordinary shares.	Page 27	To present additional information that allows users of the Annual Report to measure the Group's earnings excluding those from performance fees and other components which may be volatile, non-recurring or non-cash in nature.
Core operating profit margin	Core operating profit divided by net management fees revenue.	Page 25, 26	To present additional information that allows users of the Annual Report to measure the core profitability of the Group before performance fee profits, and other components, which can be volatile and non-recurring.
Net management fee	Gross management fees less commissions and fees payable.	Page 25	To present a clear view of the net amount of management fees earned by the Group after accounting for commissions and fees payable.
Net management fee yield	Net management fees divided by average AuM.	Page 25	To present additional information that allows users of the Annual Report to measure the fee margin for the Group in relation to its assets under management.

Alternative Performance Measures (APMs) continued

Summary of non-GAAP financial performance and reconciliation of APMs to reported results

The summary below reconciles key APMs the Group measures to its reported results for the current year and also reclassifies the line-by-line impact on consolidation of seed investments to provide a clearer understanding of the Group's core business operation of fund management.

Any seed investments in newly launched or nascent funds, where the Group is determined to have control (see Note 2.2), are consolidated. As a consequence, the statement of profit or loss of the fund is consolidated into that of the Group on a line-by-line basis. Any seed investments that are not consolidated are fair valued through a single line item (other income) on the Group consolidated statement of profit or loss.

		Reclassifications				
	2024 Reported results £'m	Reclassification on consolidation of seed investments £'m	Reclassification of costs £'m	2024 Non-GAAP results £'m	2023 Non-GAAP results £'m	APMs
Investment management and research fees	176.4	–	–	176.4	176.2	
Commissions and fees payable	(22.7)	–	–	(22.7)	(21.4)	
	153.7	–	–	153.7	154.8	Net management fee
Operating costs	(120.0)	0.3	53.8	(65.9)	(62.7)	
Finance costs	(0.2)	–	–	(0.2)	(0.2)	
	–	–	(42.8)	(42.8)	(44.0)	Core distributions
	33.5	0.3	11.0	44.8	47.9	Core operating profit
Performance fees	18.7	–	–	18.7	6.7	
	–	–	(9.1)	(9.1)	(5.0)	Performance fee interests
	18.7	–	(9.1)	9.6	1.7	Performance fee profit
Other income	2.5	(0.3)	–	2.2	2.1	
Exceptional items	–	–	(1.2)	(1.2)	(6.2)	
Share based payments on preference shares	–	–	(0.7)	(0.7)	(0.3)	
Profit for the year before tax	54.7	–	–	54.7	45.2	

Sustainability Report

Responsible investment

This has been another year of progress for Polar Capital and our responsible investment practices. We continue to strive to keep raising the standard of responsible investment and stewardship across our funds, enhancing our processes, compliance and monitoring, and reporting, to be able to meet ever-changing regulatory requirements and client preferences.

The ongoing contributions of the Sustainability Committee and Responsible Investment Working Group (RIWG) have been vital in advancing our sustainability practices at both a corporate and investment level. The RIWG is an essential forum for developing our approach to new sustainability-related regulations, initiatives and practices. Notably, this includes the substantial project of implementing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which involved teach-ins on Climate Scenario Analysis, Climate Value at Risk (Climate VaR), and other topics. We have also used the RIWG to introduce new collaborative engagement initiatives, run by organisations like the Institutional Investors Group on Climate Change (IIGCC) and UN Principles for Responsible Investment (PRI), which we aim to increase involvement in over the next year. We continue to consider the feasibility of a net zero commitment and what this means for our organisation. The assessment and development of a Net Zero Investment Framework (NZIF), along with considering client sentiment and responsible investment preferences, have been focal points of our activities.

Enhancing our ESG reporting capabilities, both internally and externally, has also been a focus over the year.

As we noted in last year's report, we are acutely aware of the risks that accompany increased regulation, disclosure and expectations from clients. We have continued to strengthen our oversight, governance and internal reporting processes to manage these risks. Regulation and guidance from the FCA has been a catalyst for action on this through the SDR and TCFD recommendations, which provide recommendations on integrating climate and sustainability into the risk management framework more broadly, alongside guidance on specific risks such as greenwashing.

All our UCITS and SICAV funds prepare Annual Reports as required under the EU Sustainable Finance Disclosure Regulation (SFDR). These reports provide insights on our funds' approaches to responsible investment, how they have demonstrated their stated environmental and/or social characteristics, actions taken to attain the characteristics and how they have considered Principal Adverse Impacts (PAIs), where relevant.

Polar Capital supports the UK Stewardship Code and aspires to the standards of best practice it sets. We have produced an annual Stewardship Code for the past three years, providing insight into the governance, processes and resources that support our responsible investment and stewardship practices.

We have also continued our involvement as members of the IIGCC which aids our development of a net zero investment and stewardship strategy. Through our Emerging Markets & Asia Team, we also remain co-lead on collaborative company engagement through Climate Action 100+.

Polar Capital has been a signatory of the UN PRI since 2018 and is committed to upholding these principles. While the UN PRI reporting and assessment process and methodology have changed over the past few years, we are pleased to have seen consistent improvement in one or more parts of the assessment over the three reports we have submitted. We believe this reflects our strategic focus on responsible investment and sustainability at the firm, investing in internal and external resources to enhance our processes and practices.

For our most recent report (2023), for Policy Governance and Strategy Polar Capital scored 82% (four stars out of five), for Direct Listed Equity Active fundamental we scored 80% (four stars) and also 80% (four stars) for Confidence Building Measures. In our previous report we scored three stars for Investment & Stewardship Policy, four for Active Fundamental Listed Equity Incorporation and another four for Voting.

Regulation

With the EU SFDR in Europe being the key regulation impacting our largely European-domiciled fund range, the UK Financial Conduct Authority (FCA) has now released its final Policy Statement on the SDR and investment labelling regime.

The UK SDR introduces the FCA's expectations for asset managers when making claims around sustainability as well as setting out an anti-greenwashing rule and requirements for product and entity-level disclosure requirements.

The SDR has also published a labelling regime which sets out sustainability labels for funds pursuing sustainability outcomes, namely Sustainability Impact, Sustainability Focus, Sustainability Improvers and Sustainability Mixed Goals.

The SDR currently only applies to UK-domiciled funds, however we await further guidance on the treatment of overseas funds, such as our UCITS and SICAV funds domiciled in the EU, which accounts for just over 70% of our AuM.

Sustainability Report continued

Responsible investment continued

The SDR is being implemented over the course of 2024 and all the rules will affect Polar Capital in some way. Further information on our activities will be provided to clients and stakeholders as this develops.

In addition, Polar Capital is in scope of the FCA's TCFD requirements for asset managers. The aim of introducing TCFD for asset managers is to increase transparency around asset managers' consideration of climate-related risks and opportunities. Further detail on how we have considered the TCFD recommendations is provided below.

As we reflect on the past year's efforts and how sentiment around ESG and sustainability has shifted around the world, we remain committed to responsible investment practices and expect to continue our positive progress with this in mind.

Environment and Climate

Climate change, and the implications of global warming on our business and investments, has been an important area of focus for Polar Capital over the past few years. The TCFD was developed by the Financial Stability Board (FSB) to provide guidance for companies and investors on the disclosure of key information. The FCA has now adopted the TCFD guidance and introduced mandatory climate-related reporting for asset managers in the UK, which has applied to Polar Capital since January 2023.

Polar Capital will provide its first full TCFD report covering the period 1 January 2023 to 31 December 2023 in June 2024, which will be published as a standalone report. The content of the report is focussed not only on meeting our regulatory responsibilities but meeting the requirements of our stakeholders and is prepared in accordance with the recommended disclosures of the TCFD, as required by the FCA Policy Statement 21/24. Where possible, we have contextualised information and ensured the information provided is informative and decision useful for clients and other stakeholders. Also, we have attempted to contextualize information and ensure the disclosures are informative and useful for clients, investors and other stakeholders.

Below is a summary overview of the four pillars of the TCFD guidance, Governance, Strategy, Risk Management, and Metrics and Targets, and Polar Capital's position in relation to the recommended disclosures.

TCFD Category	Recommended Disclosures	Polar Capital's Response
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Board of Directors of the Group is ultimately responsible for maintaining and reviewing the effectiveness of risk management and internal controls, including those related to climate change. Polar Capital's governance structure allows the Board, the Executive, senior management and management committees to integrate climate-related risks and opportunities into guiding strategy, business plans and risk management. The Board ensures that sustainability and climate-related risks and opportunities are integrated into their oversight through the delegation of responsibility to senior management and management committees, with reports provided to the Board through formal reporting lines twice a year. Sustainability and climate-related risks and opportunities are fed through the Sustainability Committee and escalated via the Executive Committee to the Board. In addition, the Responsible Investment Working Group acts as the central working group for investment sustainability strategy across the Group.

TCFD Category	Recommended Disclosures	Polar Capital's Response
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, considering different climate-related scenarios, including a 2°C or lower scenario.	As an asset manager, Polar Capital has exposure to climate-related risk at a corporate level and through our underlying investment portfolios. We have identified and considered physical and transitional climate risks at an entity and investment level, which have been discussed with the Group Risk Committee, Sustainability Committee, Compliance, and in the case of investment risk, the Responsible Investment Working Group. Over the past few years, we have developed internal capabilities for managing climate and sustainability risk within our investment portfolios by building the central Sustainability Team and enhancing climate data capabilities. This also presents certain opportunities; we offer our clients access to investment products that align with a transition to a low-carbon economy. This includes the establishment of the Sustainable Thematic Equity team in 2021, which focuses on investing in companies that contribute to the decarbonisation of the energy sector and companies that support, through their technology solutions and services, the decarbonisation and transformation of the global transportation sector. Polar Capital has begun incorporating climate scenario analysis into our investment oversight process and expects to develop this over the coming year.
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate risk forms part of the 'Strategy, business model and sustainability' risk, one of nine top macro risks across the business. Furthermore, aspects of climate risk also feed into the 'Regulatory' and 'Reputational' macro risks. At Polar Capital, each investment team has autonomy over their investment process and philosophy and as such are expected to manage risks as part of their portfolio management process, including climate risks. Given this structure, analysis and interpretation of ESG issues, including climate change, is specific to each investment team and the necessary actions taken to address these issues are ultimately the decision of the portfolio manager. This allows investment teams to apply a nuanced analysis of the risks and opportunities of climate change within the spectrum of their different specialist sectors, themes or geographies. While the investment teams ultimately manage the risks of the portfolio, ensuring ESG analysis, engagement and voting decisions are closely linked with the investment decision-making process, they are supported by robust central resources, in the case of climate risk this is conducted by the central Sustainability team. Considerable work has been carried out to understand the emissions profile of our portfolios and identify the risks and opportunities associated with them. A core element of the central Sustainability Team's process is ESG risk oversight. ESG and climate change metrics are incorporated into our central monitoring and oversight of portfolio risks, alongside factors including liquidity, macro and behavioural analysis.

Sustainability Report continued

Responsible investment continued

TCFD Category	Recommended Disclosures	Polar Capital's Response
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Polar Capital has disclosed in our Annual Report for the past three years, GHG metrics used to measure our corporate emissions profile for Scope 1 and 2, and selected Scope 3 emissions categories. The use of climate-related metrics is well established to assess climate-related risk, particularly at an investment level. Portfolio metrics disclosed include carbon footprint, weighted average carbon intensity (WACI) and total carbon emissions. We have also been developing our use of scenario analysis metrics (Climate VaR) and Implied Temperature Rise (ITR) for considering investment risk. Polar Capital has not yet set a net zero goal for our investments or joined the Net Zero Asset Managers initiative (NZAM), however, this remains of strategic importance for the company. We continue to consider what an NZAM commitment looks like for an asset manager of our structure. We have continued to focus on the strategy and analysis around managing Polar Capital's investment portfolios in line with a net zero future. Polar Capital follows the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework for assessing companies' alignment, to develop a holistic climate investment and stewardship strategy.

Corporate Sustainability

Streamlined Energy and Carbon Reporting (SECR) Regulation

For an asset management company, the majority of our emissions footprint comes from our investee companies or 'financed emissions', but we are also cognisant of our corporate emissions footprint and continue to review our practices and seek to reduce consumption where possible.

The following statement has been prepared in accordance with our regulatory obligation to report GHG emissions and energy consumption pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting:

GHG boundary and methodology

We quantify and report our scope 1 and 2 emissions in alignment with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, and the Scope 2 Guidance. We voluntarily report selected scope 3 emissions in accordance with the GHG Protocol Scope 3 Reporting and Accounting Standard. We consolidate our organisational and reporting boundary according to the operational control approach, which includes sources of impact over which we have operational control. In some cases where data is missing, values have been estimated using standard methods of extrapolating currently available data or data from the previous year as proxy.

GHG performance

During the year 1 April 2023 to 31 March 2024, our global measured scope 1 and 2 emissions (location-based) totalled 116 tCO_2e. This figure includes 61 tCO_2e from scope 1 emissions in our offices. At the beginning of the year, we increased our office space at our London office to accommodate the increase in staff over the past few years. This has led to an increase in both scope 1 and 2 emissions.

In our London office, electricity is purchased from renewable sources guaranteed by SmartestEnergy. SmartestEnergy's renewable electricity tariffs, including Renewable Standard, are certified by the Carbon Trust and compliant with the Greenhouse Gas Protocol Scope 2 guidance.

Our London office building incorporates power-saving devices such as an automatic reduction in lighting when offices are not in use, thus improving energy efficiency.

Energy, kWh	31 March 2024 UK	31 March 2024 Rest of world	31 March 2024 Total	31 March 2023 UK	31 March 2023 Rest of world	31 March 2023 Total
Scope 1 fuels	335,790	563	336,353	304,959	582	305,541
Scope 2 electricity (location based)	205,959	73,091	279,050	173,711	39,538	213,249
Total Scope 1 & 2	541,749	73,654	615,403	478,670	40,120	518,790

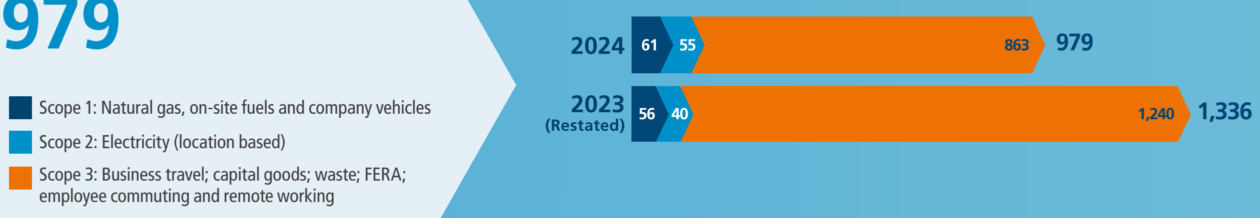
The majority of our GHG emissions come from indirect activities, therefore we voluntarily disclose scope 3 emissions for relevant categories where data is available. Over the three years we have been collecting and reporting emissions data, we have continued to develop data capture and measurement; Global scope 3 emissions for selected measured categories totalled 863 tCO_2e in 2023-24, making up 88% of the Group's total known location-based emissions.

This includes the impact of Polar Capital's capital goods, business travel, waste disposal, employee commuting and remote working as well as fuel and energy-related activities (FERA) not already included in Scope 2. We have not yet included further selected categories of Scope 3 emissions such as Purchased Goods and Services, that may have a significant contribution to the Group's Scope 3 emissions, and seek to do so in the future.

Overall, across all reported scopes (using location-based emissions for Scope 2 emissions) our total carbon emissions decreased by 27% compared to prior year. The majority of this was driven by a decrease in business travel emissions. The decrease in emissions from business travel is predominantly attributed to a decrease in the emissions factor used to calculate tCO_2e emissions from flights (provided by the US Environmental Protection Agency). Emissions factors are periodically updated to include real-world efficiencies and as methodologies improve.

Total CO_2e emissions (tonnes)

979



Sustainability Report continued

Corporate Sustainability continued

GHG emissions, tCO_2e	31 March 2024 UK	31 March 2024 Rest of World	31 March 2024 Total	31 March 2023 (Restated[1]) UK	31 March 2023 (Restated[1]) Rest of World	31 March 2023 (Restated[1]) Total
Scope 1	61	–	61	56	–	56
Scope 2: location based	43	12	55	34	6	40
Scope 2: market based	–	12	12	–	6	6
Total Scope 1 & 2: location based	104	12	116	90	6	96
Total Scope 1 & 2: market based	61	12	73	56	6	62
Scope 3 (optional reporting)	N/A	N/A	863	N/A	N/A	1,240
Capital goods[1]	N/A	N/A	74	N/A	N/A	88
Fuel and energy related activities	N/A	N/A	34	N/A	N/A	27
Waste generated in operations	N/A	N/A	1	N/A	N/A	0.3
Business travel	N/A	N/A	650	N/A	N/A	1,009
Employee commuting and remote working	N/A	N/A	104	N/A	N/A	116
Total all scopes (location based)	N/A	N/A	979	N/A	N/A	1,336
Total all scopes (market based)	N/A	N/A	936	N/A	N/A	1,302
Intensity ratio per £'m net income (location based)	N/A	N/A	0.7	N/A	N/A	0.6
Intensity ratio per FTE (location based)	N/A	N/A	0.6	N/A	N/A	0.5

1 The prior year number for Scope 3 capital goods has been restated to allow for consistent presentation with the current year reporting.

Charitable giving

We believe we have a responsibility to make a positive impact on the environment and the communities in which we live.

We aim to contribute a percentage of our profits towards charitable causes and encourage staff to nominate charities for us to support. In the year under review, the Group made financial contributions to 21 charities.

Each year we support charities that support causes that are important to members of staff or the business. While the focus of these charities may vary, over the past few years our contributions have been directed to causes such as community support, homelessness and child welfare, mental health, healthcare and education, and the environment. As always, we tend to focus on smaller charities where we believe our contribution will make a big difference.

In the financial year ending 2025, the Group will commit up to 1% of annual core operating profit to environmental and social causes.

Heal Rewilding, a UK charity, has been actively engaged in several impactful initiatives aimed at restoring ecosystems and promoting biodiversity. The charity has focused on rewilding projects, including the restoration of degraded landscapes, reintroduction of native species, and creation of wildlife habitats. Our partnership with Heal has continued over the past year and we will support Heal again for 2025.

In addition to financial donations, we offer an employee volunteering scheme. Under this scheme, employees can take up to two days leave per year to support charitable causes.

Social responsibility

Polar Capital is delighted to have awarded full and partial bursaries to the second generation of sixth formers from the Polar Capital Aspire Scheme (PCAS), which was launched in 2021 with the aim of supporting further education for students who wish to pursue three-year university degrees in the UK.

We have partnered with Westminster City School (WCS), our neighbours on Palace Street in London, to commit to supporting their school by granting university bursaries to four of their sixth-form students. The four PCAS finalists have been assigned staff mentors who will support and advise them while they finish their sixth-form studies and throughout their time at university. In addition, Polar Capital has continued to fund the purchase of new laptops for each incoming student into the lower sixth form at WCS for their own use in their academic efforts as well as beyond sixth form. Thanks in part to the partnership between Polar Capital and WCS, the school's sixth form has been able to attract a record number of new applicants and has increased the intake of students into their sixth form by more than 50%.

While it is not a requirement for students to work in the finance industry upon graduation, an objective for PCAS is to encourage more students to consider finance as a potential career choice. Their interactions with Polar Capital will introduce them to fund management and hopefully pique their interest in the various careers available, not just at our Group, but elsewhere in financial services.

Our people

Polar Capital is proud of its culture which is underpinned by the people within the Company. Our people are the heart of our business and attracting and retaining key talent is of utmost importance to the Group. We achieve this by providing a supportive and inclusive working environment, with an open-door policy, focussing on workforce wellbeing and establishing a diverse culture, where rewards are based on merit and opportunities are given for personal development.

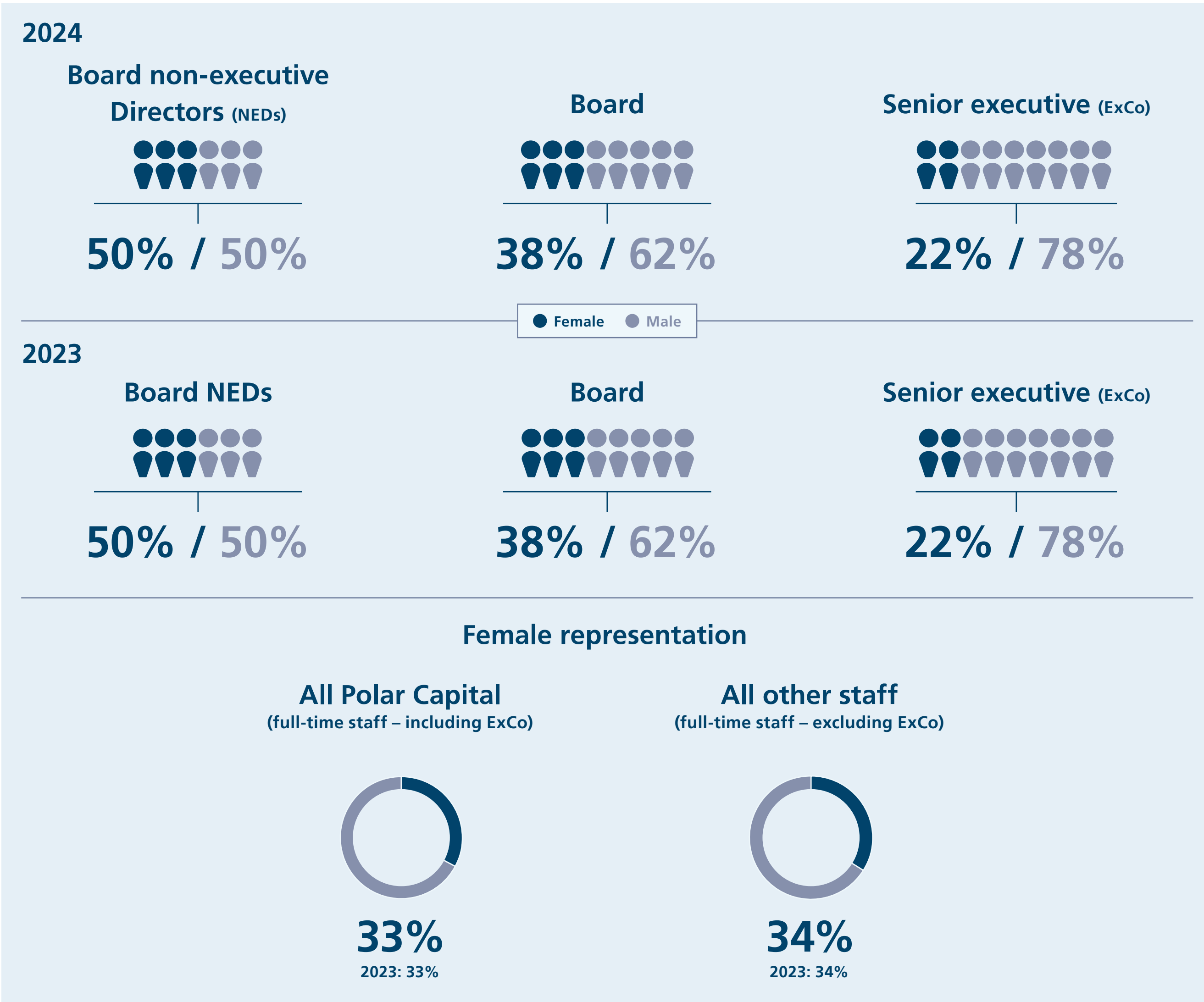
Diversity and inclusion

We believe a diverse and inclusive workplace allows us to achieve the best for our business and our clients. We actively promote a culture which enables our employees to be comfortable in themselves and to flourish in their role.

We are committed to ensuring our workforce is representative of the society we live in and that all voices and perspectives are heard.

We are an equal-opportunities employer, and our staff is made up of a mix of genders, backgrounds and nationalities. We aim to ensure that nobody receives less favourable treatment on any grounds, including gender, sexual orientation, disability, background or race.

The Group's staff (including the Board) were broken down on a gender basis as follows:



Sustainability Report continued

Our people continued

Diversity survey

As we have done for the past two years, in January 2024 the Group conducted an anonymous diversity data survey, conducted by a third party. The purpose of the survey is to get a better understanding of the make-up of the workforce and where we might need to focus our efforts to attract more diverse talent as well as support the development and progression of existing talent.

The diversity monitoring categories used were based around the nine protected characteristics under the Equality Act 2010, including ethnicity, disability, sex and gender identity as well as other factors relating to socioeconomic background and caring responsibilities. The survey received 78% response rate from full-time staff (2023: 80%).

The percentage of employees from an ethnic minority background has decreased slightly this year and accounts for around 22% of the total excluding those in the 'prefer not to say' category. The majority of employees from an ethnic minority background (70%) work in non-managerial roles. This has decreased from 73% in the previous year.

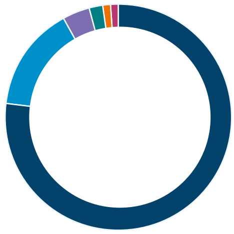
In terms of sexual orientation, 96% of employees describe themselves as heterosexual/straight, 4% of employees identify as lesbian/gay, bisexual, asexual or pansexual. This compares to 6% last year. One percent preferred not to answer.

The collection and reporting of socioeconomic data relating to employees and applicants is critical in understanding potential barriers in the workplace and attracting more socioeconomically diverse applicants.

Just under a quarter of employees received a private education, compared to 48% who received a state school education. Just over a quarter attended school outside the UK.

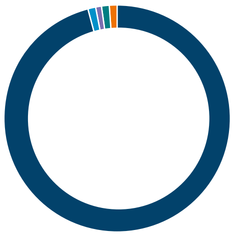
The percentage of employees declaring a disability under the Equality Act 2010 has increased from 2% in 2022 to 5% in 2023 to 7% this year. This compares to the national average self-declaring a disability at 6% according to the Business Disability Forum and it is possible this figure could be higher.

Chart 1: Ethnicity



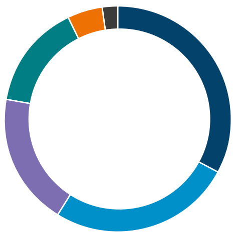
White	77%
Asian	15%
Black/African American	4%
Mixed or multiple ethnic groups	2%
Any other ethnic group	1%
Prefer not to say	1%

Chart 2: Sexual orientation



Heterosexual/straight	96%
Asexual	1%
Bisexual	1%
Lesbian/Gay	1%
Prefer not to say	1%

Chart 3: Socio-economic background



State-run or state-funded school – non-selective	33%
Attended school outside the UK	26%
Independent or fee-paying school – no bursary	19%
State-run or state-funded school selective on academic, faith or other grounds	15%
Independent or fee-paying school – bursary	5%
Prefer not to say	2%

Staff training and turnover

Staff development and training is essential for the success of our business, not only through the knowledge base improving productivity but also for enhancing job satisfaction and fostering a collegiate and ambitious workforce, staff motivation and retention. There is a formal appraisal process on an annual basis where staff are encouraged to raise any training and development suggestions to their line manager.

Staff turnover for the 12 months to March 2024 was 11% (2023: 15%).

Mental health

In 2023, the D&I Committee formed an internal Mental Health Workstream (MHWS), inspired by staff involvement with the Diversity Project's various workstreams, particularly their Mental Health Workstream.

The MHWS has been active in providing initiatives for our staff to participate in over the year. After its success in early 2023, the 'January Reframe' an initiative was conducted again to boost staff morale during what can be a challenging month. With a focus on community, employees were encouraged to participate in various activities throughout the month. Weekly group walks around London's St James's Park allowed an opportunity for colleagues to connect and enjoy a break from their desks, guided meditations provided staff with simple techniques to promote mental health and wellbeing.

As part of the initiative, our MHWS hosted an internal panel discussion on 'Overcoming Failure, Setbacks & Challenges' with members of our senior and middle management. This provided a platform for employees to share personal experiences and strategies for resilience. The discussion sparked meaningful dialogue, prompted by audience responses that highlighted the negative associations often linked with the concept of failure.

Earlier in the year, staff came together for 'Movember' to raise money for men's health and wellbeing. During the month, we also invited a Financial Wellbeing Coach to provide 1-1 sessions with staff to help understand their finances with their wellbeing in mind. Polar Capital currently has 19 Mental Health First Aiders, varying in seniority and departments. We continue to offer free subscriptions to Headspace, the mindfulness app, for our staff and other activities such as weekly yoga sessions.

Industry participation

Polar Capital is committed to improving diversity within our company and promoting diversity within our industry. We are a member of a number of organisations and initiatives that help us develop our practices internally and support diversity and inclusion within the industry. We are a member of the Diversity Project, which works to promote an inclusive culture across the investment industry. Our CEO is a participant on its Advisory Committee and we also participate in the mental health workstreams.

Investment 20/20 is a UK-based initiative which aims to promote a responsible and inclusive industry where companies can attract, develop and retain candidates from all backgrounds. Our involvement continues to be beneficial, with one new trainee taken on in 2023 and another becoming a permanent staff member in 2023.

Risk Management

The principal risks and uncertainties facing the Group are addressed through a risk management framework that provides a structured process for identifying, assessing and managing risks associated with the Group's business objectives and strategy.

Risk Governance

The Board of Directors of the Group is ultimately responsible for maintaining and reviewing the effectiveness of risk management and internal controls and for determining the nature and extent of the risks it is willing to accept in achieving its strategic objectives.

The Board is also responsible for identifying the principal and emerging risks supported by the Audit and Risk Committee (ARC), a sub-committee of the Board, and the management Group Risk Committee (GRC).

ARC

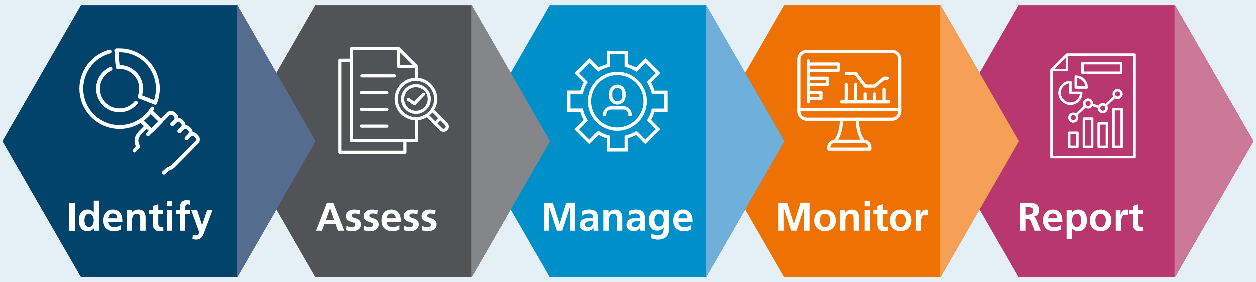
The ARC assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring the Group's internal controls, risk management, compliance and financial reporting frameworks.

GRC

The GRC is responsible for all risk management activity across the Group. This includes identifying emerging risks, ongoing risk assessment monitoring and ensuring each business unit takes appropriate actions to mitigate risks.

Risk Management Framework

The Group's risk management framework is based on the following pillars and provides adequate and continual support to the Board in order for them to understand, identify, measure, manage and mitigate risks to which the Group is exposed to.



Risks may be identified from a number of sources, including operational errors and incidents, external events, business process owners and internal audit

Risks are assessed based on the likelihood of occurring and the potential impact

Controls are designed and used to manage a risk within its risk appetite and eliminate or reduce the potential impact and likelihood of a specific risk related event

Risks are monitored to evaluate the Group's risk profiles over time versus the established tolerance levels

All significant risks and issues are reported to the GRC, the ARC and the Board as appropriate

Risk and Control Assessment

A risk and control assessment programme has been introduced by the Operational Risk and Compliance teams, who will oversee the implementation of the Risk & Control Self-Assessments (RCSAs) by the first line of defence.

The Group's risk profile is regularly updated and reviewed so that any emerging risks or changes to existing risks can be reflected on a timely basis.

Risks are assessed, both before and after the impact of mitigating controls. Where required, control improvements or additional controls are implemented to ensure the residual risk ratings are within tolerance.

The Group also looks to monitor and manage emerging risks that may arise from factors in the markets it operates in, changes in investor demand and the impact of technological change on the financial services industry, as well as its internal environment.

Risk and control assessments are used to develop the compliance monitoring programme. Any breaches are recorded and reported to the ARC.

Risk Appetite

A fundamental part of the Board's duties is to determine the Group's risk appetite and the tolerance level within which the Group must operate. As a business, we generally have a medium/low appetite for risk, particularly for those that could cause harm to our customers, or damage our operational integrity and reputation.

Risk Monitoring

The Group operates a comprehensive risk monitoring structure of the three lines of defence to support the Group's core business, fund management.

First line of defence

The business units are primarily responsible for managing processes, identifying and controlling their risks by using business control frameworks, and implementing internal processes and controls.

Second line of defence

The Group's second line of defence challenges the first line of defence and ensures risk management practices are aligned with organisational goals. The Compliance department carries out monitoring and reviews of the first line controls to ensure they are operating effectively in key processes against regulatory requirements. The Operational Risk Team provides oversight and challenge to the first line in the assessment of their risk and control environment. The Portfolio Risk Team performs portfolio and investment risk monitoring.

Third line of defence

Review and oversight is performed by the outsourced internal audit function. Internal audit provides an independent, objective review and assessment of the adequacy of internal control arrangements in place to manage the risks Polar Capital faces in seeking to achieve its objectives. It objectively examines, evaluates and reports on the adequacy of the control environment, as a contribution to the proper, economic, efficient and effective use of resources and the management of risk.

Risk Management continued

Key risks and reporting

Identified risks that have a high likelihood and impact on the Group are reported to the Board.

The following section shows our assessment of the key risks we face, along with how the significance of the risk has changed during the financial year and mitigation.

Strategic risk

Strategy, business model and sustainability

Description

Failure to deliver against the Group's strategic goals and disruption to the business model from external factors such as technological, regulatory and legislative changes could lead to lower AuM and revenues generated.

Assessment

Risk Rating (unchanged)

2024: Medium/High 2023: Medium/High

Unchanged from previous year.

Mitigation

The Board reviews the business strategy periodically and considers whether management's business plans and targets are aligned with the delivery of the Group's strategic goals and also reviews the impact of changes in the external environment.

Shift in culture

Description

The Group identity that, environment, values and behaviour are fundamental to maintaining a collegiate, productive, loyal and compliance aware culture to effectively deliver our strategic goals.

Assessment

Risk Rating (unchanged)

2024: Medium/High 2023: Medium/High

Unchanged from previous year.

Mitigation

A collegiate and partnership ethos is set from the top of the organisation and allows such an approach to be practiced throughout the Group underpinning the loyalty and retention of key staff.

Fund manager retention

Description

The Group has a number of key fund managers whose loss could result in significant investor redemptions from the fund(s) they manage and loss of revenue to the Group.

Assessment

Risk Rating (unchanged)

2024: Medium/High 2023: Medium/High

Unchanged from previous year.

Mitigation

Through a combination of culture, team support and providing each team with an economic interest in the success of their funds and the overall business, the Group offers a highly attractive environment for investment professionals.

By diversifying the business and assets under management across more investment teams the key manager risk can be reduced.

Risk Rating: Low · Low/Medium · Medium/High · High

Market risk

Description
The Group is subject to risk from volatility in global equity markets and therefore, macroeconomic conditions and events could adversely affect the business.

Assessment
Risk Rating (unchanged)

2024: ⬢ 2023: ⬢

Unchanged from previous year.

Mitigation
Regular contact is maintained with all clients and fund investors and the strategy of the Group is to diversify both with a product offering less susceptible to market movements in different sectors or geographies, and by its investor channel. The Group maintains a strong balance sheet with no debt to ensure it is able to respond to market shocks.

Fund performance risk

Description
Poor fund performance could lead to outflows of AuM and consequent damage to the financial position of the Group.

Assessment
Risk Rating (unchanged)

2024: ⬢ 2023: ⬢

Unchanged from previous year

Mitigation
Clearly defined investment processes exist to enable outperformance to be delivered within agreed investment mandates.

The GRC considers corporate, operational, distribution as well as investment and portfolio risk. The Committee reviews all the portfolios managed by the Group and analyses compiled by the Group risk function relating to portfolio structure, exposure, concentration, performance, liquidity and risk.

The Chief Investment Officer (CIO) and Group risk function carry out regular oversight and reviews of the fund management teams.

Regulatory risk

Description
Failure to comply with regulations in the jurisdictions in which it operates, particularly those issued by the Financial Conduct Authority or the London Stock Exchange, could result in the Group losing the ability to operate as a regulated financial services business or its AIM quotation being suspended or withdrawn. This can also result in damage to the Group's reputation.

Assessment
Risk Rating (unchanged)

2024: ⬢ 2023: ⬢

Unchanged from previous year.

Mitigation
The Group reviews regulatory updates on an ongoing basis from all relevant regulatory authorities and works alongside third parties including legal advisers, compliance consultancies and investment manager trade bodies.

Risk Rating ⬢ Low ⬢ Low/Medium ⬢ Medium/High ⬢ High

Risk Management continued

Operational risk

Cybersecurity risk

Description

The probability of exposure or loss resulting from a cyber-attack or data breach could result in significant loss or harm to the technical infrastructure, use of technology or reputation of the Group.

Assessment

Risk Rating (increased)

2024: Medium/High 2023: Low/Medium

Risk rating has increased due to the increasing sophistication and volume of incidents in the external fraud environment.

Mitigation

The Group has implemented IT policies and procedures to ensure best practice controls over cybersecurity.

The Group has an established cybersecurity committee comprising members of senior management who ensure that policies, procedures and the Group's control environment remain relevant and appropriate to the risk landscape.

Disaster recovery plans ensure that data and systems are backed up regularly, retained offsite and regularly tested for recoverability.

Reputational risk

Description

The Group's reputation is one of its most important assets since it operates in an industry where integrity, customer trust and confidence are paramount.

Assessment

Risk Rating (unchanged)

2024: Medium/High 2023: Medium/High

Unchanged from previous year.

Mitigation

The GRC consider and review the risks associated with overseas expansion on a regular basis and actions are taken where required.

A strong compliance culture is fostered within the business and regular staff training is conducted to ensure conduct standards are maintained.

A dedicated compliance team ensures regular horizon scanning for regulatory changes and leverage on specialist third party expertise, where required, to implement changes.

Process failure and operational resilience risk

Description

If any of the Group's financial, accounting or other data processing systems and processes do not operate properly or are disabled or, if the Group is unable to operate critical business services, including outsourced third party services, the Group could suffer financial loss, business disruption, liability to clients, regulatory sanction and damage to its reputation.

Assessment

Risk Rating (increased)

2024: Medium/High 2023: Low/Medium

Risk rating has increased due to greater complexity and regulatory exposure as we continue to diversify the Group's distribution and product offerings.

Mitigation

The Group's core businesses have disaster recovery plans in place covering current business requirements, which are tested annually to ensure an appropriate level of resilience in the day to day operations and minimise the risk of severe disruption occurring. The Group has undergone an operational resilience impact assessment and prepared an Operational Resilience Programme.

The Operational Risk Team provides oversight and challenge to the first line of defence in the assessment of their risk and control environment.

The Group performs oversight procedures on third-party providers at least annually.

Risk Rating: Low | Low/Medium | Medium/High | High

Directors' Duties and Section 172 Statement

The Board recognises its duties to act in accordance with the Companies Act 2006. These include a fundamental duty to promote the success of the Company for the benefit of its shareholders, while having regard to other matters as set out in S172 (1) of the Act.

The Board fulfils its duties in collaboration with the executive and senior management team, to which day to day management has been delegated, and through the application of the corporate governance framework as set out on pages 55 to 62. The following overview provides further insight into how the Board has discharged their duties in engaging with key stakeholders. Page 48 sets out examples of how the Board has considered key stakeholders as part of its focus during the year.

Stakeholder group

Clients

Our clients are the people and firms that invest in our funds or engage us to manage their funds. Our goal is to help them achieve their long-term investment objectives.

How we engage with them

Our client services, distribution, investment management, corporate secretariat, and operations teams all maintain contact with our clients through meetings, presentations and an annual Investor Conference. During the year 2,953 client engagements were held, in 1,482 of which a fund manager was present. The Board of Directors receive a report on distribution and client servicing at each Board meeting.

Shareholders

The ongoing support and engagement of our shareholders is vital in helping us deliver our long-term strategic objectives and grow the business.

How we engage with them

Investor meetings are arranged each year after the annual and interim results to allow the CEO and the CFO to meet with potential and existing shareholders and discuss the performance of the Group.

Our 2023 AGM was held at our offices in London and was open for shareholders to attend in person. All voting was carried out through a poll and the final votes were disclosed on the London stock Exchange and the Company's website following the meeting, showing a comfortable majority in favour of each resolution. The 2024 AGM will be held in person in September 2024 and shareholders will be able to engage directly with the Board and members of the senior management team.

The Chair contacts, and is available to meet, major shareholders without the Executive Directors present to permit direct feedback. Through the year, there has been additional ad hoc engagement with shareholders and voting agencies to discuss and explain the Board's approach to governance, diversity and inclusion.

Directors' Duties and Section 172 Statement continued

People

Our people are our most valuable asset and the ability to attract, retain, develop and motivate the right people is critical to our current business needs and plans for growth.

How we engage with them

The Board and senior management engage with staff and fund managers regularly through various methods including management communications, an internal magazine and presentations. An open-door culture is fostered where staff are encouraged to interact and feedback not only to direct reports but also the Executive Directors.

The Board and the Audit and Risk Committee also engage regularly with departmental heads through direct meetings and regularly meet with the Executive Committee which is responsible for the day to day management of the Company on behalf of the Board.

Flexible and hybrid working patterns have continued to be the norm, the Executive regularly engage with the staff of all levels to ensure work place, whether office or remote, needs are being considered and where possible accommodated.

The Diversity and Inclusion Committee meets quarterly and has been key in promoting events, activities, and initiatives for the mental and physical wellbeing of the people within and connected to the organisation.

These measures have continued both in terms of business and training opportunities but also social functions, including informal lunches with members of senior management and the Executive Directors, to ensure the regular interaction of all staff irrespective of any individual hybrid working arrangements.

Annual staff satisfaction and diversity surveys are carried out which enable all staff to provide anonymous comments and feedback on the Company, how it is managed, how staff feel they are managed, the opportunities available to them and how their views are taken into account. At least annually, all staff members have an appraisal with their line or senior managers, that give all staff members the chance to give and receive written and verbal feedback as well as providing the opportunity to discuss roles and potential progression should it be appropriate. These meetings can also be used to enable views to be shared on the wider business including raising any concerns.

External service partners

Our external service partners include third-party service providers such as our fund administrators and other key suppliers. Their services and support are vital in helping us deliver on our core competency of investment management.

How we engage with them

Each area of the business has responsibilities for the day to day contact with our external service partners. For example, our operations team are responsible for engagement with our third-party administrators and our distribution and client service teams engage with our third-party distributors / platforms. Regular meetings with representatives of the service providers and members of our senior management team are also held to ensure engagement at the executive level.

The service partner due diligence meetings are held in person with hybrid flexibility. Where appropriate these include process reviews connected to changes made in working practices.

The ARC, as part of operational resilience, reviews management's assessment on outsourced service providers on an annual basis.

Society and environment

We recognise our responsibility to ensure a wider contribution to society and a positive impact on the environment.

How we engage with them

The Group exercises stewardship of the assets it invests on behalf of its clients and is a signatory to the UK Stewardship Code. Corporate responsibility is also discharged by ensuring that investment management teams engage on ESG matters with the companies in which we invest.

The Group attempts to deliver a positive impact in local communities, by way of its annual charity contributions, in the selection of which all Group staff take part, and the Polar Capital Aspire Scheme (PCAS) which is run in partnership with Westminster City School, see page 36 for more details.

The Group also encourages staff to volunteer their time and effort through a formal volunteering leave policy. A payroll-giving arrangement is also available.

The Board considered ESG development and the Group's approach to ESG is set out on pages 31 to 39.

Regulators and state authorities

The Group operates in several global locations and is therefore subject to the oversight of various regulators and state authorities across those locations.

How we engage with them

We engage with our regulators and relevant state authorities primarily through the Group compliance and finance functions by way of regular mandatory reporting as well as any ad hoc interactions required by changing regulations and requirements.

The ARC and Board receive regular reports from the Group Compliance and Legal Officer and Risk Manager, on the Group's regulatory processes and procedures, its risk management framework and its interaction with regulators in various jurisdictions.

Directors' Duties and Section 172 Statement continued

Stakeholder interests are embedded across all levels of the organisation, guided by the Board. Our culture, values, governance framework, code of conduct and training all help to support this. The Board considers information from across the Group and considers stakeholders in its decision making.

It should be understood that stakeholders can have different, and at times conflicting, interests, priorities and views, which the Board need to consider. Where possible these views are balanced within the wider duty of the Board to promote the long-term sustainable success of the Company. Not all decisions can deliver the desired outcomes for all stakeholders.

During the year when considering any principal decisions, the Board, has focused on how such decisions relate to the key stakeholders (as set out on pages 45 to 47) while maintaining a reputation for high standards of business conduct and governance and the need to act fairly between the shareholders of the Company.

Considerations and outcomes	Stakeholder group considered
Over the year, the Board received further presentations from management on the impact and preparedness of the business for the implementation of Consumer Duty and the additional reporting and processes that have been introduced in order for the business to meet the challenge and implementation expectations. The Board challenged management and sought external advice as necessary. In considering this, the Board discussed the recommendations with management to ensure the interests of the various stakeholders were considered including the viability and delivery of appropriate funds and products in line with the expectations of current investors and attractiveness of such to potential new investors and the appropriate levels of staff and any training required in connection with such funds and products.	Clients Shareholders People Society and environment
In addition to Consumer Duty, the Board continually consider existing and proposed regulations to ensure the appropriate requirements are able to be met and the business has the ability to service investors and the operations of the business with outsourced suppliers in a regulatorily compliant manner.	Clients Shareholders People External service partners Society and environment Regulators and state authorities
The Board met with the Executives to consider the current and the future business strategy and aspirations for the business. A clear growth plan was established which is underpinned by the culture of the business and considers both the current and potential future market conditions, regulatory requirements and investor needs.	Clients Shareholders People External service partners Society and environment Regulators and state authorities

Pages 1 to 48 constitute the strategic report, which was approved by the Board on 26 June 2024 and signed on its behalf by:

Tracey Lago
Group Company Secretary

Governance

In this section

Board of Directors

The biographies of the Directors who served during the year are set out below and demonstrate the skills and experience brought to the Board by each individual which, together, contribute to the long-term sustainable success of the Company for shareholders.

All Directors in office at the end of the year will stand for re-election by Shareholders at the AGM to be held on 25 September 2024.

The Nomination Committee considers the composition of the Board and makes recommendations to the Board in support of the re-elections. The Nomination Committee supports the re-election of the Directors standing for re-election at the AGM, the rationale for such support is provided below.

David Lamb
Independent Non-Executive Chair

Appointed to the Board in April 2020 and became Chair of the Board in July 2020.

Skills and experience: David has more than 30 years' leadership experience within the asset management sector, including roles as Managing Director and Chair of the Investment Committee at St James's Place, he was also a director of the main PLC board between 2007 and 2019 having joined the firm at inception. He is currently Chair of new Ireland Assurance Company.

Other appointments: David is chairman of New Ireland Assurance Company Plc, a leading provider of a range of pension schemes and funds, life insurance and investments.

Committee membership: Nomination Committee (Chair), Remuneration Committee (Member), Audit and Risk Committee (Guest by invitation).

Rationale for re-election: David has a background in asset management with wide experience of listed companies and strong consensus leadership skills. In addition to leading the Board meetings, he has frequent informal as well as formal interaction with his co-Directors and engages regularly with the Executive and senior management of the business to ensure an open and supportive culture operates.

Gavin Rochussen
Executive Director and Chief Executive

Appointed to the Board in July 2017.

Skills and experience: Before joining Polar Capital, Gavin was Group Chief Executive at J O Hambro Capital Management Limited (JOHCM). Prior to JOHCM, Gavin was Group Chief Executive at Fleming Family & Partners Limited, a European multi-family office. Gavin qualified as a Chartered Accountant in 1983 in South Africa.

Other Appointments: Gavin is advisor to Amigona Holdings Inc, an investment holding Company and a non-executive advisor to James Hambro & Partners LLP, a wealth management boutique, and Chair of the Governors and Trustees of Tonbridge School, Kent.

Committee membership: As an Executive Director, he is not a member of any committee but attends various committees by invitation to make proposals or respond to questions.

Rationale for re-election: Gavin has proven skills of leading and developing asset management businesses and managing people in international organisations. He has maintained close contact with staff, the senior leadership team and the Board while focusing on leading and developing the business, staff wellbeing and the implementation of various regulatory and other initiatives related to ESG matters and Consumer Duty.

Samir Ayub

Executive Director and Chief Financial Officer

Appointed to the Board in November 2021.

Skills and Experience: Samir has over 20 years' experience in the financial services sector across several jurisdictions around the world. He has been with Polar Capital since 2010 as Head of Finance and in 2019 took on responsibilities as CFO. He is a Chartered Accountant having qualified with Ernst & Young LLP.

Other Appointments: None.

Committee membership: As an Executive Director, he is not a member of any committee but may attend a committee by invitation to make proposals or respond to questions.

Rationale for re-election: Samir has played a key role in the development of the business both from a human resources and financial management perspective and has a fundamental understanding of the operational and financial aspects required to meet the strategic objectives of the organisation.

Laura Ahto

Independent Non-Executive Director

Appointed to the Board in November 2021.

Skills and Experience: Laura retired in 2021 as COO, Global Asset Servicing and Digital (New York) for BNY Mellon Corp. having been with BNY Mellon in various posts in Europe since 2012 including CEO and Executive Director of the Bank of New York Mellon SA/NV in Belgium. Prior to this, between 2002 and 2012, Laura was deputy COO for Baring Asset Management and SVP, Head of Operations, Administration and European Funds for PIMCO Europe Ltd. in London.

Laura also served on the Board of the American Chamber of Commerce in Belgium until 2018 and was a founder member of Woman in Finance (Belgium). She also served as a member of the BNY Mellon CEO's Diversity and Inclusion Advisory Council.

Other Appointments: Laura is a non-executive director of Global Give Back Circle, a charity focused on providing skills to at-risk girls in Africa.

Committee membership: Audit and Risk Committee (Member) and Nomination Committee (Member).

Rationale for re-election: Laura brings a wealth of international, including US and European, operational and leadership experience in financial services. Since joining the Board, Laura has been keenly involved in the development of the operations functions within the business.

Anand Aithal

Independent Non-Executive Director

Appointed to the Board in January 2022.

Skills and Experience: Anand is an entrepreneur with expertise in knowledge-intensive professional services organisations.

He was a co-founder of Amba Investment Services Ltd, a leading provider of data analysis services to the financial services industry. Previously, Anand had been a managing director at Goldman Sachs where he gained extensive business experience in international and emerging markets, having worked in multiple locations in Asia, Europe and the Americas.

Other Appointments: Anand is a board member of Saga PLC, a company focused on serving the needs of those aged 50 and over. He is also lead non-executive board member of the UK Cabinet Office and a non-executive appointee to the Council Board of the Association of Chartered Certified Accountants.

Committee membership: Audit and Risk Committee (Member) and Nomination Committee (Member).

Rationale for re-election: Anand has experience in establishing businesses with international exposure in the financial services industry and this is supplemented by his broad range of other appointments. Anand contributes an alternative viewpoint to Board discussions, drawing on his entrepreneurial and political expertise.

Board of Directors continued

Alexa Coates
Independent Non-Executive Director and Chair of Audit and Risk Committee

Appointed to the Board in July 2018.

Skills and experience: Alexa is a Chartered Accountant with over 30 years' experience in finance and accounting. She spent the last nine years of her executive career at HSBC, where she was the Global CFO of the Asset Management division before heading up the finance function of its Commercial Banking business in Europe.

Other Appointments: Alexa is a non-executive director and audit committee chair of Aviva Investor Holdings Limited and Aviva Investors UK Funds Services Limited, a global asset manager. She is also a non-executive director at Marsh Limited, the UK subsidiary of the insurance broker, MMC Inc. She is a non-executive director and audit and risk committee chair of Schroders Oriental Income Fund Limited, a FTSE 250 investment trust.

Committee membership: Audit and Risk Committee (Chair) and Nomination Committee (Member).

Rationale for re-election: Alexa brings extensive financial and accounting expertise from her previous executive roles and current positions and works closely with the Auditors and the Finance team to ensure the Group's Financial Statements are accurate and comply with recent accounting standards. Alexa is the audit committee chair of another listed entity, as well as other regulated organisations, which provides her with an additional and current knowledge base which is of benefit to the Group's audit and risk process.

Where there might be concern of over-boarding, roles with investment companies typically have fewer Board meetings a year and have less regulatory burden than a premium listed entity. Alexa has demonstrated to the Board that she has sufficient time to devote to each of her roles.

Win Robbins
Independent Non-Executive Director and Chair of Remuneration Committee

Appointed to the Board in June 2017.

Skills and experience: Win has wide experience in the investment management industry holding senior positions at a number of asset management firms culminating as Head of European Fixed Income at Barclays Global Investors. Win was until Q1 2024, a non-executive senior independent director of Henderson Diversified Income Trust plc and a non-executive director of Blackrock Income and Growth Investment Trust plc.

Other Appointments: None.

Committee membership: Remuneration Committee (Chair) and Nomination Committee (Member).

Rationale for re-election: Win provides a wealth of asset management experience to the Board. In her role as Remuneration chair, she collaborates frequently with the senior executives and the independent remuneration consultants to determine the structure and implementation of remuneration policies across the Group taking into consideration both peers and wider industry knowledge.

Andrew Ross
Independent Non-Executive Director

Appointed to the Board in April 2020.

Skills and experience: Andrew is a highly experienced financial services practitioner having spent over 20 years in senior roles at investment and wealth management firms. He was Chief Executive Officer of Cazenove Capital Management from 2001 until its acquisition by Schroders plc in 2013, when he became Global Head of Wealth Management.

Other appointments: Andrew is currently the non-executive chairman of Witan Investment Trust plc and a non-executive director of Cadogan Settled Estates. He is also a trustee of the Harris (Belmont) Charity and of the National Gallery Trust.

Committee membership: Nomination Committee (Member) and Remuneration Committee (Member).

Rationale for re-election: Andrew has extensive experience of building asset management businesses and is able to bring a challenging voice in the boardroom. He is the chairman of another listed entity which allows him to bring an informed alternative viewpoint to boardroom discussion and support the Board in its decision-making process. Andrew has been involved with establishing the requirements for the business and ensuring compliance with the Consumer Duty regulations.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Polar Capital Holdings plc (the Company) and the Group for the year ended 31 March 2024.

Status and trading

The financial results for the year ended 31 March 2024 are set out in the attached financial statements.

Details of subsidiaries are included in Note 4.6 to the financial statements.

The Group's financial risk management objectives and policies, and its exposures to risks arising from the use of financial instruments, are set out in Note 4.14 to the financial statements.

The results for the year are given on page 95.

No political donations were made during the year to 31 March 2024 (2023: none).

Information on how we consider stakeholder interests including our S172 statement are disclosed in the Strategic Report on pages 45 to 48.

Polar Capital's objectives and matters relating to the future development of the business are set out in the Strategic Report on page 10. Its main country of operation is the UK.

The Company is incorporated in England and Wales as a public limited Company under registered number 4235369 and its registered office is at 16 Palace Street, London SW1E 5JD.

The Company is subject to the rules of the Alternative Investment Market (AIM), UK regulations including Company law, financial reporting standards, taxation law, and supervised by the Financial Conduct Authority and other regulators in countries in which the Company carries out its regulated business and its own Articles of Association.

Directors

At the date of this report, the Board comprises two Executive Directors and six Non-Executive Directors. The Directors who served during the year and were in office at the year-end are set out on pages 50 to 52.

There were no changes to the board composition during the year, all of the Directors held office throughout the year under review and up to the signing of this Report.

The remuneration, principal terms of employment and the interests of the Directors in the Company's shares and options are detailed in the Remuneration Report on pages 70 to 83.

Under the provisions of the Articles of Association all Directors are required to stand for re-election at each AGM.

None of the Non-Executive Directors have any interest in any contract with the Group or Company.

The Board has approved a policy on the disclosure, approval and management of Directors' conflicts of interest and its application is described on page 59.

Details of the Deeds of Indemnity granted to each Director in respect of their duties is given on page 75.

Dividends

The Directors have declared two interim dividends in respect of the financial year ended 31 March 2024 amounting to 46.0p per share (2023: 46.0p per share). The first interim dividend of 14.0p per share was paid on 12 January 2024 to shareholders on the register on 15 December 2023. The second interim dividend of 32.0p per share will be paid on 2 August 2024 to shareholders on the register on 5 July 2024. The shares will trade ex-dividend from 4 July 2024.

Remuneration code

Disclosure of the Group's Remuneration Code is made alongside its MIFIDPRU public disclosure document which is available on the Group's website: www.polarcapital.co.uk.

Capital structure

The capital structure of the Company is detailed in Note 4.12 to the financial statements. The fully paid ordinary shares of the Company are traded on AIM and it has not made any arrangements for its shares to be admitted or traded on any other exchanges or trading platforms.

The Board seeks shareholder approval at each Annual General Meeting to allot ordinary shares, disapply pre-emption rights and to make market purchases of ordinary shares. The separate Notice of Annual General Meeting sets out the resolutions and the Chair's letter accompanying the notice explains their purpose and any use made by the Board of the authorities.

Rights attaching to the shares

On a show of hands at a general meeting of the Company every holder of an ordinary share present, in person or by proxy, shall have one vote and each ordinary share has one vote on a poll. All ordinary shares rank equally for dividends.

There are no restrictions on the transfer of the fully paid ordinary shares other than those where the Company is entitled to refuse to register a transfer of a fully paid ordinary share under the Uncertificated Securities Regulations.

Directors' Report continued

There are no special rights with regard to control attached to the shares, no agreements between holders of the shares regarding their transfer known to the Company and no agreement to which the Company is a party that affects its control following a takeover bid. The Company is subject to the UK City code on Takeovers and Mergers.

Upon a winding up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro-rata to their holdings of ordinary shares.

Issued share capital and changes in the year

The number of ordinary shares in issue at the year-end was 101,195,879 (2023: 100,790,725). During the year the Company issued 405,154 (2023: 541,818) ordinary shares to cover the issue of new shares against previously crystallised preference shares.

No shares have been purchased by the Company to hold in treasury or for cancellation.

Since the year-end and up to the date of this report a further 353,055 shares have been issued to satisfy the preference share crystallisations. The issued share capital at the date of this report is 101,548,934 ordinary shares.

Employee benefit trust arrangements

The Company operates an Employee Benefit Trust (EBT) which is funded by the Company to make market purchases of the Company's shares which may be used to satisfy share awards made to Directors and employees.

The EBT undertakes regular market purchases and as at 31 March 2024 the EBT held 5,163,669 ordinary shares in the unallocated general account at the year end (2023: 4,332,347).

The Trustee has waived the dividend in respect of the shares held in the unallocated general account. Where it holds shares as the result of a vesting of employee long term incentive plans, but subject to a further holding period, it receives dividends to pass on to the respective staff members.

The Trustee seeks directions from the Company for the casting of votes in respect of the shares and the Company has requested that the votes attached to the shares in the unallocated general account are not cast.

Substantial shareholdings

As at 26 June 2024, the Company had received notices for the purposes of Part 5 of the FCA's Disclosure and Transparency Rules and PDMR notifications from the undernoted shareholders. The percentage voting rights are calculated based on the number of shares shown in the notice divided by 101,548,934, the number of shares in issue as at 24 June 2024:

Holder	Number of ordinary shares shown in notice	% of voting rights held
Harwood Capital LLP[1]	7,015,000	7%
Apex Financial Services (Trust Company) Limited[2]	5,122,110	5%
Schroders plc[2]	5,023,115	5%
Unicorn Asset Management[1,2]	4,925,000	5%
Canaccord Genuity Group[1,2]	4,821,734	5%
Caledonia Investments plc[1]	3,999,130	4%
Fianchetto Limited[1]	3,884,879	4%
Perpetual Limited[2]	3,039,697	3%

1. Direct holding.
2. Indirect holding.

Annual General Meeting (AGM)

The AGM will be held at 16 Palace Street, London SW1E 5JD at 2.00pm on 25 September 2024.

Full details of the resolutions and explanations of each resolution are given in the separate notice of meeting sent to shareholders.

Approved by the Board on 26 June 2024 and signed by order of the Board.

Tracey Lago
Group Company Secretary

Corporate Governance Report

Dear Shareholder

The Board of Directors considers good corporate governance to be important to the long-term success of the business and understands the reliance and reassurance that shareholders and other stakeholders place on the Board setting the standards and ethos. The Board has reported against the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (the QCA Code), as the recognised corporate governance code applicable to the Company for the year under review.

The third version of the QCA code has been published for accounting periods beginning on or after 1 April 2024, this Code reorders the principles and requires additional disclosures, some of which will apply to the Company. The 2024 Code will apply for the current financial year to 31 March 2025. The report below reflects the principles of the 2018 QCA Code.

As a Group operating in the financial services sector, the business of the Group is highly regulated and subject to scrutiny by the various regulators. This regulation and scrutiny brings into sharp focus the responsibilities of the Directors to analyse and manage risk throughout the business. As reported by the Audit and Risk Committee (ARC) in the 2023 annual report, an outsourced internal audit function was engaged in July 2022 and has been in role for the full year under review. The compliance department of the Group remains central to the Group's operations and risk monitoring, and works closely with the internal audit function. The compliance monitoring program is embedded throughout the Group and through the Group Risk Committee (GRC), the Executive is provided with information on the control environment and reporting of risks as well as breaches. A summary is then provided to the ARC including recommendations to address regulatory changes and improvements to the control environment. The ARC also considers recommendations from the outsourced internal audit function and, once agreed with management, monitors the implementation of these recommendations.

The Board remains committed to continue to develop best practice throughout the Group and will continue to lead the business by setting standards for behaviour expected by all staff in their actions within the business, in dealing with customers and when engaged in wider social interactions so that the reputation of the Group is enhanced.

The composition of the Board needs to contain the skills and experience required to guide and challenge the Executive. As reported in the Nomination Committee Report on pages 63 to 65 the Board, its composition and that of its Committees have been considered and reviewed and an externally facilitated Board and Committee evaluation process was undertaken in 2023.

The following report describes how the ten principles of the QCA Code have been addressed and it provides the disclosures required by such. The Board has reviewed the Corporate Governance disclosures set out below and believes that the Group complies with the principles and disclosure requirements of the QCA Code in full.

David Lamb
Chair

26 June 2024

Corporate Governance Report continued

Principle 1

Establish a strategy and business model which promotes long-term value for shareholders

The Strategic Report set out on pages 1 to 48 describes the business objectives and business model which, when read with the Chief Executive and the Chief Financial Officer's Reports, covers the past year's achievements and the future prospects for the growth of the business. The Board met separately with the Executive during the year under review to specifically discuss the future strategy of the business and future focus points for consideration when describing the purpose of the business in future reporting.

The Sustainability Report on pages 31 to 39 expands on the work that has been carried out throughout the business to address and report on the further embedding of ESG awareness in the investment process and the corporate culture including the requirements of the TCFD.

The risk management framework including key risks to the business and our risk monitoring and reporting is set out on pages 40 to 44.

The statement on how Directors have discharged their duties in relation to the requirements of section 172 of the Companies Act 2006 is set out on pages 45 to 48 of the Strategic Report. Further reporting on how the Board has considered shareholders and other stakeholders can be found across the reports from the various Committees.

Principle 2

Seek to understand and meet shareholder needs and expectations

The Company welcomes dialogue with shareholders in order to achieve a mutual understanding of objectives. The Board has regular reports from the Executive Directors on shareholder visits and meetings which include meeting current and potential shareholders as part of the road shows arranged by the Company's brokers, after the announcement of the annual and half year results, plus ad hoc meetings as needed throughout the year.

The Chair of the Remuneration Committee engaged with shareholders in advance of publishing updated remuneration proposals in the last Annual Remuneration Report. As in previous years, following the announcement of the results in June 2023, David Lamb as Chair, contacted major shareholders and offered the opportunity to meet and discuss their views. The results of these interactions were reported to the Board which noted no adverse comments which required following-up. Engagement with shareholders is an important aspect of the Chair's role and the ability of shareholders to meet him, without the Executive present, will be offered again in 2024.

The Annual General Meeting (AGM) provides a forum for investors to meet the Directors, both formally and informally as well as questioning the Chairs of the Board's Committees. Shareholder engagement prior to the AGM is provided by a dedicated email address for shareholders to ask questions. Voting at the 2023 AGM was conducted on a poll vote (one vote for each share held) and all but one of the resolutions were passed with in excess of 96% of votes cast in favour, the resolution to disapply pre-emption rights was passed with a vote of 87% cast in favour. The 2024 AGM will be held on 25 September 2024 at the offices of the Group and shareholders will be offered the ability to ask questions in advance of the meeting as well as attend and question the Directors.

A website (www.polarcapital.co.uk) is maintained and regularly updated for shareholders to access information about the Company. This provides information about the business, its funds and investment teams, as well as corporate information on policies, corporate governance, the share price and announcements to the London Stock Exchange. There are also video presentations of the latest results.

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board takes collective responsibility for Environmental Social and Governance (ESG) matters and recognises the needs of society and the impact on the environment from the organisation's activities.

The Board meets with senior executives and heads of departments on a regular basis and through the reporting structures receives information on key customer and supplier relationships. The Board and its Committees have the opportunity to meet portfolio managers at least once a year and hear them present on their funds.

The Chief Legal and Compliance Officer reports to the ARC and the Board on all regulatory matters and the Nominated Advisor and Corporate Broker is available to the Directors to advise on stock exchange matters and ensures that any regulatory concerns are raised with the Board.

Appropriate steps have been taken in relation to the Anti-bribery and Modern Slavery Acts and a statement is available on the Company's website. The Company also has a whistleblowing policy and has appointed Alexa Coates as a whistleblowers' champion.

The Head of HR reports to the Board on staff matters and issues such as diversity and inclusion, staff survey results and staff turnover. The Board also continues to take an interest in the Polar Capital Aspire Scheme (PCAS) run in conjunction with the Westminster City School, a local academy, which is in its second year of awarding bursaries and support to selected local students. A staff Diversity and Inclusion Committee acts as a co-ordinator for escalation and review of all diversity and inclusion issues and initiatives, including the consideration of other charitable donations. A flexible working pattern continues to be adopted across the business, with staff able to agree with their line managers a hybrid working pattern.

The Head of Sustainability regularly presents to the Board on developments and the setting and meeting of appropriate ESG targets including the implementation of the TCFD (Task Force on Climate-Related Disclosures) recommendations as they apply to the business. He is supported by a dedicated team and by a committee drawn from staff throughout the organisation to act as a central point for corporate and investment sustainability across the Group. Further information on ESG and climate change is provided in the Sustainability Report.

Principle 4

Embed effective risk management, considering both opportunities and threats throughout the organisation

The Board, through the work of the ARC, considers the identified and emerging risks inherent in the business model and the management of such risks within the internal control environment. The Board considers the strategic direction in conjunction with the Executive and the Strategic Report identifies the key business risks. The MIFIDPRU public disclosure document, available on the Company's website, also describes the risk and control environment.

The Group's compliance and operations departments undertake a formal process on a regular basis to review the levels of service provided by third-party service providers to the Company or to the Company's clients such as investors in the Company's funds. This process is supplemented by the day-to-day interaction with the third-party service providers and permits senior management to review the arrangements and risks inherent in outsourced services.

The Company's sales and client service teams keep in close contact with existing and potential investors in the Company's funds.

Internal control

The Board has overall responsibility for the Group's and Company's system of internal control including risk management framework, compliance and financial reporting as detailed on pages 40 to 44

The Group's system of internal control is designed to manage, rather than eliminate, risk of failure to achieve

Corporate Governance Report continued

Principle 4 continued

business objectives. It is recognised that such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss. Any incidents are reviewed to ensure there are no systemic issues and additional controls are put in place to prevent recurrence.

The ARC as part of its role, has reviewed and monitored the effectiveness of the internal controls for the year ended 31 March 2024 which includes the ISAE 3402 internal controls report for the 12 months to 31 December 2023. Risk management was the first internal audit review carried out in 2022. As referenced in last year's Annual Report, there were a number of recommendations which have been and are being implemented by management, and which are being overseen by the ARC. Minerva has continued to carry out a programme of internal audit reviews throughout 2023/24 and report back to the ARC on recommendations, which, once agreed with management, are actively monitored and tracked by the ARC. More information on the activities of the ARC is set out in its report on pages 66 to 69. Overall, the ARC has concluded that there is an appropriate risk and control framework in place, which continues to mature and develop in line with the growth of the business.

Principle 5

Maintain the Board as a well-functioning balanced team led by the chair

Composition

The composition of the Board is described in the Report of the Directors. The individual biographies are listed on pages 50 to 52. At the date of this report the Board comprises of two Executive Directors, Gavin Rochussen, and Samir Ayub and six Non-Executive Directors. The skills and experience of each Director is detailed in their biographies. The Board is satisfied that there is the necessary mix of skills and personal qualities to deliver the strategy of the Company.

Directors' appointment, election and re-election

In accordance with the Articles of Association, any new Director, appointed by the Board, is required to seek election by shareholders at the next general meeting of the Company following their appointment. No Directors have been appointed in the year and all Directors are therefore seeking annual re-election.

Non-Executive Directors do not have specific time commitments, but it is estimated that between 20 and 25 days each year is required to fulfil their responsibilities. Executive Directors are full time employees.

Role and responsibilities

The Directors' general duties are set out under sections 171–181 of the Companies Act 2006 and the Board has responsibility to promote the success and interests of the Company and as a whole is responsible for the Group's success, its objectives and policies and the proper governance of the Group and Company.

The Directors have regard to the interests of a wider group of stakeholders in the success of the longer-term business and when exercising their judgement take such interests into account. The Board provides overall strategic direction to the Executive by monitoring the operating and financial results against plans and budgets; reviewing the performance of management; assessing the adequacy of risk management systems and monitoring their application.

The Board defines the culture and sets the Company's values and standards ensuring that the Company's obligations to its shareholders and others are understood and met.

Directors have the opportunity to engage with staff at informal gatherings as well as at more formal meetings throughout the year.

The Board, as noted elsewhere, receive reports and feedback from other parts of the business on suppliers, shareholders and investors in the Group's funds.

The role of the Non-Executive Directors is to challenge constructively, and contribute to, the development of strategy; to scrutinise the performance of executive management in meeting agreed goals and objectives, monitor their performance; and, through the various Committees, to satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and remuneration across the Group is considered.

Principle 5 continued

All Directors receive appropriate and timely information to ensure that they are properly briefed in advance of Board and Committees meetings and have unlimited access to the advice and services of the Company Secretary and other senior management should further information be required. The Company Secretary is responsible for advising the Chair and the Board on governance matters.

A procedure has been established for Non-Executive Directors to have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors. No such advice has been sought in the year to 31 March 2024.

As reported in the Nomination Committee report the independence, time commitments and conflicts of each Director are annually reviewed. The Board has noted and adopted recommendations of the Nomination Committee.

Conflicts of interests

The Companies Act 2006 (the Act) imposes a duty on Directors to avoid a situation in which they have or could have a conflict of interest or possible conflict with the interests of the Company. Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval.

The Board may impose restrictions or refuse to authorise such conflicts if they consider them to conflict with the interests of the Company. Only Directors not involved in the conflict or potential conflict participate in the authorisation process taking into account their duty to promote the Company's success.

Directors are reminded at each Board meeting of their obligations to notify any changes in their statement of conflicts and also to declare any benefits received from third parties in their capacity as a Director of the Company.

Each new Director on appointment is required to declare any potential conflict situations.

The register of conflicts is formally reviewed annually. The Board has concluded that the process has operated effectively during the year and no Director has declared receipt of any benefits during the year in his capacity as a Director of the Company.

Board meetings

The Board has a regular schedule of meetings and also meets on an ad hoc basis as required. It receives detailed papers in advance of the meetings and verbal reports at each meeting from the executive management covering the financial performance of the Group, updates on fund performance and distribution, business development, matters affecting the general trading conditions and operational issues, including risk and compliance.

The Board also receives reports from Committee Chairs on matters which relate to the Committee's responsibilities as well as reports and presentations from the heads of departments on matters affecting the Group. The Board receives presentations from third party advisors on regulatory and legal updates.

Corporate Governance Report continued

Principle 5 continued

The following table sets out the Board and Committee meetings schedules and attendance for the year 31 March 2023 to 31 March 2024:

	Board	Nomination	Audit and Risk	Remuneration	AGM 28 September 2023
Number of meetings in the year	7	1	4	5	1
Directors throughout the year (Committee membership shown in brackets)					
David Lamb (Nomination and Remuneration)	7	1	–	5	1
Gavin Rochussen (None)	7	–	–	–	1
Samir Ayub (None)	7	–	–	–	1
Laura Ahto (Nomination and ARC)	7	1	4	–	1
Anand Aithal (Nomination and ARC)	7	1	4	–	1
Alexa Coates (Nomination and ARC)	6	1	4	–	1
Win Robbins (Nomination and Remuneration)	7	1	–	5	1
Andrew Ross (Nomination and Remuneration)	7	1	–	5	1

In addition to the above there were various Allotment Committee meetings to deal with the issue of shares and exercise of share awards by staff.

Where a director has been unable to attend a meeting, they have had full access to the meeting papers and have shared their views on the matters to be discussed with the Chair prior to the meeting and have been briefed following the meeting.

Directors other than Committee members may attend a Committee meeting as a guest for information purposes at the invitation of the Chair of that Committee. As a guest, they are not part of the deliberations or decisions of that Committee. Guest attendance is excluded from this analysis. Executive Directors attend Committee meetings when required to present or comment on matters for the Committee to consider.

Principle 6

Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

On appointment, new Directors are offered an induction and training considered appropriate by the Board and subsequently as necessary. The Directors receive briefings at Board meetings on regulatory and other issues relevant to the Group and its business sector and may attend external courses to assist in their professional development.

The skills and experience of each Director is detailed in the biographies on pages 50 to 52 and is assessed as part of the annual appraisal process which is explained in more detail in the Nomination Committee report.

Regular compliance training is required of all Executive Directors and is available to the Non-Executive Directors.

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

During 2022 and 2023, individual one to one meetings between the Chair and each Director provided information on the effectiveness of the Board and its operation, and provided a forum for suggestions for improvements. These were considered by the Nomination Committee and detailed in its report each year. As referenced in the Nomination Committee report in 2023, it was suggested that an externally facilitated evaluation be carried out. Independent Audit were engaged to provide this service and completed their evaluation in November 2023. Further detail is provided in the Nomination Committee Report on pages 63 to 65.

Each Director is reminded that should they have any concerns or observations, that the Chair or Company Secretary is available to discuss the matter and if required to bring the matter to the attention of the wider Board, Committee or individual Directors as appropriate.

The Board have agreed to return to an internal evaluation process for 2024 and, although not required by the QCA Code, the Board agreed there was benefit in an evaluation process being externally facilitated and agreed that further such processes will be considered in future.

The Executive Directors also complete formal performance appraisals which are required of all full-time staff.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

The Board acknowledges that it is responsible for promoting a corporate culture that provides a bedrock for the business. The Group's success is largely dependent on recruiting, retaining, and developing the best financial services professionals.

To achieve this the Group seeks to ensure that physical working conditions are of a high standard and that staff have the flexibility to work remotely when appropriate but also spend time together in the office to retain a creative environment and build teamwork.

The provision of staff wellbeing services is considered, and feedback from staff is monitored through the annual staff survey. There are regular staff communications, with monthly updates from the CEO to all staff, internal briefings on developments and regular social events for departments as well as the entire Company.

The Group also encourages staff to engage in decisions and an open-door policy is encouraged so that managers and staff engage across all parts of the business. Staff are also encouraged to participate in the success of the business through the all staff Save As You Earn share scheme and the Group offers a range of benefits to support staff, including ill health protection and life cover.

A staff Diversity and Inclusion Committee has been established to progress equal opportunities and diversity across the business, including in staff selection and consideration of opportunities for promotion. Consideration is given to all appropriate applications for employment from people of any sector of society. The Board follows the Group's policy on diversity and seeks to appoint the best qualified person to a particular role and to ensure that nobody receives less favourable treatment on any grounds, including gender, sexual orientation, disability, background, race or any other diverse characteristic.

The Group aims to remunerate staff in line with market practice, to provide development opportunities and to encourage staff motivation and retention.

Further information is provided in the Sustainability Report on pages 31 to 39 and on page 48 when reviewing the work of the Board in considering the various stakeholders' interests.

Corporate Governance Report continued

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The posts of Chair and Chief Executive Officer (CEO) are held by different Directors, with the Chair being an independent non-executive role. The specific responsibilities of each role are set by the Board and are available on the Company's website.

The Chair's primary role, through their leadership, is to ensure that the Board and individual Directors are able to operate efficiently and by setting the agenda, style and tone of Board discussions, to promote effective decision making and constructive debate. The Chair also provides a sounding board for the CEO and leads on succession planning for the Board and senior executive positions.

The CEO leads the executive management team (the Executive which meets regularly and is primarily responsible for the implementation of the Board's policies and strategies, effective communication with shareholders, ensuring that all Board members develop an understanding of the views of investors and for managing the activities of the Group other than in relation to those matters specifically reserved to the Board or delegated to its Committees.

The Board has a formal agenda of items for consideration at each scheduled meeting, but it will also meet at additional times when required.

The Board has established guidelines requiring specific matters to be decided by the full Board of Directors. These include the appointment and removal of Directors, terms of reference for Board Committees and membership thereof; approval of strategy including material acquisitions and disposals, annual financial budgets, investments and capital projects. Matters that are reserved for the Board are generally forwarded to the Board for consideration with a recommendation from the executive management or appropriate Committee.

The Chair and the CEO meet weekly to discuss operational matters and the Chairs of the various Committees are in regular contact with members of the Executive and senior managers to keep up to date with operational matters. The Chair also has a regular cycle of meetings with members of the Executive to keep in touch with all aspects of the business.

Principle 10

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

To assist in running the Group, a number of Board Committees have been established to undertake specific responsibilities, provide concise information and for taking proposals to the Board, carrying out the necessary work required for the business to operate effectively and efficiently, and to comply with all the regulatory requirements. The Board has delegated certain specific areas of responsibility to each of the Committees. The Board sees minutes of all Committee meetings and the Chair of each Committee reports to the Board on any significant matters. The Board also receives copies of minutes from the Executive and subsidiary companies for information.

The current composition and the work of each of the key Board Committees is detailed in their reports. The reports of the Committees are set out as follows:

- Audit and Risk, pages 66 to 69;
- Nomination, pages 63 to 65; and
- Remuneration, pages 70 to 83.

The terms of reference for these committees are provided on the Company's website. In addition to the above Committees, there is also an Allotment Committee which does not produce a separate report but is used administratively to allot and issue shares or confirm instructions to the EBT arising from the exercise of Board approved share awards or shares arising from previously Board approved crystallisations of fund manager preference share arrangements. Separately, the Executive Committee is a management committee which does not produce a separate report and has overall responsibility for delivering the day-to-day management of the Group and supports the CEO in delivering his vision and the strategy of the Board.

The schedule of matters reserved to the Board and the responsibilities of the Chair and the Chief Executive are included in the Corporate Governance disclosure available on the Company's website.

Approved by the Board on 26 June 2024 and signed by order of the Board.

Tracey Lago
Group Company Secretary

Nomination Committee Report

David Lamb Chair of the Nomination Committee

Committee Composition

	Meeting attended
David Lamb, Chair	1/1
Laura Ahto	1/1
Anand Aithal	1/1
Alexa Coates	1/1
Win Robbins	1/1
Andrew Ross	1/1

The Committee comprises all the Independent Non-Executive Directors.

The Committee received information and support from the Executive Directors as well as the Company Secretary in performing its duties.

Nomination Committee Activities During the Year

The Committee met once in the financial year ended 31 March 2024, and its activities included:

- reviewing the structure, size and composition of the Board and leadership needs of the Group, continuing the work from the previous year.
- considering, succession planning for the executive and other senior staff.
- undertaking, at the request of the Board, the selection and appointment of an external Board evaluation provider. Results of this process are reported below.

Dear shareholder

As Chair of the Nomination Committee (the 'Committee'), I am pleased to present its report to shareholders for financial year ended 31 March 2024.

The Committee has several key functions, as are described below and it has supported the Board over the past year in carrying out its governance responsibilities. The Committee's principal duties are unchanged from the previous year and are:

- to review the structure, size and composition of the Board and its committees, ensuring an appropriate balance of skills, knowledge, independence, diversity and experience.
- to evaluate the Directors' skills, knowledge and experience to ensure an effective Board and individual Director contribution and to make recommendations for director re-election as appropriate.
- to consider the leadership needs and succession planning of the Board and the executive team when making decisions on new appointments and to seek advice and work closely with external advisers as necessary in connection with recruitment.

The terms of reference of the Committee, which explains its role and the authority delegated to it, are available on the Company's website. The letters of appointment for each Director will be available for inspection at the Annual General Meeting to be held in September 2024.

Board, Committee and Individual Director Evaluations

It is a prerequisite that each Director or proposed Director must have the skills, experience and character to contribute both individually and as part of the Board to the effectiveness of the Board and the success of the Group. Subject to this overriding principle, the Board believes that diversity amongst its members, is of great value. It is the Board's policy to give careful consideration to issues of overall Board balance and diversity in making new appointments. The Committee strives to encourage all the Directors to create an inclusive culture within the Group in which differences and alternative views are recognised and valued.

Nomination Committee Report continued

The Board's objective is to have at least 33% female representation. The Board currently has three female Directors (37.5%) with two of them occupying the Chairs of the key committees, the Audit and Risk and the Remuneration Committees. The Board also has two (25%) non-white ethnic minority Directors.

Evaluation Process

As reported in the 2023 Annual Report, in 2022 there was an internal review of the Board, its Committees and each Director, to consider the effectiveness of the working arrangements, the views of each Director, the overall effectiveness of the structure and the Company's governance arrangements. Following last year's internal review, one of the suggestions was to consider the benefits of periodic externally facilitated reviews, which might be helpful in developing the Board as a unit, increasing efficiencies and achieving greater long-term focus.

For the 2023 review, in addition to the annual one-to-one development meetings with myself, the Board and the Nomination Committee, supported by the discussions in the one-to-one meetings, decided that an externally facilitated review should take place and the Nomination Committee undertook a selection process which resulted in the appointment of Independent Audit Limited (IA) to provide the service. IA were briefed by myself, the CEO and the Company Secretary, prior to the engagement and the evaluation process included the completion of a questionnaire, individual interviews, plus a review of board papers and observation of meetings. IA produced a written report with suggestions which were presented to the Nomination Committee and discussed with the full Board.

The conclusions from the 2022 internal review of seeking greater efficiencies through development of Committee and Board reporting, the development of the Executive team and their interactions with the Committees and Board and the desire of the Board to develop a better understanding of the clients, were included as part of 2023 external review.

The results from the 2023 external review were presented to the Board and included a number of suggestions for consideration. Some suggestions have already been implemented, while some are a continuation of work in progress. Others will be considered over time.

Effectiveness

Since adoption of the IA report, the Company Secretary and I have met with IA to review the progress made against the various suggestions and recommendations, which included the continuation of building relationships and increasing interaction with the Executive, improve further the standardised reporting framework and gaining a deeper insight into client requirements and behaviours in order to develop the product offering.

The conclusions from the one-to-one development meetings and the external evaluation process, demonstrated that the Board, the individual Directors and the Committees were all working effectively. There was an open willingness to adopt revised practices where appropriate and develop further the positive impact of increased communications with the Executive. For 2024, we will return to an internal review but will keep open the option of undertaking a further external review in time should it be considered necessary or helpful.

Independence

The Committee considered the independence of each Director and possible conflicts.

In assessing the independence of Non-Executive Directors at the date of this report, the Committee took account of their experience, character and judgment, and their dependence or relationships with the Group. In all cases the Committee concluded that each Director was independent in character and judgment. Guidance generally used to assess independence considers the length of service, or the holding of a previous executive position within the Group, or a material business relationship with the Group, including shareholdings, to impair the perceived independence of the Non-Executive Director.

The Committee considered that Laura Ahto, Anand Aithal, Alexa Coates, David Lamb, Win Robbins and Andrew Ross are all Independent Non-Executive Directors and are free from any associations or relationships with the Group or its investment funds except for the fees they receive as Directors and any shares they may hold in the Company, funds or client companies. Gavin Rochussen and Samir Ayub are Executive Directors and are not deemed to be independent of the Group or its investment funds.

Conflicts and time commitment

The Committee undertook a review of the other positions held by each Director to ensure that each has sufficient time to dedicate to the business of the Group. The Committee also considered if any conflicts existed which are required to be disclosed and explained.

As a result of this review the Committee concluded that the time commitments of the Directors were considered reasonable and appropriate to them performing their duties to the Company. Their outside interests were considered valuable to the Board where the Director leads on specialist areas such as finance or to provide commercial insights into the operations and business of the Company. Directors are required to obtain the prior approval of myself as Chair and thereafter ratification by the Board of additional roles, including the determination of conflicts and consideration of time commitment.

Re-election of Directors

The Committee also carried out an annual appraisal of each Director standing for re-election and their recommendations are set out on pages 50 to 52.

David Lamb
Chair of the Nomination Committee

26 June 2024

Audit and Risk Committee Report

Alexa Coates Chair of the Audit and Risk Committee

Committee Composition

	Meeting attended
Alexa Coates, Chair	4/4
Laura Ahto	4/4
Anand Aithal	4/4

The Committee is comprised of Independent Non-Executive Directors drawn from the Board. The Chair of the Board, Executive Directors and other senior individuals of the Group also attend the meetings by invitation as required.

All of the Committee's members have experience relevant to the sector in which the Group operates. Committee members have a range of investment management and operational experience, while as a Chartered Accountant, I bring recent and relevant financial experience to the Committee. As stated on page 64, an externally facilitated effectiveness review of Board and its Committees was carried out during 2023.

Audit and Risk Activities During the Year

- Reviewed the interim report and year end annual report and challenged management on significant estimates and judgements used in the process.
- Reviewed the Group's 2023 ICARA report and challenged management's assessment on scenario testing.
- Monitored and reviewed the Group's effectiveness of the internal control environment.
- Reviewed and challenged management's approach to and progress towards TCFD reporting.
- Approved the 2023/24 internal audit plan, discussed issues and recommendations raised and monitored management's response to findings and recommendations.
- Considered the effectiveness and quality of the external audit process.

Dear Shareholder

I am pleased to present the Committee's Report for the year ended 31 March 2024. During the year the Committee has maintained its emphasis on the Group's principal and emerging risks, the risk and internal control framework, operational resilience and the implementation of regulatory change.

We have continued our focus on the integrity of the Group's financial reporting, as well as challenging our external auditors on the effectiveness of their audit procedures, whilst ensuring their objectivity and independence remain.

The Committee oversaw the activities and output from the outsourced internal audit function activities including agreeing the audit plan for the financial year as well as the implementation of internal audit recommendations from the audits carried out during the year.

The Committee encourages open dialogue with shareholders and if you have any comments or questions on this report, please feel free to contact me through the Company Secretary (CoSec@polarcapital.co.uk). I look forward to meeting with you to answer any of your questions at the 2024 AGM.

The Committee's responsibilities

The terms of reference for the Audit and Risk Committee are set out on the Company's website and are summarised as follows:

- reviewing the contents of the Interim Report and Annual Report and advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy;
- reviewing the appropriateness of new accounting standards, accounting estimates and judgements, used in the preparation of the Group's Financial Statements;
- reviewing the effectiveness of the Group's internal control and risk management systems including those for the prevention and detection of fraud and recommending changes where appropriate;
- reviewing the Group's whistleblowing arrangements and ensuring that these allow proportionate and independent investigation of such matters and appropriate follow up action;
- reviewing the Group's capital adequacy and in particular, reviewing the Group's ICARA and ensuring that the Group

has sufficient capital and liquidity to operate for the foreseeable future;

- reviewing the outcomes from compliance monitoring and recommending changes where appropriate;
- oversight over the outsourced internal audit function including reviewing the outcomes and related recommendations and their subsequent implementation by management, as well as assessing the function's effectiveness;
- considering the effectiveness and quality of the external audit process;
- establishing and keeping under review a policy for the provision of non-audit services by the external auditors so that their independence and objectivity is safeguarded; and
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the Group's external auditors.

Review of activities during the year

During the year the Committee met four times and a detailed review of the Committee's activities is as follows:

Consideration of the Interim Report

The Committee considered the Interim Report to ensure that it was fair, balanced and understandable. The Committee also reviewed the accounting policies adopted in the interim financial statements along with significant accounting estimates and judgements.

Significant accounting estimates and judgements and matters in relation to the Financial Statements

During the year the Committee considered key accounting estimates and judgements and matters in relation to the Group's Financial Statements and disclosures as listed below:

Key accounting estimates and judgment

Impairment of goodwill and intangible assets

The Committee reviewed and challenged the assessment of the carrying values of both the goodwill and the investment management contract-related intangible asset acquired as part of the acquisition of Dalton Capital (Holdings) Limited.

As part of this assessment, the Committee considered the reasonableness of the underlying estimates and assumptions and the impact of sensitivities to them. Based on these reviews the Committee supported management's approach and the underlying judgements and estimates. See more details in Note 4.1.

Consolidation of seed capital investments

IFRS 10 requires the Group to consolidate entities over which it has control. The key areas of judgment required in determining whether the Group controls an entity include:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect returns.

Where the Group has seeded funds that it manages and owns a significant proportion of those funds, and has concluded that it is acting as principal rather than as agent on behalf of third-party investors, the fund is consolidated. The accounting treatment for seed capital investments is set out in Note 2.2.

The Committee considered the approach adopted by management for each seed investment and agreed that it was appropriate.

Share-based payments

Determining the accounting charge for share-based payment transactions requires the selection of an appropriate valuation model, consideration of appropriate input criteria for the model and an estimate as to the number of awards that are likely to vest. The accounting treatment for share-based payment transactions is set out in Note 3.6 to the financial statements.

The Committee considered the valuation model chosen (the Black-Scholes Model for share options, market-price-adjusted for dividends for restricted share awards including LTIPs without TSR targets; and the stochastic model for those with such targets) and the assumptions used by management and agreed that these were appropriate.

Accounting matters

Alternative Performance Measures

The Committee reviewed the use of APMs in the Annual Report ensuring that these were necessary to provide users of the annual report with a better understanding of the Group's business.

The Committee discussed the number and benefit of each APM and were satisfied that the APMs listed by management on page 29 were appropriate.

Exceptional costs

The Committee reviewed management's classification of exceptional costs during the year which comprised significant and non-recurring items and its related treatment of provisions.

The Committee considers management's classification of exceptional costs to be appropriate.

Audit and Risk Committee Report continued

Going Concern

The Committee considered a going concern report from management on the assessment of the Group's liquidity, timing of cashflows, forecasts of regulatory capital requirements and budgets for the year ahead. This also included consideration of the impact of stress scenarios on key liquidity and capital metrics.

Based on this analysis, the Committee was able to recommend the adoption of the going concern basis for the preparation of the Group's Financial Statements.

Consideration of the Annual Report

The Committee performed its role through monitoring the integrity of the Annual Report to ensure compliance with relevant and appropriate accounting standards. The scope of the audit was agreed in advance with a focus on areas of audit risk and an appropriate level of audit materiality. The external auditors reported on the results of the audit work to the Committee at its June 2024 meeting and highlighted that no material issues had been discovered based on the audit work performed.

The production and the audit of the Group's Annual Report is a comprehensive process requiring input from a number of contributors with detailed controls and sign offs.

The Committee supports the Board by considering and forming an opinion to assist the Board in reaching conclusions that the Annual Report is fair, balanced and understandable and that the adoption of the going concern basis is appropriate.

In performing this work the Committee has given consideration to the following:

- the control framework over the production of the Group's Financial Statements;
- the outlook for the Company as described in the Strategic Report and considered in the light of other internal reports and financial projections that the statements contained in the Annual Report fairly reflect the results for the year;
- the level of detail and disclosure around the Group's Key Performance Indicators and how these correlate to its use of non-GAAP Alternative Performance Measures to ensure the latter are always clearly defined and reconciled to IFRS measures;
- the detailed levels of review undertaken in the production process, by management and the Committee.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31 March 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and has reported on these findings to the Board.

The terms of the letter of representation to the external auditors were also considered and recommended to the Board for approval.

TCFD reporting

During the year, the Committee considered management's report on sustainability related regulatory requirements as well as challenging management's approach to and progress towards implementation of TCFD reporting under the UK Sustainability Disclosure Requirement and the Sustainability Finance Disclosure Regulation (SFDR).

Risk management and internal controls

The Committee is responsible for assisting the Board in maintaining an effective internal control environment. In order to discharge its responsibilities, it receives reports on the Group's compliance and risk and internal control procedures. This includes outcomes from the Group's compliance and risk monitoring programme.

The Group's second line of defence evolved during the financial year with the separation of operational risk from the compliance monitoring program which has enhanced the Group's operational and enterprise risk function and the identification and monitoring of principal and emerging risks. The Operations and Compliance Risk Maps provide a measure of the principal risks and a Red Amber Green (RAG) status based on the level of risk, frequency and mitigating controls in place. Risk monitoring programmes are in place against the principal risks with the outcomes of testing shared with the relevant internal control committees. The Group's top risks are reviewed by the Committee on a quarterly basis.

The Committee reviewed the Group's operational resilience framework which included a review of its outsourcing arrangements and its cyber risk management as well as its business continuity plans. The Committee has also considered an annual report from management on third party oversight.

The Committee also considered the Group's ISAE 3402 report on internal controls for the 12-month period ended 31 December 2023, which was reviewed by PricewaterhouseCoopers LLP (PwC), along with the implementation of the previous report's recommendations.

During the year, the Committee spent time considering the Group's usage of spreadsheets and controls around them along with the longer term objective to decrease the use of spreadsheets where possible.

The Committee has also considered the internal risk management framework and the controls in place to prevent and detect fraud and considers them to be appropriate.

Capital adequacy

The Committee reviewed the 2023 ICARA report during the year and challenged management's assessment of several stress scenarios and their impact on the financial position as well as the assessment of a wind down scenario for both the Group and its UK regulated entity. The Committee also reviewed a forward-looking analysis of the Group's cash and capital positions. Based on the above, the Committee was comfortable that the UK regulated entity and the Group hold sufficient capital and liquity and was able to recommend the ICARA and wind-down plan to the Board for approval.

Regulations and Whistleblowing

The Committee receives a regular report on upcoming regulatory changes and the impact of changes implemented during the year, a summary of anti-money laundering-related issues and any whistleblowing incidents.

The Chair of the Committee is the whistleblowing champion and ensures that, should any reports be received, these are investigated appropriately.

Internal audit

The Group's internal audit function is performed by outsourced service provider, Minerva Risk Consulting ('Minerva'). The Committee approved the internal audit plan for the financial year 2024 and received updates from Minerva at each committee meeting on progress of testing in accordance with the audit plan.

During the year Minerva carried out a review of the Group's data protection, business take-on, corporate actions procedures and business continuity and operational resilience processes. The Committee reviewed the internal audit reports and the findings and recommendations and held a number of private sessions with Minerva. The Committee also monitored the progress of management's actions.

External auditors

PwC were appointed as our external auditors at the July 2020 AGM following a tender process and were subsequently re-appointed by shareholders in the last two years.

The effectiveness of the external auditors is monitored by the Committee during the year with a focus on the planning of the audit work, the quality of reporting and the quality and knowledge of staff. The Committee reviews any changes in the terms of the external auditors appointment and considers, among other matters, their performance, qualification, knowledge, expertise and resources. The external auditors' independence was also considered. This evaluation has been carried out throughout the year by meetings held with PwC; a review of the audit process and discussions with management and others involved in the audit process.

Regular one-to-one meetings between the lead audit partner, Natasha McMillan, and myself were held throughout the year and PwC also met privately with the Committee on a number of occasions.

The Committee has reviewed the proposed fee for the external audit of the Company and its subsidiaries over a multi-year period and agreed that the audit fee increase is aligned with the market rates for a public listed entity.

Based on the satisfactory conclusion of the work described above, the Committee has recommended PwC's reappointment to the Board and a resolution will be proposed at the 2024 AGM for their reappointment.

Non-audit work

A policy for non-audit services has been established to safeguard the independence and objectivity of the Group's external auditors. The policy provides that certain non-audit services are not permitted under any circumstances and that the Committee is required to consider and pre-approve any material non-audit services before the external auditors is engaged, subject to certain limits. The aggregate of fees for non-audit services shall not be in excess of 70% of the average of the last three years audit fees.

The Audit and Risk Committee receives an annual report on the non-audit services provided by the external auditors and also considers any issues arising in respect of independence. As a result, the Committee members are comfortable that the objectivity and independence of the external auditors has been maintained.

Alexa Coates
Chair of the Audit and Risk Committee

26 June 2024

Remuneration Committee Report

Win Robbins Chair of the Remuneration Committee

Committee Composition

	Meetings attended
Win Robbins, Chair	5/5
David Lamb	5/5
Andrew Ross	5/5

The Committee comprises three independent Non-Executive Directors. By invitation of the Committee, meetings are also attended by the CEO, the CFO and the Group Company Secretary (who acts as secretary to the Committee), who are consulted on matters discussed by the Committee, unless those matters relate to their own remuneration. Advice and information can also be sought directly from other employees where the Committee feels that such additional contributions will assist the decision-making process.

The Committee also consulted with the CEO and the CFO on Group wide staff remuneration and incentive arrangements and participated in various salary data reviews and obtained market data from various sources.

Remuneration Committee Activities During the Year

The Committee met five times in the year ended 31 March 2024 and discussed the following:

- An update from the Committee's independent adviser on pay governance, market practice and investor views.
- Agreed the measures and targets for the 2023 LTIP awards and the bonus for the year ended 31 March 2024.
- A review of performance outcomes for the year ended 31 March 2023:
  - The Committee established the bonus payouts and LTIP vesting outcomes which were contingent on performance in the financial year ended 31 March 2023.
  - The Committee also considered the Executive Directors' recommendations for discretionary bonus awards to staff.
- The Committee also considered the expected annual bonus outcomes for the financial year 31 March 2024 and the design of the 2025 bonus scheme.
- The structure of senior executive packages and the approach to bonus deferred.

Following the year end, the Committee has reviewed and approved performance outcomes for the year ended 31 March 2024.

Dear Shareholder

On behalf of the Board and the Remuneration Committee (the Committee), I have pleasure in presenting the Committee's Report for the year ended 31 March 2024.

The Company is not listed on the Main Market and therefore is not subject to the Large and Medium Sized Companies and Group (Accounts and Reports) (amendment) Regulations 2013. Although the Company does not have to prepare a Directors' Remuneration Report, the Committee wishes to ensure that shareholders have a clear understanding of the remuneration paid by the Company and how the Committee has discharged its obligations. Therefore, in line with Main Market practice, this report comprises three sections:

- This Annual Statement where I set out the key Remuneration Committee considerations during the year and a summary of the performance outcomes for the financial year 2024;
- The Directors' Remuneration Policy which describes the parameters in which Executive and Non-executive Directors are paid; and
- The Annual Report on Remuneration which sets out in detail, the pay and performance outcomes for the financial year 2024 and how we intend to apply the policy during the financial year 2025.

Consistent with prior years, this remuneration report will be submitted for an advisory shareholder vote at the 2024 Annual General Meeting (AGM) to provide shareholders with a mechanism to indicate their views on these arrangements.

The Company values shareholders' views and welcomes their feedback.

Changes to remuneration

There were no changes to the remuneration policy for the financial year 2024.

Remuneration outcome for 31 March 2024

Business context

Average AuM over the first half of the year was 3% lower than the comparable six-month period and the market movement and performance led increase over the second half of the year meant the year-on-year comparison remained roughly flat at £19.6bn.

Core operating profit decreased by 6% from £47.9m in 2023 to £44.8m. While the overall market environment remained challenging, with the Group not being immune to weak investor sentiment to equities in general, stronger investment performance on certain specific strategies during the current year meant performance fee profits increased compared to the prior year, and compared to its UK peers, the Group fared relatively better in terms of net flows.

Firmwide

Given the challenging market conditions and the resulting impact on the Group's financial performance, overall variable compensation costs for the year were lower compared to the prior year. Increases in fixed compensation were targeted to our more junior and operational staff in order to rebalance pay for such staff from variable to fixed, thereby managing the decline in overall compensation. Group compensation costs, excluding performance fee interests and share-based payment costs, which increased in line with the increase in performance fee profits, decreased 3% year on year.

Annual bonus

The annual bonus for senior executives, including the Executive Directors was based on a balanced scorecard set by the Committee by reference to pre-determined financial and non-financial targets.

Based on performance, the outcome of the annual bonus scorecard was 33% of the maximum for Gavin Rochussen, and 36% of the maximum for Samir Ayub, and an 18% reduction compared to the previous year for the executive team as a whole. See page 79 for full disclosure on the scorecard outcomes.

No discretion was applied by the Remuneration Committee in determining the annual bonus outcomes.

While the core operating profit and outflows measures were not met, there was a partial payout under the fund performance metric, as well as the strategic and personal objectives. The Remuneration Committee believes the lower bonus outcome for the year appropriately reflects the financial and operational performance of the Company during the year.

Long Term Incentive Arrangements (LTIP)

The 2021 LTIP award, which was granted to the executives on 16 July 2021, will vest in July 2024. These awards were subject to continued employment and the achievement of three measures:

- Adjusted Diluted Core Earnings per Share (EPS) condition (45%),
- relative total shareholder return (TSR) measure (45%)
- performance fees profits (10%).

None of these performance targets were achieved for the year ended 31 March 2024 and as such the award will lapse in full.

See page 79 for full disclosure on the performance targets and outcomes.

Remuneration approach for 31 March 2025

Base salaries, benefits and pension

Executive Directors' salaries will increase by 3% which compares to a general workforce increase of 4%. Benefits for the Executive Directors comprise private medical cover, life insurance and income protection to cover long-term illness. These will remain unchanged. Pension provision remains unchanged at 10% of salary which is in line with the contribution level for the wider workforce.

Annual bonus

The maximum opportunity for Executive Directors will remain unchanged at 250% of salary. The performance measures for 2024/25 will continue to be based on:

- 40% on Financial KPIs (core profit),
- 20% on key Non-financial KPIs (incorporating net inflows and fund performance),
- 20% on the achievement of team based strategic KPIs, and
- 20% on personal targets.

The Committee believes the choice of measures and their relative weightings provides for a rounded assessment of performance for the benefit of stakeholders over the longer term. Deferment arrangements will continue to apply over a three-year vesting period. However, the Remuneration Committee has determined that the percentage of bonus to be deferred by the Executive Directors will reduce from 60% for the 2024 bonus to 50% for the 2025 bonus, to align this with market practice.

Remuneration Committee Report continued

LTIP awards

The Committee reviewed the performance metrics for the 2024 LTIP award and has decided to retain adjusted diluted total EPS and relative total shareholder return which together will account for 70% of the total award. 10% will be based on cumulative net flows in two key geographic areas. The remaining 20% will be based on strategic goals supporting the enhancement of the investment proposition for investors. This will comprise goals related to expanding the investment team and product offering in key geographical areas (10%) and objectives relating to people development and retention (10%). The Committee believes the strategic component is an important driver of long term performance for the Group and that the overall LTIP provides an appropriate balance between direct shareholder alignment and the delivery of strategic priorities.

A 250% of salary cap applies for the CEO and 200% of salary for the CFO. The 2024 awards will be set at 100% of the maximum cap and the performance measures will be:

- 35%: adjusted diluted total EPS
- 35%: relative total shareholder return
- 10%: cumulative net flows
- 20%: strategic progress

These awards will vest after three years, and a two-year holding period will apply.

Conclusion

The Remuneration Committee has considered the above proposals carefully and is satisfied that the proposed approach is appropriate and takes into account investor sentiment on pay and feedback received.

The Committee encourages open dialogue with shareholders and if you have any comments or questions on this statement and the following report, then please feel free to contact me through the Company Secretary (CoSec@polarcapital.co.uk).

I look forward to your support at the 2024 AGM.

Win Robbins
Chair of Remuneration Committee

26 June 2024

Directors' remuneration policy

The Remuneration Committee considers Director remuneration as part of the overall aim of the Group's remuneration strategy which is to provide appropriate incentives that reflect the Group's high-performance culture and values. In summary, the Committee aims to:

- attract, retain and motivate high-calibre, high performing Directors and employees; and
- encourage strong performance and engagement, both in the short-term and the long-term, to enable the Group to achieve its strategic objectives.

The Directors' total remuneration package is structured so that a significant proportion is linked to performance conditions measured over both the short-term and longer-term.

When setting the levels of short-term and long-term variable remuneration and the balance of equity and cash within the package, consideration is given to obtaining the appropriate balance so as not to encourage unnecessary risk-taking, whilst ensuring that performance hurdles are suitably challenging.

The table below summarises the key aspects of the Group's Director remuneration structure and policy for the financial year 2025:

Executive Directors' remuneration

Fixed pay

Base Salary	Pension	Benefits
Purpose and link to strategy To attract and retain Executive Directors of a suitable calibre for the duties required by being market competitive.	**Purpose and link to strategy** To provide market competitive benefits.	**Purpose and link to strategy** To provide market competitive benefits.
Policy summary Normally reviewed annually by the Committee, with increases taking effect from April, taking account of Company performance, individual performance, changes in responsibility and levels of increase for the broader staff population. The Committee considers the impact of any basic salary increase on the total remuneration package.	**Policy summary** Defined contribution or cash in lieu of pension equal to 10% of base salary. This is in line with the contribution provided to all staff.	**Policy summary** The Company typically provides the following: • private medical cover; • life insurance; and • income protection scheme to cover long-term illness.
2025 approach **CEO:** £396,550 (2024: £385,000) **CFO:** £257,500 (2024: £250,000)	**2025 approach** 10% of base salary	**2025 approach** • private medical cover; • life insurance; and • income protection scheme to cover long-term illness.
Commentary relative to 2024 approach Salary increases by 3% which compares to a general workforce increase of 4%.	**Commentary relative to 2024 approach** Unchanged	**Commentary relative to 2024 approach** Unchanged

Remuneration Committee Report continued

Executive Directors' remuneration (continued)

Variable pay

Annual Bonus and Deferred Remuneration Plan (DRP)

Purpose and link to strategy

To drive and reward performance against annual objectives which are consistent with the strategy and align to shareholder interests.

The DRP provides a deferral element to variable compensation above a certain level to ensure there is a link to the longer-term performance of the Company.

Policy summary

The annual bonus opportunity is capped at 250% of base salary for Executive Directors.

The bonus measures will normally comprise a mix of financial and non-financial performance and personal contribution, aligned to the overall success of the Group.

In respect of the bonus earned for 2025 performance, 50% of the bonus amount (after tax) is used to purchase shares. These deferred shares are held until the first, second and third anniversaries and then released subject to continued employment or good leaver provisions.

2025 approach

The maximum bonus opportunity will be 250% of salary for Executive Directors.

For financial year 2025, the measures will be:

- 40% on core operating profit,
- 20% on non-financial KPIs (net inflows and fund performance),
- 20% on strategic objectives and
- 20% on personal objectives.

Long-term incentives (LTIP)

Purpose and link to strategy

To encourage and reward delivery of the Company's long-term strategic objectives and provide alignment with shareholders.

Policy summary

Executive Directors may receive LTIP awards with a value of up to 250% of salary (for the CEO) and 200% of salary for the CFO and other Executives. These are maximum award levels and may be subject to any potential downwards adjustment by the Remuneration Committee.

The LTIP awards may be structured as conditional shares and/or forfeitable shares or nil/nominal cost options which vest after 3 years subject to performance and continued employment (subject to good leaver provisions). Vested awards are subject to a two-year holding period.

Vesting of LTIP awards is determined by reference to performance assessed over a period of at least three years. Performance measures may include financial, share price based or other strategic objectives. Prior to each grant, the Committee will determine the measures that will apply and that they are aligned with the Company's strategic objectives and long-term shareholder value. Up to 25% of the award may vest for threshold performance.

These awards are subject to Malus and Clawback provisions which enable the Remuneration Committee to recover or withhold LTIP awards if the Committee forms the view that there has been a material misstatement of financial results, an error in assessment of any performance condition or in the event of serious misconduct prior to the date of vesting that could have resulted in summary dismissal.

The Committee considers the year-on-year change in share price when determining the number of awards to grant.

2025 approach

CEO: will receive an award with a face value of £991,000 (being 250% of base salary)

CFO: will receive an award with a face value of £515,000 (being 200% of base salary)

For financial year 2025, the measures will be:

- 35%: adjusted diluted total EPS with the range being 41.0p (25% vesting) to 57.5p (100% vesting)
- 35%: relative total shareholder return
- 10%: Cumulative net flows in two key geographic areas over the performance period with the range being £0.75bn (25% vesting) - £2.5bn (100% vesting)
- 20%: Strategic progress towards enhancing the investment proposition for investors. This will comprise a combination of qualitative and quantitative assessment of progress made towards expanding the investment team and product offering in key geographic areas (10%) and towards the Group's people development and retention offering (10%).

Non-Executive Directors remuneration

Fixed pay

Fee paid in cash

Purpose and link to strategy
To attract and retain a high-calibre Chair and Non-Executive Directors by offering a market competitive fee level.

Policy summary
The Chair is paid a single fee for all his responsibilities. The Non-Executives are paid a basic fee assessed on their contribution and level of responsibilities.

The level of these fees is reviewed periodically by the Committee with reference to market levels and agreed by the CEO in respect of the Chair and by the Chair and the CEO for the Non-Executive Directors.

The Committee in reviewing these fees considers the extra work undertaken by the Chairs of the Board Committees and may pay an additional fee to reflect these responsibilities if felt appropriate.

2025 approach
Chair: £167,000 p.a. (2024: £162,000 p.a)

Non-Executive: £67,000 p.a. (2024: £65,000 p.a)

Additional payment for the Chair of the Audit & Risk Committee: £15,000 p.a. (2024: £11,000 p.a.)

Additional payment for the Chair of the Remuneration Committees: £11,330 p.a. (2024: £11,000 p.a.).

Commentary relative to 2025 approach
3% increase in line with the general increase of the Executive Directors. The increase for the chair of the ARC is higher in recognition of the additional responsibilities the role entails.

Service contracts and payments for loss of office

Executive Directors

The Committee reviews the contractual terms for new Executive Directors to ensure that these reflect best practice.

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. Notice periods given by the employing Company are limited to 12 months or less.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

If the employing Company terminates the employment of an Executive Director in other circumstances, compensation is limited to salary due for any unexpired notice period and any amount assessed by the Remuneration Committee as representing the value of other contractual benefits (including pension) which would have been received during the period. Payments in lieu of notice are not pensionable. In the event of a change of control of the Company there is no enhancement to contractual terms.

Non-Executive Directors

The Non-Executive Directors have letters of appointment, setting out the terms and conditions of their appointment. In accordance with the Company's Articles of Association a Non-Executive Director's appointment shall continue subject to satisfactory performance and annual re-election by shareholders, for such number of further terms as the Board determines is appropriate taking into account the recommendations and guidance set out in the QCA Corporate Governance Code (or such other Corporate Governance Code that may be adopted and applied by the Company). Re-appointment is not to be considered automatic and each Director's contribution will be carefully assessed annually. The letters of appointment provide for termination of the Director's appointment under certain circumstances and in all cases without any compensation other than their notice period (3 months).

None of the Non-Executive Directors have any ongoing direct financial or contractual interests in the Company other than their fees and shareholdings as disclosed in this report.

Indemnity/Insurance

The Company has granted a Deed of Indemnity to each Director in respect of liabilities that may attach to them in their capacity as Directors of the Company. This indemnity covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. This Deed of Indemnity is a qualifying third-party provision (as defined by section 234 of the Companies Act 2006) and was in force for the entire year under review or the Directors who were in office at the year end, and were in force at the date of approval of this report, and will continue to be in force for all Directors. A copy is available for inspection on the Company's website and will be available at the AGM.

The Group maintains Directors' and Officers' liability insurance, which is reviewed annually to ensure that cover is held at an appropriate level.

Remuneration Committee Report continued

Annual report on remuneration

The table below sets out the remuneration received by the Directors for the financial year ended 31 March 2024 and for comparison amounts received in the financial year ended 31 March 2023.

Single Figure of Total Remuneration-Executive Directors (audited)

	31 March 2024 £'000		31 March 2023 £'000	
Executive Directors	CEO	CFO	CEO	CFO
Fixed remuneration				
Salary & fees	385	250	385	250
Taxable benefits	4	4	3	3
Pension and other payments in lieu	44	25	39	21
Total fixed remuneration	433	279	427	274
Variable remuneration				
Annual bonus[1]	318	225	404	263
Long term incentive and share options[2]	–	–	597	348
Total variable remuneration	318	225	1,001	611
Total remuneration	751	504	1,428	885

1. The short-term incentive is awarded as an annual cash bonus with deferment in accordance with the 2024 remuneration policy. The amount disclosed in the table include the cash and deferred elements.
2. The 2024 LTIP value in the table corresponds to the upcoming vesting of the LTIP award granted in July 2021 (2023 LTIP relates to LTIP award granted in July 2020). As stated on page 79, no shares will vest for this award as performance conditions were not met. The value of the LTIP (relating to the 2020 LTIP award) for 31 March 2023 has been restated based on the share price on the vesting date of 12 July 2023, which was £4.56.

Variable pay for the year ended 31 March 2024

Annual Bonus Awards for the year ended 31 March 2024

The Committee considered the Executive Directors' performance against the targets and objectives set at the start of the year. Based on performance over the year, bonuses of 33% of maximum or 82.5% of salary will be payable to the CEO, and 36% of maximum or 90% of salary will be payable to the CFO.

40% of the bonus was based on core operating profit, 20% was based on performance against two non-financial KPIs and the remaining 40% on the achievement of key team and individual strategic objectives.

Financial KPI 40%

Core Operating profit:
40%

Results:
Not met

Impact on bonus:
0% out of 40% awarded

25% of this part of the bonus would be achievable for core operating profit of £46.4m rising to full pay-out for profit of £56.8m or higher. The targets were set by reference to the Group's budgeted core profit and the targets were adjusted for market movements.

Core operating profit of £44.8m resulted in none (out of 40%) of this element becoming payable.

Non-Financial KPI 20%

Net Flows	Funds performance
10%	**10%**
Results: **Not met**	Results: **Partially met**
Impact on bonus: **0% out of 10% awarded**	Impact on bonus: **5% out of 10% awarded**

10%: Net inflows
25% of this part of the bonus would be achievable for net inflows of £0.45bn rising to a 100% payout for net inflows of £1.1bn or higher. There were net outflows during the year and therefore this resulted in **no bonus (out of 10%)** for this element becoming payable.

10%: Funds performance
based on six measures for fund performance on open ended UCITs over rolling one, three and five years. For the current performance period three out of six targets were met. This resulted in **5% (out of 10%)** of this element becoming payable.

Remuneration Committee Report continued

Strategic objectives: 20%

20%

Team based component of Executive Director annual bonus scorecard.

Criteria and Assessment of outcomes

(1) Managing subscale strategies

Several subscale strategies and funds without long term potential were closed during the year.

(2) Distribution: Increase AuM managed by Sustainable Thematic Equity team, expand US client base and utilise existing capacity across all fund strategies

Sustainable Thematic Equities strategy AuM at end of the year increased to around £300m despite headwinds for equities in general and sustainable investments in particular, and further inflows into US product for the Emerging Market and Asia strategy of around $50m in the year. Despite the overall net outflows for the year, a number of funds including Polar Capital Artificial Intelligence, Healthcare Blue Chip, European ex-UK Income, Smart Energy and Emerging Market Stars saw net inflows over the year.

(3) Continue focus on operational resilience

Continued to develop and enhance the operational resilience framework. Further progress also made under ISAE 3402 reporting from prior year with additional oversight controls added to corporate actions controls.

(4) Search with a view to procuring a world class equities team for the US market

Progress made during the year with a new team set to be established in September 2024 with the launch of an International Small Cap US mutual fund for the US market to follow.

(5) Focus on improving ESG

Processes and documentation put in place for the Polar Capital Aspire Scheme (PCAS) to endure over a multi-year period, diversity data collection repeated, improvement in score under the Diversity Project's framework, continued progress being made on data and analysis capability within the central ESG team, and production of the Group's first report under the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

The Remuneration Committee determined that while good progress had been made on several strategic objectives, others had only been partially met and therefore that **13% (out of 20%)** should be awarded.

Personal objectives: 20%

20%

Personal component of Executive Director annual bonus scorecard.

Director and Assessment of outcomes

Gavin Rochussen - CEO

Under the ongoing backdrop of challenging market conditions Gavin continued to provide strong leadership that enables the delivery over time of the Group's strategy.

During the year there was continued focus on embedding the Polar culture as the Group continues to look to grow and evolve. Gavin has also continued to help develop and mentor the Executive team as it positions the Group to meet both current as well as future challenges.

With the planned arrival of Dan Boston and launch of an International Small Cap US mutual fund in September 2024, some progress was also made during the year towards the development of new investment strategies and products to support long term growth.

Given the strong achievement against personal objectives, the Committee confirmed a personal bonus scorecard payout of **(15% out of 20%)** for the CEO.

Samir Ayub - CFO

During the year Samir continued to build on existing investor and analyst relationships as well as developing new ones, supporting the Group Company Secretarial team as it transitions leadership to the next generation, as well as developing the finance function under the recently promoted Head of Finance.

Samir has also maintained strong relationships with the Board and its committees as well as across the senior leadership team of the Group. He has also contributed to decision making on new team hires as well as completing an initial review of the People function with a roadmap of steps planned over the coming year to enhance its ability to support the business strategy.

Given the strong achievement against personal objectives, the Committee confirmed a personal bonus scorecard payout of **(18% out of 20%)** for the CFO.

Total outcome

100%

The total outcome for the Annual Bonus Awards for the year ended 31 March 2024 is as follows:

	CEO	CFO
Cap	250% of base	250% of base
Base Salary	385,000	250,000
Maximum bonus opportunity (A)	**962,500**	**625,000**
Summary of outcomes for the year ended 31 March 2024	**% Achieved**	**% Achieved**
Financial KPIs (40% weighting)		
Core Operating profit	0%	0%
Non-Financial KPIs (20% weighting)		
Net inflows	0%	0%
Fund Performance	5%	5%
Strategic KPIs (40% weighting)		
Strategic objectives	28%	31%
Total outcome for the year (B)	**33%**	**36%**
2024 Actual bonus (A x B)	**317,625** (2023: £404,250)	**225,000** (2023: £262,500)

In accordance with the deferment arrangements, in respect of the financial year 2024, 60% of the annual bonuses awarded to Executive Directors have been deferred, after payment of tax, into the Company's shares which, subject to leaver forfeiture provisions, will be released to the respective Directors as to one third each year for the next three years. As the bonuses are cash awards, tax is deducted at the time of payment and therefore the deferment is of the net amount. Executive Directors are entitled to receive dividends on their shares held under deferment.

2021 LTIP awards vesting outcome

Awards were granted to Gavin Rochussen and Samir Ayub and selected senior executives on 16 July 2021 under the Long Term Incentive Plan. These were based on three year adjusted diluted core EPS performance (45%), a relative TSR condition (45%), and cumulative performance fees (10%) for the year ended 31 March 2024.

The outcome of the performance targets for the year ended 31 March 2024 are as follows:

Performance targets	Weightings	Actual performance	Weighted LTIP outcome
Adjusted diluted core EPS: 45p (25% vesting) to 59p (100% vesting)	45%	35.0p	0%
TSR: median ranking (25% vesting) to upper quartile (100% vesting)	45%	Below median	0%
Cumulative performance fees: £26m (25% vesting) to £48m (100% vesting)	10%	£21.4m	0%
Total			0%

The performance targets were not achieved and therefore these awards will lapse.

Vesting outcome

2021 LTIP awards	Grant date	No. of shares awarded	Vesting percentage	No. of shares vesting	Vesting date	End of last holding period
Gavin Rochussen	10 July 2021	191,677	0%	–	N/A	N/A
Samir Ayub	10 July 2021	47,919	0%	–	N/A	N/A

Remuneration Committee Report continued

Single Figure of Total Remuneration- Non-Executive Directors (audited)

	31 March 2024 £'000						31 March 2023 £'000					
Non-Executive Directors at year end	David Lamb	Alexa Coates	Win Robbins	Andrew Ross	Laura Ahto	Anand Aithal	David Lamb	Alexa Coates	Win Robbins	Andrew Ross	Laura Ahto	Anand Aithal
Fixed remuneration												
Salary & fees	162	76	76	65	65	65	162	76	76	65	65	65
Taxable benefits	–	–	–	–	–	–	–	–	–	–	–	–
Total	162	76	76	65	65	65	162	76	76	65	65	65

Directors' interests in the shares options and shares of the Company

Interest through Share Options

Details of the options held by the Directors and any movements during the year are as follows:

Grant date	Number of options at 1 April 2023	Number of options granted in the year	Number of options exercised in the year	Number of options lapsed in the year	Number of options at 31 March 2024	Earliest exercise date	Latest exercise date	Market value of shares at grant date (£)	Exercise price (£)
Samir Ayub									
17/07/2017	60,000	–	–	–	60,000	17/07/2021	17/07/2027	4.40	4.27
16/07/2018	40,000	–	–	–	40,000	16/07/2022	16/07/2028	6.70	6.84
24/08/2020*	7,425	–	–	7,425	–	01/10/2025	01/04/2026	5.20	4.04
	107,425	–	–	7,425	100,000				

* Includes SAYE share option award.

The Executive Directors also have interests in the shares of the Company by their participation in the LTIP arrangements and the deferment applied to short-term bonuses. Details of these interests are set out in the relevant sections.

Interest through Bonus Deferment

Part of the annual bonus payments are deferred net of tax in the shares of the Company and are released one third on the first, second and third anniversary of the deferment.

Year of deferral	Number of shares at 1 April 2023	Market value of shares at deferral date (£)	Net value of deferment (£)	Share price at deferral date (£)	Number of shares at deferral date	Number of shares released during the year	Number of shares held at 31 March 2024	Earliest release date	Latest release date
Gavin Rochussen[1]									
2020	8,403	113,524	–	–	–	8,403	–	01-May-21	01-May-23
2021	18,778	211,465	–	–	–	9,389	9,389	01-May-22	01-May-24
2022	29,260	163,800	–	–	–	9,753	19,507	01-May-23	01-May-25
2023	–		128,552	4.8	26,965	–	26,965	01-May-24	01-May-26
	56,441				26,965	27,545	55,861		
Samir Ayub[2]									
2020	1,345	16,957	–	–	–	1,345	–	01-May-21	01-May-23
2021	2,823	31,795	–	–	–	1,412	1,411	01-May-22	01-May-24
2022	15,466	86,580	–	–	–	5,155	10,311	01-May-23	01-May-25
2023	–		86,580	4.8	17,509	–	17,509	01-May-24	01-May-26
	19,634				17,509	7,912	29,231		

1. £101,005 of Gavin Rochussen's 2024 annual bonus was deferred in respect of the financial year 31 March 2024 and as a result his deferred interest in the ordinary shares of the Company has increased by 18,359.
2. £71,550 of Samir Ayub's annual bonus was deferred in respect of the financial year 31 March 2024 and as a result his deferred interest in the ordinary shares of the Company has increased by 13,005.

Interest through LTIP

Year of grant	Grant Date	Number of share awards held at 1 April 2023	Face Value of Award (£)*	Market Value of shares at grant date (£)	Granted in the year	Number of shares vested in the year[1,2]	Number of shares sold to cover tax & NIC	Number of shares released in the year	Number of share awards held at 31 March 2024	Earliest Vesting Date	Latest Vesting Date
Gavin Rochussen											
2018	16/07/2018	77,974	1,600,000	6.84	–	–	–	77,974	–	16/07/2021	16/07/2023
2019	11/07/2019	231,220	2,387,000	5.85	–	–	–	115,610	115,610	11/07/2022	11/07/2024
2020	10/07/2020	211,475	1,032,000	4.88	–	131,155	71,598	19,852	39,705	10/07/2023	10/07/2025
2021	16/07/2021	191,677	1,707,840	8.91	–	–	–	–	191,677	16/07/2024	16/07/2026
2022	16/07/2022	195,071	890,500	4.57	–	–	–	–	195,071	16/07/2025	16/07/2027
2023	16/07/2023	–	962,500	4.67	206,103	–	–	–	206,103	16/07/2026	16/07/2028
		907,417			206,103	131,155	71,598	213,436	748,166		
Samir Ayub											
2019	11/07/2019	6,667	58,500	5.85	–	–	–	3,333	3,334	11/07/2022	11/07/2024
2020	10/07/2020	24,566	119,884	4.88	–	24,566	13,411	3,718	7,437	10/07/2023	10/07/2025
2021	16/07/2021	47,919	426,960	8.91	–	–	–	–	47,919	16/07/2024	16/07/2026
2022	16/07/2022	101,314	462,500	4.57	–	–	–	–	101,314	16/07/2025	16/07/2027
2023	16/07/2023	–	500,000	4.67	107,066	–	–	–	107,066	16/07/2026	16/07/2028
		180,466			107,066	24,566	13,411	7,051	267,070		

* The face value of the award figure is calculated by multiplying the number of shares awarded by the market price at grant (the average share price figure over a period of five days prior to the date of grant).

1. Performance vesting

Gavin Rochussen

2018 LTIP

16 July 2023 was the fifth anniversary of grant, and the third and final vesting date of the 2018 LTIP award. 77,974 shares were released to Mr Rochussen, from which 42,566 shares were sold to cover his tax liability. As this date was also the expiry of the award's holding period, the net number of 104,391 retained shares were released to Mr Rochussen. Following this, the 2018 LTIP award was fully vested, and there were no further shares to be issued from this award.

2019 LTIP

11 July 2023 was the fourth anniversary, the second vesting date of Mr Rochussen's 2019 LTIP award, and 115,610 shares, being one-third of the award, were released to Mr Rochussen, from which 63,111 shares were sold to cover his tax liability. The remaining 52,499 shares will remain in a nominated account subject to a holding period until the fifth anniversary of the LTIP grant. The total number of shares retained in the nominee account for this award is 102,757 (2023: 50,258).

The remaining one-third of the award (115,610 shares) remain as forfeitable share awards and are scheduled to be released to Gavin Rochussen on the fifth anniversary of the LTIP grant when the holding period will also expire.

2020 LTIP

12 July 2023 was the third anniversary and vesting date of Gavin Rochussen's 2020 LTIP award of 211,475 shares. As described in the 2023 Annual report, the performance conditions attached to this award was partially met, therefore 62% of the award, being 131,155 shares partially vested. 71,598 shares were sold to cover Mr Rochussen's tax liability and the net 59,557 shares were scheduled to be released to Mr Rochussen, with the initial one-third of 19,852 shares to remain in a nominated account subject to a holding period until the fifth anniversary of the LTIP Grant.

The remaining two-third of the award (39,705 shares) remain as forfeitable share awards and are scheduled to be released to Gavin Rochussen on the fifth anniversary of the LTIP grant when the holding period will also expire.

Samir Ayub

2019 Restricted Award

11 July 2023 was the fourth anniversary, the second vesting date of Mr Ayub's 2019 Restricted Award, and 3,333 shares, being one-third of the award, were released to Mr Ayub, from which 1,819 shares were sold to cover his tax liability. The remaining 1,514 shares will remain in a nominated account subject to a holding period until the fifth anniversary of the Restricted Award. The total number of shares retained in the nominee account for this award is 2,963 (2023: 1.449).

The remaining one-third of the award (3,334 shares) remain as forfeitable share awards and are scheduled to be released to Samir Ayub on the fifth anniversary of the LTIP grant when the holding period will also expire.

2020 LTIP

12 July 2023 was the third anniversary and vesting date of Samir Ayub's 2020 LTIP award of 24,566 shares. There were no performance conditions attached to this award and it was subject solely to continued employment. The LTIP award fully vested at 100% and 24,566 shares vested in full, from which 13,411 shares were sold to cover Mr Ayub's tax liability. The net 11,155 shares were scheduled to be released to Mr Ayub, with the initial one-third of 3,718 shares to remain in a nominated account subject to a holding period until the fifth anniversary of the LTIP Grant.

The remaining two-third of the award (7,437 shares) remain as forfeitable share awards and are scheduled to be released to Samir Ayub on the fifth anniversary of the LTIP grant when the holding period will also expire.

2. 2024 vesting

The awards granted to Gavin Rochussen and Samir Ayub on 16 July 2021 are due to vest on 16 July 2024. None of the performance conditions were met, therefore these awards will not vest and will lapse without the issue of any shares.

Remuneration Committee Report continued

Shares held

The interests of Directors in the share capital of the Company at the end of the financial year were as follows:

Director Shareholdings	31 March 2024	31 March 2023
Executive Directors		
Gavin Rochussen		
Beneficial	1,729,456	1,594,152
Deferred Interest	55,861	56,441
LTIP[1]	155,315	309,194
Samir Ayub		
Beneficial	17,577	11,219
Deferred Interest	29,231	19,634
LTIP[1]	10,771	6,667
Non-Executive Directors		
David Lamb	70,000	70,000
Laura Ahto	500	500
Anand Aithal	4,500	4,500
Alexa Coates	10,000	10,000
Win Robbins	20,000	20,000
Andrew Ross	85,000	85,000

1. Performance vested LTIP awards, where the shares are forfeitable subject to continued employment only. Refer to LTIP table on page 81.

Changes post year end:

Changes in ordinary share interests post 31 March 2024 to 26 June 2024 are as follows:

Gavin M Rochussen

As part of his deferred remuneration in respect of the year ended 31 March 2024, his deferred interest in the ordinary shares of the Company increased by 18,359 shares.

Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2021, 2022 and 2023, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 28,131 shares.

Samir Ayub

As part of his deferred remuneration in respect of the year ended 31 March 2024, his deferred interest in the ordinary shares of the Company increased by 13,005 shares.

Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2021, 2022 and 2023, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 12,403 shares.

Payments to past Directors

During the year ended 31 March 2024, John Mansell received the following shares in relation to LTIP awards previously granted to him as an executive director:

2018 LTIP

16 July 2023 was the fifth anniversary of grant, and the third and final vesting date of the 2018 LTIP award. 43,860 shares were released to Mr Mansell, from which 23,943 shares were sold to cover his tax liability. As this date was also the expiry of the award's holding period, the net number of 58,721 retained shares were released to Mr Mansell. Following this, the 2018 LTIP award was fully vested, and there were no further shares to be issued from this award.

2019 LTIP

11 July 2023 was the fourth anniversary, the second vesting date of Mr Mansell's 2019 LTIP award, and 58,119 shares, being one-third of the award, were released to Mr Mansell, from which 31,727 shares were sold to cover his tax liability. The remaining 26,393 shares will remain in a nominated account subject to a holding period until the fifth anniversary of the LTIP grant.

2020 LTIP

12 July 2023 was the third anniversary and vesting date of Mr Mansell's 2020 LTIP award of 43,923 shares equating to a value of £0.2m. 23,978 shares were sold to cover Mr. Mansell's tax liability. Of the net 19,945 shares remaining, 6,648 shares were released to a nominated account subject to a holding period until the fifth anniversary of the LTIP grant.

Share prices over the financial year

The shares have traded at prices between 396.5p (19 October 2023) and 549.0p (14 June 2023) per share. The share price on 28 March 2024, the last trading day of the financial year, was 455.5p per share.

External advisors

The Committee appointed, FIT Remuneration Consultants LLP (FIT), an independent remuneration consultancy, in 2020, after a tender process to provide advice to the Committee. During the year the Remuneration Committee received independent direct advice from FIT on various remuneration matters. In conjunction with the guidance from the Committee, FIT assisted the Company with the 2024 remuneration outcomes, the bonus and LTIP arrangements, drafting of share award documentation, analysis on market practice in the sector, assistance with the design of the new policy and the preparation of this report. The external advisors did not have any other relationship with the Company.

AGM vote

The votes cast at the AGM held on 28 September 2023 on the resolution on Directors' Remuneration Report were as follows:

	Number of votes	% of cast votes
Votes in favour	57,526,255	99
Discretionary votes	1,010	–
Votes against	782,018	1
Total votes cast	58,309,283	100
Votes withheld	17,589	–

The total issued share capital at the date of the AGM was 101,195,879 ordinary shares.

Statement of Directors' Responsibilities in Respect of the Group's and Company's Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's external auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's external auditors are aware of that information.

Samir Ayub
Chief Financial Officer

26 June 2024

Auditors’ Report

In this section

Independent Auditors' Report

to the members of Polar Capital Holdings plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Polar Capital Holdings plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's and company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2024 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2024; the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 3.4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

Polar Capital Holdings plc ('Polar Capital') is an active fund manager, which listed on the Alternative Investment Market in 2007. Polar Capital's main operations are in the United Kingdom and it offers a range of products such as UCITS, SICAVs, Investment Trusts, Hedge Funds and Segregated Mandates to both professional and institutional investors in different geographical markets. In planning for our audit of Polar Capital, we met with the Audit and Risk Committee and members of management to discuss and understand significant changes to the business during the year, and to understand their perspectives on associated business risks. We used this insight, in addition to our prior year assessment of our audit approach, when forming our views regarding the business, as part of developing our audit plan and when scoping and performing our audit procedures.

Overview

Audit scope

- We conducted a full scope audit over the financial information of Polar Capital Holdings plc, Polar Capital LLP and Polar Capital Partners Limited, which are significant components as each represents more than 15% of the profit for the year before tax of the group.
- As the adjustments made for the consolidation, including those for goodwill and intangible assets and those for the seeded funds, are material for a number of financial statement line items ('FSLIs'), we scoped these consolidation adjustments in as a component and performed audit testing.
- Our audit work accounted for more than 99% of group revenue; more than 95% of profit for the year before tax; and more than 90% of total assets. Our audit scope provided sufficient and appropriate audit evidence as a basis for our opinion on the group financial statements as a whole.

Key audit matters

- Revenue recognition (group)
- Impairment of goodwill and intangible assets (group)
- Impairment of subsidiaries (parent)

Materiality

- Overall group materiality: £2,735,000 (2023: £2,260,000) based on 5% of profit for the year before tax.
- Overall company materiality: £708,900 (2023: £717,000) based on 1% of total assets.
- Performance materiality: £2,051,000 (2023: £1,695,000) (group) and £531,600 (2023: £537,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent Auditors' Report continued

to the members of Polar Capital Holdings plc

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (group)	

Revenue is the most significant balance in the Consolidated Statement of Profit or Loss. Revenue comprises a number of streams including investment management and research fees of £176.4 million and investment performance fees of £18.7 million, which result from the business activities of the group.
 	
Investment management and research fees
 	
The recognition of management and research fees is dependent on the terms of the underlying investment management agreements ('IMAs') between the group and its clients and/or the funds it manages.
 	
Investment management fees are derived from:
• Open-ended funds, which consist of:
  – UCITS funds
  – Hedge funds
  – SICAV funds
  – Mutual funds
• Investment Trusts
• Segregated mandates
 	
Investment management fees are calculated as a percentage of Assets Under Management ('AUM') and the percentage applied varies across different funds and products. The calculations are non-complex, however there are a number of inherent risks including the input of correct fee rates and the existence and valuation of AUM, which could result in errors.
 	
Research fees earned are based on the underlying research expenses incurred by the group, which are reimbursed by the funds.
 	
Investment performance fees
 	
Investment performance fees are often infrequent and involve manual and complex calculations and this increases the risk of error.
 	
Given the significance of investment management and research fees and investment performance fees to the Consolidated Statement of Profit or Loss, we have determined revenue to be a key audit matter.
	For all material revenue streams, we understood and evaluated the design and implementation of key controls, including relevant information technology systems and controls, in place. This included both in-house controls and outsourced activities at the outsourced service providers.
	
	To obtain audit evidence over the key controls supporting the calculation and recognition of revenue, we:
	• Performed testing of key in-house controls to obtain evidence of operational effectiveness of those key controls, such as controls over cash and stockholding position reconciliations and over AUM valuations used in revenue calculations; and
	• Assessed the control environment in place at outsourced service providers to the extent that it was relevant to our audit. We obtained and read the control reports undertaken in accordance with generally accepted assurance standards, paying particular attention to the nature of any exceptions in the testing identified by the independent service auditor of the outsourced providers. We then identified those key controls on which we could place reliance to provide audit evidence and tested relevant complementary user entity controls in place at Polar Capital. Where the control reports had not been prepared for the year ended 31 March 2024, we assessed the gap period and obtained bridging letters where necessary.
	
	We obtained substantive audit evidence as set out below:
	
	Investment management and research fees
	• Using data auditing techniques, recalculated 100% of management fees for the UCITS funds, hedge funds, mutual funds, SICAV funds and Investment Trusts, using AUM information obtained from the outsourced service providers and fee rates obtained from IMAs, and then reconciled to amounts included in the group financial statements;
	• On a sample basis, recalculated segregated mandates revenues using AUM information obtained from the outsourced service providers or obtained directly from the client and fee rates obtained from the IMAs, and then reconciled to amounts included in the group financial statements;
	• To test completeness, checked that investment management fees were recognised for all funds;
	• To test cut-off, tested investment management fees for all months in the period and confirmed that no fees were recorded for any period outside the financial year; and
	• Agreed 100% of net management fees to bank statements for subsequent receipt for the UCITS, hedge funds, investment trusts, mutual funds and SICAV funds.
	• For the segregated mandates sampled, agreed revenues received to bank statements, with outstanding amounts recognised as Trade and other receivables.
	• For research fees, on a sample basis, traced receipts received from underlying funds, and obtained documentation to support the underlying research expense incurred.
	
	Investment performance fees
	• Recalculated the performance fee revenue for a sample of funds, using the calculation methodology stated in the IMAs and agreed the calculation inputs to independently obtained AUM data from the outsourced service provider and to applicable index data;
	• Checked that performance fees relate to the financial year and confirmed that no revenue was recorded for any period outside the financial year.
	• Agreed 100% of performance fees per the group financial statements to bank statements.
	• To test completeness, checked prospectuses/agreements to identify the funds which can earn a performance fee and selected a sample to determine whether the fund's performance exceeded the benchmark and crystallised during the year.
	
	No material issues were identified.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets (group)	
Goodwill of £6.7 million and intangible assets of £8.0 million are recognised on the group's balance sheet in respect of the acquisition of Dalton Capital (Holdings) Limited ('Dalton') during 2021. The goodwill is attributable to a single cash generating unit (CGU). Management is required by IAS 36 'Impairment of assets' to perform an annual impairment review of goodwill. Management performed their annual impairment review of goodwill, which demonstrated that there was sufficient headroom and no impairment was required for goodwill recognised on the acquisition of Dalton. Management's impairment review used a discounted cash flow model to calculate the net value of the CGU's future earnings. The model involved a number of estimates and assumptions made by management including those related to projected fund flows, market growth rates and the discount rate. Management considered if there were any impairment indicators in respect of the carrying value of intangible assets and have performed an impairment assessment.	We obtained management's goodwill impairment review and performed the following procedures: • Gained an understanding of the process for assessing the potential for impairment of goodwill through walkthrough procedures and enquiries with management and members of the Board; • Tested management's goodwill impairment calculation for compliance with IAS 36 including validating the inputs to the calculation and assessing and challenging the reasonableness of the assumptions; • Discussed and challenged management's projected fund flows used in the discounted cash flow model to determine whether they are reasonable and supportable given the macroeconomic environment and expected future performance of the CGU. We held discussions with management and members of the Board to understand how the timing of the forecasts aligns with the fund's strategy and challenged the likelihood that the growth forecasts will be achieved; • With the support of our valuation experts, we established a reasonable range of values for the market growth rates and the discount rate and challenged management's assumptions against that range; • Performed sensitivity analysis over key assumptions and assessed the impact and likelihood of these changes on the level of headroom in the model; • Tested the mathematical accuracy of the model; and • Assessed the adequacy of the disclosures made in the group financial statements. We obtained management's assessment of impairment triggers for the intangible assets and performed the following procedures: • Reviewed management's assessment and corroborated key considerations in the indicator assessment; • Considered the level of headroom available in the impairment assessment, challenging the key assumptions as set out above; and • Assessed the adequacy of the disclosures made in the group financial statements. No material issues were identified.
Impairment of subsidiaries (parent)	
Investments of £20.6 million are recognised on the company's balance sheet in respect of its wholly-owned subsidiary, Polar Capital Partners Limited. Polar Capital US Holdings Limited has nil value. Management is required by IAS 36 'Impairment of assets' to perform an annual impairment review and consider if there are any impairment indicators in respect of the carrying value of the Investments. Management performed their annual impairment review which showed no indicators of impairment. Management's impairment review included assessing the net asset value of the individual subsidiaries as well as any other indicators either internal or external that would have an impact on the future expected cash flows from the investments made.	We performed the following procedures in relation to management's impairment assessment over the carrying value of investments in subsidiaries as at 31 March 2024: • Obtained and assessed the completeness of impairment indicators noted by management, based on our understanding of the business and current market environment; • Challenged management on the assumptions and evidence provided for their impairment indicator assessment; • Compared the net asset value of the individual subsidiary, Polar Capital Partners Limited, against the carrying value in the financial statements; • Assessed mathematical accuracy of the calculations provided by management within their impairment indicator assessment; and • Assessed the adequacy of the disclosures made in the company financial statements. No material issues were identified.

Independent Auditors' Report continued

to the members of Polar Capital Holdings plc

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured as one operating segment, being investment management. The group is composed of the company, incorporated in the United Kingdom, and subsidiary entities in the United Kingdom and abroad, and certain consolidated seeded funds. The group is operated centrally from the United Kingdom.

We conducted a full scope audit over the financial information of Polar Capital Holdings plc, Polar Capital LLP and Polar Capital Partners Limited, which are significant components as each represents more than 15% of the profit for the year before tax of the group.

As the adjustments made for the consolidation, including those for the seeded funds, are material for a number of financial statement line items (FSLIs), we scoped in consolidation adjustments as a component and performed audit testing.

Our work accounted for more than 99% of group revenue, more than 95% of profit for the year before tax and more than 90% on total assets. Our audit scope provided sufficient and appropriate audit evidence as a basis for our opinion on the group financial statements as a whole.

The impact of climate risk on our audit

In planning our audit, we have considered the potential impact of climate change on the group's business and its financial statements. The group continues to develop its assessment of the potential impacts and opportunities of ESG and climate change as explained in the Strategic Report. As a part of our audit, we have obtained management's climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and management's conclusion that there is no material impact on the group's financial statements. We have reviewed the disclosures in the Annual Report for consistency with management's assessment.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£2,735,000 (2023: £2,260,000).	£708,900 (2023: £717,000).
How we determined it	5% of profit for the year before tax	1% of total assets
Rationale for benchmark applied	We have applied this benchmark because it is a benchmark against which the group's performance is commonly measured, a recognised statutory measure and most stakeholders also utilise this measure for performance assessment.	In arriving at this benchmark, we have had regard to the carrying value of the company's assets, acknowledging that the primary measurement attribute of the company is the carrying value of its investment in subsidiaries.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £0.7 million to £2.7 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £2,051,000 (2023: £1,695,000) for the group financial statements and £531,600 (2023: £537,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £136,000 (group audit) (2023: £113,000) and £35,000 (company audit) (2023: £35,800) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing management's latest forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements.
- Checking the arithmetical accuracy of management's forecasts.
- Performing lookback testing over budgeted versus actual results for the previous year to assess the historical accuracy of management's forecasting.
- Evaluating management's base case forecast and downside scenarios, challenging the underlying data and the adequacy and appropriateness of the underlying assumptions used to make the assessment, and evaluating the directors' plans for future actions in relation to their going concern assessment.
- Assessing the appropriateness of the going concern disclosures by comparing them to management's assessment for consistency and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent Auditors' Report continued

to the members of Polar Capital Holdings plc

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Group's and Company's Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue and management bias in accounting estimates, in particular in relation to the impairment of goodwill and intangible assets. Audit procedures performed by the engagement team included:

- Inquiries with management, including the Chief Legal and Compliance Officer, to consider known or suspected instances of non-compliance with laws and regulations, and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors and the Audit and Risk Committee;
- Reviewing regulatory correspondence with the Financial Conduct Authority;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the impairment of goodwill and intangible assets (see related key audit matter); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations against revenue accounts, where any such journal entries were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

26 June 2024

Financial Statements

In this section

Consolidated Statement of Profit or Loss

For the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Revenue	3.1	195,065	182,877
Other income	3.3	2,521	2,579
Gross income		197,586	185,456
Commissions and fees payable	3.1	(22,658)	(21,383)
Net income		174,928	164,073
Operating costs	3.4	(120,027)	(118,694)
Finance costs	4.3	(211)	(175)
Profit before tax		54,690	45,204
Taxation	3.7	(13,897)	(9,592)
Profit for the year attributable to ordinary shareholders		40,793	35,612
Earnings per share			
Basic	3.8	42.3p	36.8p
Diluted	3.8	41.8p	36.1p
Adjusted basic (Non-GAAP measure)	3.8	44.6p	45.2p
Adjusted diluted (Non-GAAP measure)	3.8	44.0p	44.3p

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Profit for the year attributable to ordinary shareholders		40,793	35,612
Other comprehensive (expense)/income – items that will be reclassified to profit or loss statement in subsequent periods			
Exchange differences on translation of foreign operations	3.3	(505)	430
Other comprehensive (expense)/income for the year		(505)	430
Total comprehensive income for the year, net of tax, attributable to ordinary shareholders		40,288	36,042

All of the items in the above statements are derived from continuing operations.

The notes on pages 99 to 130 form part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Non-current assets			
Goodwill and intangible assets	4.1	14,774	15,937
Property and equipment	4.2	8,307	10,534
Deferred tax assets	4.4	1,938	106
		25,019	26,577
Current assets			
Assets at fair value through profit or loss	4.5	62,433	83,048
Trade and other receivables	4.8	21,070	19,523
Other financial assets	4.5	3,393	5,237
Assets at amortised cost	4.5	6,698	–
Cash and cash equivalents	4.9	98,880	106,976
Current tax assets		127	319
		192,601	215,103
Total assets		217,620	241,680
Non-current liabilities			
Provisions and other liabilities	4.10	7,537	8,900
Liabilities at fair value through profit or loss	4.5	249	462
Deferred tax liabilities	4.4	–	518
		7,786	9,880
Current liabilities			
Liabilities at fair value through profit or loss	4.5	5,425	16,369
Trade and other payables	4.11	64,128	68,651
Provisions	4.10	247	3,203
Other financial liabilities	4.5	9	10
Current tax liabilities		4,127	712
		73,936	88,945
Total liabilities		81,722	98,825
Net assets		135,898	142,855
Capital and reserves			
Issued share capital	4.12	2,530	2,520
Share premium	4.12	19,364	19,364
Investment in own shares	4.12	(34,652)	(31,623)
Capital and other reserves	4.12	12,019	12,299
Retained earnings		136,637	140,295
Total equity – attributable to ordinary shareholders		135,898	142,855

The notes on pages 99 to 130 form part of these financial statements.

The Group financial statements were approved and authorised for issue by the Board on 26 June 2024:

Samir Ayub
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Note	Issued share capital £'000	Share premium £'000	Investment in own shares £'000	Capital reserves £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2022		2,506	19,364	(24,915)	695	11,722	146,875	156,247
Profit for the year		–	–	–	–	–	35,612	35,612
Other comprehensive income		–	–	–	–	430	–	430
Total comprehensive income		–	–	–	–	430	35,612	36,042
Dividends paid to shareholders	4.13	–	–	–	–	–	(44,481)	(44,481)
Issue of shares	4.12	14	–	–	–	–	(14)	–
Own shares acquired		–	–	(10,922)	–	–	–	(10,922)
Release of own shares		–	–	4,214	–	–	(2,083)	2,131
Share-based payment	3.6	–	–	–	–	–	4,386	4,386
Current tax in respect of employee share options		–	–	–	–	31	–	31
Deferred tax in respect of employee share options	4.4	–	–	–	–	(579)	–	(579)
As at 1 April 2023		2,520	19,364	(31,623)	695	11,604	140,295	142,855
Profit for the year		–	–	–	–	–	40,793	40,793
Other comprehensive expense		–	–	–	–	(505)	–	(505)
Total comprehensive income		–	–	–	–	(505)	40,793	40,288
Dividends paid to shareholders	4.13	–	–	–	–	–	(44,329)	(44,329)
Issue of shares	4.12	10	–	–	–	–	(10)	–
Own shares acquired		–	–	(9,858)	–	–	–	(9,858)
Release of own shares		–	–	6,829	–	–	(5,195)	1,634
Share-based payment	3.6	–	–	–	–	–	5,083	5,083
Current tax in respect of employee share options		–	–	–	–	18	–	18
Deferred tax in respect of employee share options	4.4	–	–	–	–	207	–	207
As at 31 March 2024		2,530	19,364	(34,652)	695	11,324	136,637	135,898

The notes on pages 99 to 130 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2024

	Notes	31 March 2024 £'000	31 March 2023 £'000
Cash flows generated from operating activities			
Cash generated from operations	4.9	51,978	51,975
Tax paid		(12,419)	(7,738)
Interest received		2,348	888
Net cash inflow generated from operating activities		41,907	45,125
Cash flows generated from investing activities			
Investment income		430	421
Sale of assets/liabilities at fair value through profit or loss		56,105	55,277
Purchase of assets at fair value through profit or loss		(36,415)	(62,765)
Purchase of assets at amortised cost		(6,698)	–
Purchase of property and equipment	4.2	(243)	(486)
Payments in respect of asset acquisition		(70)	(226)
Net cashflow from deconsolidation of seed investment		–	(11,710)
Net cash inflow/(outflow) from investing activities		13,109	(19,489)
Cash flows generated from financing activities			
Dividends paid to shareholders	4.13	(44,329)	(44,481)
Lease payments		(1,734)	(1,425)
Interest on lease		(211)	(175)
Purchase of own shares		(8,222)	(10,660)
Third-party subscriptions into consolidated funds		4,987	20,673
Third-party redemptions from consolidated funds		(13,415)	(3,869)
Net cash outflow from financing activities		(62,924)	(39,937)
Net decrease in cash and cash equivalents		(7,908)	(14,301)
Cash and cash equivalents at start of the year		106,976	121,128
Effect of exchange rate changes on cash and cash equivalents		(188)	149
Cash and cash equivalents at end of the year	4.9	98,880	106,976

The notes on pages 99 to 130 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

The Notes to the Consolidated Financial Statements of Polar Capital Holdings plc and its subsidiaries (collectively, the Group) for the year ended 31 March 2024 have been set out in key sections and cross referenced to the primary financial statements. Accounting policies are contained and highlighted within each relevant note where possible.

SECTION 1: CORPORATE INFORMATION

1.1 Corporate information

Polar Capital Holdings plc (the 'Company') is a public limited company incorporated and domiciled in England and Wales whose shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

1.2 Group information

Details of operating subsidiaries, seed capital investments and indirectly held entities consolidated into the Group are disclosed in Note 4.6.

1.3 Going concern

The Directors have made an assessment of going concern taking into account both the Group's results as well as the impact of the Group's outlook. As part of this assessment the Directors have used a range of information available to the date of issue of these financial statements and considered the Group budget, longer term financial projections, cash flow forecasts and an analysis of the Group's liquid assets and its regulatory capital position and forecasts. The stress testing scenarios applied as part of the Group's ICARA have also been revisited to ensure they remain appropriate.

The Group continues to maintain a robust financial resources position, access to cashflow from ongoing investment management contracts and the Directors believe that the Group is well placed to manage its business risks. The Directors also have a reasonable expectation that the Group and the Company have adequate resources to continue operating for a period of at least 12 months from the date of signing the financial statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

SECTION 2: BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICIES

This section provides additional information about the overall basis of preparation of these consolidated financial statements and includes:

- Material accounting policies affecting the results and financial position of the Group, including changes in accounting policies and disclosures during the year.
- Standards that have been issued but not yet adopted by the Group.

2.1 Basis of preparation

The consolidated Group financial statements have been prepared on a going concern basis in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006. The accounting policies used in the preparation of these financial statements have been consistently applied, except when otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, modified by the measurement at fair value of certain financial assets and liabilities and derivative financial instruments. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000), except when otherwise stated.

2.2 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries for the year ended 31 March 2024. Subsidiaries are those entities over which the Group has control. The Group controls an investee if, and only if, the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the purpose and design of an investee, relevant activities, substantive and protective rights, voting rights and potential voting rights.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

The financial statements of subsidiaries are either prepared for the same reporting period as the parent company or where necessary, adjustments are made to the financial statements of subsidiaries to bring their reporting period and results in line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognises the related assets, liabilities, third-party interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Seed capital investments in funds that the Group manages are accounted for as subsidiaries, associates or financial assets at fair value through profit or loss (FVTPL) depending on the holdings of the Group, on the level of influence and control that the Group is judged to have and whether the Group assesses it is acting as an agent or principal for its holdings in the seed capital investments. There is no fixed minimum percentage at which the Group consolidates, and each exposure is reviewed individually.

Where the Group concludes it is acting as a principal the entity is consolidated. This assessment is based on the Group's total exposure. This incorporates direct holdings, income earned from management and performance fees and the assessed strength of third-party kick-out rights. The funds consolidated at 31 March 2024 are disclosed in Note 4.6.

The Group concludes that it acts as an agent when the power it has over an entity is deemed to be exercised for the benefit of third-party investors.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.

Where external investors hold redeemable shares in funds controlled by the Group, the portion of profit or loss and net assets held by these third-party interests is included within other income in the consolidated statement of profit or loss and as financial liabilities at FVTPL in the consolidated balance sheet respectively.

Net cashflows on initial consolidation or deconsolidation are presented as investing activities within the consolidated cashflow statement. Cashflows from third-party interests into consolidated funds are presented as financing activities.

2.3 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Generally, it is presumed that the Group has significant influence where it has voting rights of 20% or more, but not control of an investee.

Seed capital investments over which the Group has significant influence, but not control, are carried on the balance sheet as assets at FVTPL as permitted by IAS 28: Investment in Associates, with changes in fair value recognised in the consolidated statement of profit or loss. The fair value of investments in associates is determined by reference to the quoted price at the close of business on the balance sheet date. The Group has no other investments in associates and, therefore, no associates are currently accounted for using the equity method. Seed capital investments determined as associates at 31 March 2024 are disclosed in Note 4.7.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Where circumstances and parameters change, the original estimates and assumptions are modified in the period in which the change occurs.

2.4 Significant accounting judgements, estimates and assumptions continued

The areas where judgements, assumptions and estimates are significant to the Group's consolidated financial statements are set out in the following notes:

Significant judgements:

- Consolidation of seed capital investments (Note 4.5).

Significant assumptions and estimates:

- Share-based payments (Note 3.6); and
- Impairment of goodwill and intangible assets (Note 4.1).

2.5 Foreign currency

(i) Functional and presentational currency

The Group's consolidated financial statements are presented in Sterling which is also the functional currency for the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary items, such as plant and equipment, that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items, such as investments in equity instruments, measured at fair value in a foreign currency are translated using exchange rates at the date fair value is determined. Exchange differences are recognised in the consolidated statement of profit or loss within operating costs.

(iii) Consolidation

On consolidation, the assets and liabilities of the Group's overseas subsidiaries whose functional currency is not Sterling are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at average exchange rates for the accounting period. Exchange differences arising, if any, are recognised in other comprehensive income and are reclassified to the consolidated statement of profit or loss on disposal of the relevant overseas subsidiary.

2.6 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotation (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, such as forward exchange contracts, the fair value is determined using appropriate valuation techniques that take into account the terms and conditions of the contracts and utilise observable market data, such as spot and forward rates, as inputs.

2.7 Standards and amendments not yet effective

There are no new or amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements that would be expected to have a material impact on the Group when they become effective.

2.8 Changes in accounting policies and disclosures

No standards or amendments have been issued during the year that have had or are expected to have an impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

SECTION 3: DETAILED INFORMATION ON CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME ITEMS

This section provides additional information about individual line items in the consolidated statement of profit or loss and consolidated statement of comprehensive income, including the relevant accounting policies.

3.1 Revenue

Revenue from contracts with customers

Revenue from contracts with customers represents fees receivable, excluding value added tax, for discretionary investment management services and research fees during the year.

Management fees are based on a percentage of assets under management either per day or calendar month and payable monthly or quarterly as set out in the relevant investment management agreements (IMA). Management fees relate specifically to the Group's provision of investment management services for each relevant time period and therefore such services are satisfied over time because either the customer simultaneously receives and consumes the benefits provided by the fund manager as the service is provided or, the fund manager's performance enhances the assets that the fund controls. Management fees are recognised as the service is provided and it is probable that the fee will be collected.

Research fee income relates to research provided in respect of funds managed in accordance with the relevant IMA and is recognised as the service is provided and it is probable that the fee will be collected.

Performance fees are variable consideration based on a percentage of investment performance achieved relative to predefined benchmarks as set out in the relevant IMA. Performance fees by their nature are highly susceptible to volatility until they are crystallised and are no longer subject to claw back. This is usually at the end of the performance period of a fund when the performance fee calculation can be confirmed with certainty. Therefore, performance fees are recognised at the point when they are crystallised.

Contract balances, being trade receivables, have been detailed in Note 4.8.

Commissions and fees payable

Commissions and fees payable to third parties are in respect of rebates on investment management fees, distribution and research fees, and are recognised over the period for which the service is provided.

	31 March 2024 £'000	31 March 2023 £'000
Investment management and research fees	176,400	176,219
Investment performance fees	18,665	6,658
	195,065	182,877

3.2 Operating segments

The financial information provided to the chief operating decision maker, the Board of Directors (the 'Board') is on an aggregated basis. Strategic and financial management decisions are determined centrally and, on this basis, the Group is a single segment investment management business.

The Group is a specialist investment management group offering professional and institutional investors a range of geographical and sector investment opportunities. The Group's assets under management are separated into products and services but as the strategic and financial management decisions are determined centrally, by the Board, the Group only has one class of business, being the provision of investment management and advisory services. The Group's revenue generating operations are in London and Zurich with small offices in USA, China, France, Spain, Germany, Singapore and Sweden that do not generate any revenue.

Geographical analysis of revenue (based on the residency of source) is as follows:

	31 March 2024 £'000	31 March 2023 £'000
United Kingdom	32,599	29,293
Ireland	152,419	140,319
Rest of Europe	7,093	10,180
Cayman Islands	1,215	1,308
United States of America	341	609
Rest of the world	1,398	1,168
	195,065	182,877

3.3 Components of Other income and Other comprehensive income

Other income

Other income consists primarily of interest income, gains/(losses) on financial assets and liabilities, gains/(losses) on forward currency contracts and investment income.

Interest income

Interest receivable is recognised on an accruals basis using the effective interest method.

Gains/(losses) on financial assets and liabilities

These relate to gains and losses arising from seed investments and investment securities held by the Group and derivative instruments used to hedge foreign currency and market risk on these investments. See Note 4.5 for the respective accounting policies.

Investment income

Dividend income from investments is recognised on the date that the right to receive payment has been established.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

(a) Components of other income

	31 March 2024 £'000	31 March 2023 £'000
Interest income	2,347	745
Net gain on other financial liabilities – short positions	175	3,407
Net gain/(loss) on forward currency contracts	334	(2,649)
Net (loss)/gain on financial assets and liabilities at FVTPL	(2,923)	285
Investment income	430	564
Other loss – attributed to third party holdings	2,158	227
	2,521	2,579

(b) Components of other comprehensive income

	31 March 2024 £'000	31 March 2023 £'000
Exchange differences on translation of foreign operations:		
(Loss)/gain arising during the year	(505)	467
Reclassification adjustments for losses included in the consolidated statement of profit or loss	–	(37)
	(505)	430

3.4 Operating costs

Operating costs represent the Group's administrative expenses and are recognised as the services are received by the Group. Staff costs are the largest component of the Group's operating costs and include salaries and wages, together with the cost of other benefits provided to staff such as pensions and bonuses. Staff costs are presented net of gains and losses on financial instruments held to hedge deferred employee cash awards.

(a) Operating costs include the following expenses:

	31 March 2024 £'000	31 March 2023 £'000
Staff costs including partnership profit allocations (Note 3.5)	90,110	88,308
Depreciation (Note 4.2)	2,470	2,166
Amortisation and impairment of intangible assets (Note 4.1)	1,163	1,163
Auditors' remuneration (Note 3.4b)	615	432

Included within operating costs for the year ended 31 March 2023 is an amount of £5.0m in relation to costs treated as exceptional items (Note 3.8) including termination costs of £0.5m (Note 3.5(a)). No exceptional items relating to termination and reorganisational costs arose in the current year.

(b) Auditors' remuneration:

	31 March 2024 £'000	31 March 2023 £'000
Audit of Group and Company financial statements	177	106
Statutory audits of subsidiaries	258	199
Audit-related assurance services	38	7
Other assurance services – internal controls report	142	120
	615	432

3.5 Staff costs and average number of staff

Pensions

The Group operates a defined contribution pension scheme covering the majority of its staff. The costs of the pension scheme are charged to the consolidated statement of profit or loss in the period in which they are incurred.

Deferred remuneration

Where variable compensation is deferred, the cost of the award is spread over the vesting period and included within staff costs. Where deferment is into fund units, the liability is revalued at each balance sheet date to the expected settlement amount, being the current market value of the underlying fund unit. Any increase or decrease in value is recognised in the consolidated statement of profit or loss within staff costs. The liability is included in the consolidated balance sheet as part of other creditors within trade and other payables. Deferment into Company shares is accounted for as a share-based payment (see Note 3.6).

Where deferrals are made into Company shares or fund units the Group hedges its exposure to price fluctuations by purchasing the Company shares or fund units at the date of award. Company shares held are shown as a deduction from equity. Fund units are included within financial assets at FVTPL on the balance sheet. Any change in the fair value of the units is recognised in the consolidated statement of profit or loss within staff costs in order to match the gains and losses within the same line item.

(a) Group staff costs were as follows:

	31 March 2024 £'000	31 March 2023 £'000
Salaries and wages[1]	40,855	38,696
Social security costs	5,926	5,321
Pension costs	1,672	1,474
Partnership profit allocations	40,217	38,837
Share-based payments (Note 3.6)	5,083	4,386
Net gain on financial assets at FVTPL – Investments in Group funds held under deferred remuneration arrangements	(3,643)	(406)
	90,110	88,308

1. Salaries and wages for the year ended 31 March 2023 included termination costs of £0.5m which were treated as exceptional items during the year (see Note 3.8). No exceptional item relating to termination costs was incurred in the current year.

Pension costs outstanding at year-end amounted to nil (2023: nil).

The Group operates a Deferred Remuneration Plan (DRP) which all Group employees eligible for a bonus over a certain level, as determined by the Remuneration Committee, are required to participate in. The DRP provides for compulsory deferral of a proportion of bonus over a specified vesting period. Deferrals can be made either into shares in the Company or units in the Group's funds. Included within staff costs in the consolidated statement of profit or loss is a charge of £10.9m (2023: £10.4m) relating to bonuses deferred into fund units.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

(b) Average number of employees

	31 March 2024	31 March 2023
Average number of staff including Executive Directors:		
Fund Management	66	67
Distribution	26	26
Operations	112	98
	204	191

All employees are directly or indirectly engaged in the Group's business. Details regarding the total remuneration paid to Directors who served during the year, and the highest paid Director, as required by the Companies Act 2006 are disclosed in the Remuneration Committee Report (see pages 76 and 80). During the year two directors (2023: three directors) received defined pension contributions or payments in lieu of contributions. There are no defined benefit arrangements.

3.6 Share-based payments

The Group enters into share-based payment transactions in respect of services receivable from certain employees by granting options or awards over shares in the Company subject to certain vesting conditions, performance criteria and exercise prices. These are accounted for as equity-settled share-based payments.

The cost of the awards is determined by the fair value of the share options or shares at the date of grant and is recognised as an expense over the appropriate performance and vesting period, based on the Group's estimate of the number of shares that will eventually vest. These estimates are reviewed regularly and the charge to the consolidated statement of profit or loss is adjusted accordingly. The corresponding credit is recognised in retained earnings within total equity.

Where an award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised is charged to the consolidated statement of profit or loss. No expense is recognised for awards that do not ultimately vest.

Significant area of estimation

The principal estimates used relate to the satisfaction of performance conditions attached to certain share-based payment awards and as a consequence, the number of shares that are likely to vest. The Group reviews such estimates regularly, with the charge to the consolidated statement of profit or loss being adjusted at least at the end of the relevant share award scheme. Our sensitivity analysis shows that a +/-25% movement to the performance condition assumption would impact the Group's profit before taxation by (£1.6m)/£0.6m (2023: (£1.2m)/£1.2m) respectively.

A summary of the charge to the consolidated statement of profit or loss for each share-based payment arrangement is as follows:

	31 March 2024 £'000	31 March 2023 £'000
Preference shares	715	316
LTIP awards	1,867	1,737
Equity incentive plan	616	603
Deferred remuneration plan	1,885	1,730
	5,083	4,386

3.6 Share-based payments continued

(a) Manager and team preference shares (Preference Shares)

Certain employees of the Group and partners of Polar Capital LLP hold Manager Preference Shares or Manager Team Member Preference Shares (together 'Preference Shares') in Polar Capital Partners Limited, a group company.

The preference shares are designed to incentivise and retain the Group's fund management teams. These shares provide each manager with an economic interest in the funds that they run and ultimately enable the manager, at their option and at a future date, to convert their interest in the revenues generated from their funds to a value that may (at the discretion of the parent undertaking, Polar Capital Holdings plc) be satisfied by the issue of ordinary shares in Polar Capital Holdings plc. Such conversion takes place according to a pre-defined conversion formula that considers the relative contribution of the manager to the Group as a whole. The equity is awarded in return for the forfeiture of a manager's current core economic interest and is issued over three years from the date of conversion.

The issue of the Preference Shares constitutes a share-based payment under IFRS 2 and the cost is the estimated fair value, at the date of issue of the preference shares, of the effective entitlement to the ordinary shares. At each reporting date the estimated number of ordinary shares to be ultimately issued upon conversion will vary and the holder, initially, and the Group, ultimately, determines the start of the three-year period (Crystallisation) over which the ordinary shares are awarded following conversion. The start of this period will always be at least three years after the end of the financial accounting period in which the preference shares are issued.

The expected life of the Preference Shares is 6 years (2023: 6 years). In the year to 31 March 2024, no conversions of preference shares into Polar Capital Holdings plc equity were made (2023: no conversion).

At 31 March 2024 five sets of preference shares (2023: five sets) have the right to call for conversion.

The following table illustrates the number of, and movements in, the estimated number of ordinary shares to be issued.

Estimated number of ordinary shares to be issued against preference shares with a right to call for conversion:

	31 March 2024 Number of shares	31 March 2023 Number of shares
At 1 April	2,367,680	2,740,604
Conversion/crystallisation	–	–
Movement in the year	(132,692)	(372,924)
At 31 March	2,234,988	2,367,680

Number of ordinary shares to be issued against converted preference shares:

	31 March 2024 Number of shares	31 March 2023 Number of shares
Outstanding at 1 April	810,310	1,352,128
Conversion/crystallisation	–	–
Adjustment on re-calculation	(52,101)	–
Issued in the year (Note 4.12)	(405,154)	(541,818)
Outstanding at 31 March	353,055	810,310

b) LTIP awards

Various staff members including the Executive Directors, are entitled to participate in the LTIP plan which allows for awards to be made in the form of conditional share awards over shares in the Company that vest over a three year period subject to performance and employment conditions with an additional two year holding period. The fair value of these awards is equal to the market value of the shares at grant date adjusted for dividend yield.

A charge of £1.9m (2023: £1.7m) was recognised during the current financial year.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

(c) Group Equity Incentive Plan (EIP)

As part of an ongoing program to retain and incentivise employees, the Group issues share options under the following schemes:

(i) Save as you Earn scheme

Share options in Polar Capital Holdings plc are granted to employees under a HMRC tax-advantaged Save as You Earn scheme. These shares have a vesting period of five years, and the exercise price for each option is the market value of the shares on the date the option was granted, subject to a discount of up to 20%. The scheme is linked to a SAYE savings contract.

(ii) Company share option scheme

Share options in Polar Capital Holdings plc can be granted to employees under a HMRC tax-advantaged arrangement up to a value at the date of grant of £60,000. These shares have a vesting period of either three or four years from the date of grant, and the exercise price for each option is the market value of the shares on the date it was granted.

(iii) Unapproved share option scheme

In cases where the terms of the schemes above cannot be met, unapproved share options are granted, under the terms of the Group's Equity Incentive Plan or 2016 Executive Incentive Plan. These options vest over either four or five years, and are granted at a price agreed by the Directors of the Group.

The contractual term of Company share options, except for those issued under the SAYE scheme, is between 6-10 years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, EIP share options during the year.

	2024		2023	
	Number	**WAEP**	**Number**	**WAEP**
Outstanding at beginning of the year	3,321,795	£5.0	3,490,883	£5.0
Granted during the year	1,207,604	£4.6	205,452	£3.8
Exercised during the year[1]	(65,000)	£3.9	(252,704)	£3.6
Lapsed during the year	(328,907)	£5.1	(121,836)	£5.9
Outstanding at end of the year	4,135,492	£4.9	3,321,795	£5.0
Exercisable at end of the year	2,648,525	£5.1	2,322,477	£4.7

1. Under the rules of the Group Equity Incentive Plan, unapproved share options may be issued as equity settled share appreciation rights, thereby enabling the Group to issue a net number of shares to employees on the exercise of options.

The weighted average fair value of options granted during the year was £0.8 (2023: £1.2).

For options exercised during the year the weighted average share price at the date of exercise was £5.5 (2023: £4.8).

The fair value of equity-settled share options granted is estimated at the date of grant using a Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the years ended 31 March 2024 and 31 March 2023.

	31 March 2024	31 March 2023
Dividend yield (%)	9.9 - 10.1	8.6
Expected share price volatility (%)	39.8 - 40.3	40.8
Risk free interest rate (%)	4.7 - 4.9	2.2
Weighted average share price (£)	4.5 - 4.7	5.3
Expected life of option – Equity Incentive Plans	3 - 5 years	5 years

The share price volatility was calculated by reference to the Company's historic share price.

No other features of options granted were incorporated into the measurement of fair value.

3.6 Share-based payments continued

The weighted average remaining contractual life of the share options outstanding as at 31 March 2024 was 4.1 years (2023: 4.7 years).

The range of exercise prices for options outstanding at the end of the year were:

	2024		2023	
Earliest exercise date of options	**Number of options**	**Exercise price**	**Number of options**	**Exercise price**
Year ending 31 March 2023	–	–	2,322,477	£3.2 – £6.8
Year ending 31 March 2024	2,648,525	£3.2 – £6.8	673,165	£4.9 – £6.6
Year ending 31 March 2025	19,177	£4.8	21,691	£4.8
Year ending 31 March 2026	76,104	£4.0	97,636	£4.0
Year ending 31 March 2027	1,129,486	£4.7 - £7.0	9,186	£7.0
Year ending 31 March 2028	179,596	£3.8	197,640	£3.8
Year ending 31 March 2029	82,604	£3.9		
Outstanding at end of the year	4,135,492		3,321,795	

(d) Deferred Remuneration Plan (DRP)

As indicated in Note 3.5(a) all Group staff eligible for a bonus above a certain level are required to participate in the DRP. Where deferrals are made into shares of the Company these are accounted for as an equity settled share-based payment award in the consolidated Financial Statements. There are no performance conditions attached to the awards. One third of an award will vest and become due for release on each of the first, second and third anniversaries of the grant date.

A charge of £1.9m (2023: £1.7m) was recognised during the current financial year in relation to deferred awards. The weighted average fair value of shares granted was £5.1 (2023: £5.6).

3.7 Taxation

The tax expense represents the sum of the tax payable for the reporting period (current tax) and a charge relating to tax payable for future periods due to income or expenses being recognised in different periods for tax and accounting purposes (deferred tax).

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax relating to items charged or credited directly to equity is also dealt within equity.

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in the statement of other comprehensive income or directly in equity. See Note 4.4.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

The major components of corporation tax for the years ended 31 March 2024 and 2023 are:

(a) Tax recognised in the consolidated statement of profit or loss

	31 March 2024 £'000	31 March 2023 £'000
UK corporation tax		
UK Corporation tax on profits of the year	15,270	9,955
Adjustments in respect of prior periods	646	208
Total current tax	15,916	10,163
Foreign Tax		
Current year	128	(444)
	128	(444)
Deferred tax		
Originating and reversal of temporary differences	(1,743)	(142)
Adjustment in respect of prior periods	(404)	–
Rate change adjustment	–	15
	(2,147)	(127)
Total tax recognised in consolidated statement of profit or loss	13,897	9,592

(b) Tax recognised in the consolidated statement of other comprehensive income

Current and deferred tax recognised in the consolidated statement of other comprehensive income and the consolidated statement of changes in equity is shown on the face of those statements.

(c) Reconciliation of tax charge

The tax assessed on the profit on ordinary activities during the year differs from the standard rate of corporation tax of 25% (2023: 19%). The differences are reconciled below:

	31 March 2024 £'000	31 March 2023 £'000
Profit on ordinary activities before taxation	54,690	45,204
Tax on profit on ordinary activities at standard rate of 25% (2023:19%)	13,673	8,589
Adjustments in respect of prior periods	242	208
Rate change adjustment	–	15
Disallowed income	(86)	(290)
Other – share based payments	68	1,070
Total tax at the effective rate of 25% (2023: 21%)	13,897	9,592

3.8 Earnings per share

A reconciliation of the figures used in calculating the basic, diluted, adjusted basic and adjusted diluted total earnings per share (EPS) is as follows:

	31 March 2024 £'000	31 March 2023 £'000
Earnings		
Profit after tax for purpose of basic and diluted EPS	40,793	35,612
Adjustments (post tax):		
Add exceptional items – amortisation of intangible assets	1,163	1,163
Add exceptional items – termination and reorganisation costs	–	4,959
Add back cost of share-based payments on preference shares	715	316
Add net amount of deferred staff remuneration	344	1,663
Profit after tax for purpose of adjusted basic and adjusted diluted total EPS	43,015	43,713

The adjusted EPS figure includes an adjustment for deferred remuneration costs. The Group believes that aligning staff remuneration and profits generated in the same period will allow users of the financial statements a useful supplemental understanding of the Group's results and their comparability year on year.

Exceptional items were also excluded from the adjusted EPS calculations as they included costs such as non-recurring termination and reorganisation costs and the amortisation of acquired intangible assets.

	31 March 2024 Number of shares '000	31 March 2023 Number of shares '000
Weighted average number of shares		
Weighted average number of ordinary shares, excluding own shares, for the purpose of basic and adjusted basic EPS	96,376	96,778
Effect of dilutive potential shares – LTIPs, share options and preference shares crystallised but not yet issued	1,317	1,870
Weighted average number of ordinary shares, for purpose of diluted and adjusted diluted total EPS	97,693	98,648

	31 March 2024 Pence	31 March 2023 Pence
Earnings per share		
Basic	42.3	36.8
Diluted	41.8	36.1
Adjusted basic	44.6	45.2
Adjusted diluted	44.0	44.3

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

SECTION 4: DETAILED INFORMATION ON CONSOLIDATED BALANCE SHEET ITEMS

This section provides additional information about individual line items in the consolidated balance sheet, including the relevant accounting policies.

4.1 Goodwill and intangible assets

Goodwill arising on the acquisition of a business is the excess of the consideration paid over the net identifiable assets acquired and liabilities assumed. Goodwill is measured at cost less any accumulated impairment losses. Impairment testing is based on the expected future benefits of the relevant cash-generating unit (CGU) as a whole.

Intangible assets such as investment management contracts acquired separately are measured on initial recognition at cost which is their fair value as at acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, with the related expenditure or charge recognised in the consolidated statement of profit or loss. Intangible assets are amortised on a straight-line basis over their useful economic lives. Intangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss on derecognition is included in the consolidated statement of profit or loss.

	Goodwill £'000	Investment management contracts £'000	Total £'000
Cost			
As at 1 April 2023	6,732	18,647	25,379
As at 31 March 2024	6,732	18,647	25,379
Accumulated amortisation and impairment			
As at 1 April 2023	–	9,442	9,442
Amortisation for the year	–	1,163	1,163
As at 31 March 2024	–	10,605	10,605
Net book value as at 31 March 2024	6,732	8,042	14,774
Cost			
As at 1 April 2022	6,732	18,647	25,379
As at 31 March 2023	6,732	18,647	25,379
Accumulated amortisation and impairment			
As at 1 April 2022	–	8,279	8,279
Amortisation for the year	–	1,163	1,163
As at 31 March 2023	–	9,442	9,442
Net book value as at 31 March 2023	6,732	9,205	15,937

Amortisation and impairment of intangible assets are treated as exceptional items (see Note 3.8).

4.1 Goodwill and intangible assets continued

(a) Goodwill

Goodwill relates to the acquisition of Dalton Capital (Holdings) Limited, the parent company of Dalton Strategic Partnership LLP, a UK based boutique asset manager acquired on 26 February 2021. The goodwill is attributable to a single CGU.

(b) Intangible assets

The table below shows the carrying amount assigned to each component of the intangible asset and the remaining amortisation period.

	31 March 2024		31 March 2023	
	Carrying value £'000	Remaining amortisation period	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Dalton Capital (Holdings) Limited	8,042	6.9 years	9,205	7.9 years
	8,042		9,205	

Management has reviewed the carrying value and the useful economic life of the intangible asset at the reporting date, in relation to the acquisition of the investment management contracts from Dalton Capital (Holdings) Limited,and has concluded that there are no indicators of impairment. As part of this assessment, management has also considered the future cash flows generated by the asset and the significant inputs used are disclosed below.

Significant area of estimation:

An annual impairment test for goodwill is carried out at the balance sheet date comparing the carrying value and the recoverable amount of the CGU. The recoverable value was determined based on the value in use calculation using a discounted cash flow model incorporating the Group's projected fund flows over a period of five-years. This was initially based on the one-year budget approved by the Board and has been updated to reflect current market conditions post March 2024. The key estimates used in this assessment are as follows:

- The long-term market growth rate used to extrapolate the cash flows of the CGU beyond the five year period was 2.5% (2023: 3%), obtained by using historic growth information specific to the industry of the CGU;
- A pre-tax discount rate of 15.7% (2023: 15%) based on the Group's weighted average cost of capital;
- Projected fund flows for five year period was assessed based on investor sentiment towards small and mid sized portfolios including future economic outlook.

As a result of this analysis, headroom between the recoverable amount and carrying value was noted, and therefore no impairment was recognised.

The sensitivity of the headroom, to changes in key metrics and assumptions is shown in the table below which sets out the impacts of reasonably possible changes in key assumptions used in the value in use calculation:

Key variable	Reasonably possible adverse movement	Decrease in Headroom (£'m)
Long-term market growth rate	-1.0%	(0.9)
Projected fund flows	-50%	(2.4)
Pre-tax discount rate	+1.5%	(1.9)

In order for the value in use to equal the recoverable amount, the long term growth rate would need to decrease to -1.4%, the discount rate would need to increase to 18.1% or estimated fund flows would need to decrease by 58%.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

4.2 Property and equipment

Property and equipment is made up of leasehold improvements, computer equipment and office furniture and right-of-use lease assets (see Note 4.3).

Property and equipment (excluding right-of-use lease assets) are stated at cost, including directly attributable acquisition costs, less depreciation and accumulated impairment provisions. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful economic life.

Depreciation is charged from the date that the asset is brought into use on a straight-line basis as follows:

Leasehold improvements	10%
Computer equipment	33%
Office furniture	33%
Right-of-use assets	Shorter of the lease term and the estimated useful life of the asset

Property and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss arising on the disposal is included in the consolidated statement of profit or loss.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed regularly and adjusted prospectively, if appropriate.

	Right-of-use assets £'000	Leasehold Improvements £'000	Computer Equipment £'000	Office Furniture £'000	Total £'000
2024					
Cost					
As at 1 April 2023	18,850	2,456	1,077	505	22,888
Additions	–	66	149	28	243
As at 31 March 2024	18,850	2,522	1,226	533	23,131
Accumulated Depreciation					
As at 1 April 2023	9,531	1,476	877	470	12,354
Charge for the year	2,020	292	136	22	2,470
As at 31 March 2024	11,551	1,768	1,013	492	14,824
Net book value as at 31 March 2024	7,299	754	213	41	8,307

	Right-of-use assets £'000	Leasehold Improvements £'000	Computer Equipment £'000	Office Furniture £'000	Total £'000
2023					
Cost					
As at 1 April 2022	10,749	2,086	969	497	14,301
Additions	4,126	370	108	8	4,612
Modification	3,975	–	–	–	3,975
As at 31 March 2023	18,850	2,456	1,077	505	22,888
Accumulated Depreciation					
As at 1 April 2022	7,763	1,256	743	426	10,188
Charge for the year	1,768	220	134	44	2,166
As at 31 March 2023	9,531	1,476	877	470	12,354
Net book value as at 31 March 2023	9,319	980	200	35	10,534

4.2 Property and equipment continued

For the year ended 31 March 2023, additions to right-of-use assets included £2.5m in respect of a new lease for additional premises at 16 Palace Street, £1.1m and £0.5m for leased premises for the Zurich and Connecticut offices respectively. The weighted average lessee's incremental borrowing rate applied was 2.54%.

Effective 1 February 2023, the Group extended its existing lease at 16 Palace Street for an additional tenure of 4 years and treated this transaction as a modification of the existing lease under the accounting standards.

4.3 Leases

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use (ROU) assets

The Group recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities and presented with property and equipment (see Note 4.2). The cost of ROU assets includes the initial amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, payments of penalties for terminating a lease and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses an incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The Group's lease liabilities are included in trade and other payables and non-current provisions and other liabilities.

Short-term and low value leases

Lease payments on short-term leases (where the lease term is 12 months or less) and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

A maturity analysis of the Group's lease liabilities is as follows:

Lease liabilities	31 March 2024 £'000	31 March 2023 £'000
Current (See Note 4.11)	1,342	1,729
Non-current (See Note 4.10)	6,164	7,526
	7,506	9,255

The lease liabilities relate to the two leases in respect of the Group's premises at 16 Palace Street in London, both expiring in January 2028, the Group's premises in Zurich, expiring in November 2026 and the lease in respect of the Group's premises in Connecticut expiring in July 2027.

The movement in lease balances during the year was (£1.7m), consisting of £1.9m lease payments offset by £0.2m interest expense capitalised to the lease liability (2023: The movement in lease balances was £6.1m, of which £1.6m were lease payments, £0.2m was the interest expense, £3.5m related to initial recognition of new leases and £4.0m related to lease modification of the existing lease).

The consolidated statement of profit or loss includes the following amounts relating to leases:

	31 March 2024 £'000	31 March 2023 £'000
Interest expense on lease liabilities	211	175
Depreciation on ROU assets	2,020	1,768
	2,231	1,943

There are no lease expenses incurred in relation to low-value assets or short-term leases.

4.4 Deferred tax assets and liabilities

Deferred tax is recognised based on differences between the carrying value of assets and liabilities for accounting purposes and their tax values (See Note 3.7). Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are only recognised to the extent that the Group considers them to be recoverable; which is determined by reference to estimates that future taxable profits will be available against which deductible temporary differences can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

An increase in the UK tax corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021 and has increased the Group's future current tax charge accordingly. The deferred tax asset at 31 March 2024 has been calculated based on 25%, reflecting the expected timing of reversal of the related temporary differences (2023: 25%).

4.4 Deferred tax assets and liabilities continued

An analysis of the Group's deferred tax assets and liabilities is as follows:

Deferred tax asset	31 March 2024 £'000	31 March 2023 £'000
Share-based payments	3,280	2,348
Change in basis adjustment	101	202
Arising on leases	616	362
Assets at FVTPL	362	–
Unutilised capital losses	166	–
Other financial assets and liabilities	539	809
	5,064	3,721

Deferred tax liability	31 March 2024 £'000	31 March 2023 £'000
Capital allowances	(266)	(210)
Assets at FVTPL	–	(313)
Other financial assets and liabilities	(849)	(1,309)
Intangible assets	(2,011)	(2,301)
	(3,126)	(4,133)
Net deferred tax asset/(liability)	1,938	(412)

Deferred tax movements recognised in the consolidated statement of profit or loss and the consolidated statement of other comprehensive income were as follows:

	31 March 2024 £'000	31 March 2023 £'000
Deferred tax income/(expense) during the year recognised in profit or loss		
Share-based payments	725	92
Capital allowances	(56)	(75)
Change in basis adjustment	(101)	(77)
Assets at FVTPL	679	(190)
Other financial assets and liabilities	190	(122)
Leases	254	278
Amortisation of intangible assets	290	221
Unutilised capital losses	166	–
	2,147	127

	31 March 2024 £'000	31 March 2023 £'000
Deferred tax income during the year recognised in equity		
Share-based payments	207	(579)
Deferred tax expense during the year recognised through business combination		
Intangible assets	290	221

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

After offsetting deferred tax assets and liabilities within separate tax jurisdictions where appropriate, the net deferred tax balances comprise:

Deferred tax balances	31 March 2024 £'000	31 March 2023 £'000
Deferred tax assets	1,938	106
Deferred tax liabilities	–	(518)
	1,938	(412)

4.5 Financial assets and liabilities

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or has expired.

Financial assets

The Group's financial assets include seed capital investments (see note 4.5(a)), investment securities (see note 4.5(a)), trade and other receivables (see note 4.8), cash and cash equivalents (see note 4.9), term deposits with a maturity greater than three months and derivative financial instruments (see note 4.5(d)). The classification adopted by the Group depends on the purpose for which the financial assets were acquired and is determined at initial recognition.

Financial assets are initially recognised at fair value, being the consideration given, plus, any directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss where transaction costs are immediately recognised in the consolidated statement of profit or loss.

Purchases and sales of financial assets are recognised at trade date, being the date when the Group commits to purchase or sell the asset.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include the Group's investments in the funds that it manages, but does not control, including those which are held by the Group against bonus awards deferred into fund units. Such assets are subsequently carried at fair value, with any gains or losses arising from changes in fair value being recognised in the consolidated statement of profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost include term deposits with a maturity greater than three months. These assets are held for collection of contractual cash flows representing solely payments of principal and interest and are subsequently carried at amortised cost over the term of the deposit with interest income recognised in the consolidated statement of profit or loss in accordance with the effective interest method.

Investment securities

Investment securities represent securities both long and short positions, other than derivatives, held by consolidated funds. These securities are classified as FVTPL and are measured at fair value with gains and losses recognised through the consolidated statement of profit or loss.

Financial liabilities

The Group's financial liabilities include trade and other payables (see note 4.11), derivative financial instruments (see note 4.5(d)) and third-party interests in funds (see note 4.5(a)(ii)) that have been consolidated as subsidiaries.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are carried at fair value, with gains and losses recognised in the consolidated statement of profit or loss within other income in the period in which they arise. Financial liabilities at FVTPL include third-party interests in consolidated funds which are classified as at FVTPL.

4.5 Financial assets and liabilities continued

(a) Financial assets at fair value through profit or loss

	31 March 2024 £'000	31 March 2023 £'000
Direct seed investments	24,393	32,160
Investment securities (See Note 4.5 (a)(ii))	16,360	28,126
Fund units held against deferred remuneration	21,680	22,762
Assets at fair value through profit or loss	62,433	83,048

The Group's seed investments represent capital seeding in new funds, that it manages, in order to provide initial scale and facilitate marketing to third-party investors. At 31 March 2024 the Group held £35.8m (2023: £44.1m) of seed investments comprising direct seed investments of £24.4m (2023: £32.1m) and consolidated seed investments of £11.4m (2023: £12.0m).

(i) Direct seed capital investments

These represent seed investments where the Group is deemed to not exercise control over the funds including seed capital investments in funds that are classed as associates (see Note 2.3) where the Group has significant influence but does not control the fund. At 31 March 2024 there was one fund classed as an associate (see Note 4.7) (2023: no funds).

During the year the Group has fully redeemed one of its seed capital investments classed as assets at FVTPL for cash consideration of £8.8m (2023: two funds fully redeemed for a total cash consideration of £3.6m and two funds partially redeemed for a total cash consideration of £5.9m). The fair values of such financial assets are derived from quoted market prices in active markets.

(ii) Consolidated funds and investment securities

As at 31 March 2024 the Group has consolidated four funds (2023: two funds) over which it is deemed to have control (see Note 4.6). Consolidated funds represent seed capital investments where the Group's interest represents a controlling stake in the fund in accordance with IFRS 10. Consolidated fund assets and liabilities are presented line by line after intercompany eliminations.

The table below sets out an analysis of the carrying amounts of interests held by the Group in consolidated investment funds:

	31 March 2024 £'000	31 March 2023 £'000
Investment securities – long positions	16,360	28,126
Cash and cash equivalents	505	2,302
Other	(25)	(2,170)
Third-party interests in consolidated funds	(5,380)	(16,285)
Consolidated seed capital investments	11,460	11,973

Investment securities include listed equities held by consolidated funds. Other includes trade receivables, trade payables and accruals.

(b) Financial assets at amortised cost

These represent term deposits with banks and financial institutions where the Group has entered into a contract with a maturity of greater than three months as at acquisition. At 31 March 2024 the Group had two such term deposits comprising of £6.7m held (2023: none/£nil).

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For the year ended 31 March 2024

Significant area of judgement

Additional judgment is required when determining whether the Group controls funds that it has invested seed money in. The Group has power over the funds that it manages through its investment management and other agreements with them. Additionally, the Group must determine whether it is acting primarily as a principal or as an agent (that is, on behalf of the other investors) in exercising its power over the funds. In assessing whether it is agent or principal, the Group considers a number of factors, including the scope of its decision-making over the funds' relevant activities, rights held by investors and others, remuneration that it earns from the funds, and the Group's exposure to variable returns from all sources (including fees and units held) for each fund.

The Group has assessed that exposure to variability of returns, driven by the percentage holding of a seeded fund is the primary means for determining whether control exists.

(c) Financial liabilities at fair value through profit or loss

An analysis of the Group's financial liabilities at fair value through profit or loss is set out below.

	31 March 2024 £'000	31 March 2023 £'000
Current:		
Third-party interests in consolidated funds (Note 4.5 (a)(ii))	5,380	16,285
Other financial liability	45	84
	5,425	16,369
Non-current:		
Other financial liability	249	462
Liabilities at fair value through profit or loss	5,674	16,831

4.5 Financial assets and liabilities continued

(d) Other financial assets and liabilities (Derivatives)

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge the risks associated with market price and foreign currency fluctuations. Such instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. From 1 April 2019 the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements including the analysis of sources of hedge ineffectiveness.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an 'economic relationship' between the hedged item and the hedging instrument;
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

Forward currency contracts used for currency hedging purposes are treated as cash flow hedges and the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is taken to the statement of profit or loss. Amounts recognised as other comprehensive income are transferred to the consolidated statement of profit or loss when the hedged expected future cash flows affect profit or loss.

	31 March 2024 £'000	31 March 2023 £'000
Other financial assets		
Derivatives not designated as hedging instruments		
Securities – short positions	3,393	5,237
	3,393	5,237
Other financial liabilities		
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	9	10
	9	10

Derivatives not designated as hedging instruments reflect the changes in fair values of foreign currency exchange forward contracts and short positions of securities that are not designated in hedge relationships, but are, nevertheless intended to reduce the level of foreign currency and price risk, respectively, on the Group's seed investments as described in Note 4.14.

The Group does not have any derivatives designated as hedging instruments, classed as cash flow hedge, at 31 March 2024 (2023: none).

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4.6 Subsidiary undertakings

The consolidated financial statements of the Group include the operating subsidiaries listed below. At 31 March 2024 and 2023 all operating subsidiaries, other than Polar Capital Partners Limited and Polar Capital US Holdings Limited, were indirectly held. All operating subsidiaries are wholly owned, except for: Polar Capital LLP in which Polar Capital Partners Limited has contributed 63% (2023: 54%) of the capital. The Company is deemed to be the controlling party of Polar Capital LLP (see Note 2.2).

Name	Country of incorporation	Registered office	Principal activities
Polar Capital Partners Limited	UK	16 Palace Street, London, UK	Services company
Polar Capital US Holdings Limited	UK	16 Palace Street, London, UK	Investment holding company
Polar Capital LLP	UK	16 Palace Street, London, UK	Investment management
Polar Capital Secretarial Services Limited	UK	16 Palace Street, London, UK	Corporate secretary
Polar Capital Partners (Jersey) Limited	Jersey	12 Castle Street, St Helier, Jersey	Dormant
Polar Capital (America) Corporation	USA	2711 Centreville Road, Wilmington, Delaware, USA	Investment advisory
Polar Capital (Europe) SAS	France	18 Rue de Londres, Paris, France	Investment management
Polar Capital (Shanghai) Consulting Co Limited	China	Bund Finance Centre S2, No.600 Zhongshan East 2 Road, Shanghai	Services company
Polar Capital Holdings LLC	USA	1209 Orange Street, Wilmington, Delaware, USA	Investment holding company
Dalton Capital (Holdings) Limited*	UK	16 Palace Street, London, UK	Dormant
Dalton Strategic Partnership LLP*	UK	16 Palace Street, London, UK	Dormant
Polar Capital (Switzerland) AG	Switzerland	Klausstrasse 4, Zurich, Switzerland	Investment management
Polar Capital (Singapore) Private Limited	Singapore	77 Robinson Road, #13–00, Robinson 77, Singapore (068896)	Services company

* Dalton Capital (Holdings) Limited and Dalton Strategic Partnership LLP were dissolved on 30 April 2024 and 7 May 2024, respectively.

The consolidated financial statements of the Group also include the following seed capital investments and indirectly held entities which were judged to require consolidation into the Group as at 31 March 2024:

Name	Country of incorporation	Registered office	Principal activities	Percentage of ordinary shares held
Polar Capital China Stars Fund	Ireland	4 Georges Court, 54–62 Townsend Street, Dublin, Ireland	UCITS sub-fund	80%
Polar Capital Smart Mobility Fund	Ireland	4 Georges Court, 54–62 Townsend Street, Dublin, Ireland	UCITS sub-fund	49%
Polar Capital Emerging ex-China Stars Fund	Ireland	4 Georges Court, 54–62 Townsend Street, Dublin, Ireland	UCITS sub-fund	91%
Polar Capital Emerging ex-China Stars Fund	USA	50 S.LaSallee Street, Chicago, USA	Mutual fund	100%
Phaeacian Partners Holdings LP	USA	1209 Orange Street, Wilmington, Delaware, USA	Dormant	55%
Phaeacian Partners LLC	USA	1209 Orange Street, Wilmington, Delaware, USA	Dormant	55%

4.7 Interests in structured entities

The Group has interests in structured entities as a result of contractual arrangements in its capacity as the fund manager to investment funds. These structured entities typically consist of investment vehicles such as open-ended Undertakings for Collective Investment in Transferable Securities (UCITS) funds, closed-ended investment trusts and alternative funds which entitle investors to a percentage of the vehicle's net asset value. The Group's interest in consolidated and unconsolidated structured entities are described below.

The Group does not sponsor any of the structured entities and there are no guarantees or commitments.

(a) Interests arising from managing client assets

The Group has an interest in funds that it manages as a result of the management of assets on behalf of its clients and this interest is reflected in the Group's AuM. The main risk the Group faces from its interest in AuM managed on behalf of clients is the loss of fee income as a result of the withdrawal of funds by clients.

A reconciliation of AuM reported by the Group within unconsolidated structured entities is shown below:

	31 March 2024 £'bn	31 March 2023 £'bn
AuM within consolidated funds	0.02	0.03
AuM within unconsolidated funds	21.88	19.19
Total AuM	21.90	19.22

(b) Interests arising from investment in unconsolidated structured entities

Where the Group has an equity holding in a fund it manages, the maximum exposure to loss constitutes the future and uncollected management fees plus the fair value of the Group's investment in that fund. The table below shows the carrying values of the Group's interests in unconsolidated structured entities, recognised in the Group consolidated balance sheet, which are equal to the Group's maximum exposure to loss from those interests.

	31 March 2024 £'000	31 March 2023 £'000
Investments in unconsolidated structured entities	46,073	54,922
Management fees receivable at year end	14,478	13,117

Investments in unconsolidated structured entities comprise of direct seed investments and fund units held against deferred remuneration and are included within financial assets at fair value through profit or loss. Management fees receivable are included within trade and other receivables in the consolidated balance sheet.

(c) Associates

Information about seed investments judged to be associates as at 31 March 2024 and 2023 is given below:

	Country of incorporation	Principal activities	Financial assets at FVTPL £'000m		Percentage of total AuM held	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
Polar Capital Healthcare Discovery Fund*	Ireland	UCITS sub-fund	7,360	–	21%	–

* Polar Capital Healthcare Discovery Fund became an associate during the year due to dilution of third party share of AuM.

The registered office of the Polar Capital Healthcare Discovery Fund is 4 Georges Court, 54–62 Townsend Street, Dublin, Ireland.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

4.8 Trade and other receivables

Trade and other receivables includes prepayments and other amounts which the Group is due from third parties in the normal course of business. Trade receivables and other receivables are initially recorded at fair value and subsequently at amortised cost using the effective interest method, less loss allowances. The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) for trade receivables and other receivables at an amount equal to lifetime ECLs. Historically the Group has not experienced any material defaults and the Group does not expect to incur any credit losses and has not recognised any ECLs (2023: nil). Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expense is recognised in the consolidated statement of profit or loss.

	31 March 2024 £'000	31 March 2023 £'000
Trade receivables	14,478	13,117
Other receivables	3,573	4,073
Prepayments	3,019	2,333
	21,070	19,523

Trade receivables are non-interest bearing and repayable on demand.

The Group does not have any contract assets resulting from its revenue contracts with customers (2023: nil).

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

	31 March 2024 £'000	31 March 2023 £'000
Cash at bank	97,446	103,301
Cash held by EBT and consolidated funds	1,434	3,675
	98,880	106,976

Cash at bank earns interest at floating rates based on daily bank deposit rates.

As at 31 March 2024 the Group had placed £2.9m (2023: £4.6m) of its cash at bank with counterparties to fulfil the collateral requirements for derivative contracts related to short positions (see Note 4.5(d)).

Included within Financial assets at amortised cost is £6.7m (2023: £nil) relating to term deposits at banks and financial institutions with a maturity of between 6 and 12 months. Refer to note 4.5(b).

4.9 Cash and cash equivalents continued

Cash flows generated from operations

A reconciliation of profit before tax to cash generated from operations is as follows:

	31 March 2024 £'000	31 March 2023 £'000
Profit before tax	54,690	45,204
Interest receivable and similar income	(2,348)	(745)
Investment income	(430)	(564)
Interest on lease	211	175
Depreciation of non-current property and equipment	2,470	2,166
Amortisation and impairment of intangible assets	1,163	1,163
Decrease/(increase) in assets at FVTPL	2,934	(4,152)
Increase/(decrease) in other financial assets and liabilities	213	(504)
(Increase)/decrease in receivables	(1,546)	5,906
Decrease in trade and other payables including other provisions	(7,094)	(8,678)
Share-based payment	5,083	4,386
(Decrease)/increase in liabilities at FVTPL[1]	(2,158)	262
Release of fund units held against deferred remuneration	(1,210)	7,356
Cash flows generated from operations	51,978	51,975

1. Movement includes those arising from acquiring and/or losing control of consolidated seed funds.

4.10 Provisions and other liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

(a) Non-current

	31 March 2024 £'000	31 March 2023 £'000
Dilapidations provisions	1,373	1,374
Lease liabilities (Note 4.3)	6,164	7,526
	7,537	8,900

As part of its operating lease agreements for the premises at 16 Palace Street and in Zurich, the Group has an obligation to pay for dilapidation costs at the end of the lease term. The movement in the provision balance is as a result of foreign exchange movements on the translation of the Zurich provision upon consolidation (2023: The movement was a result of additional leased premises at 16 Palace Street and Zurich during the year).

(b) Current

	31 March 2024 £'000	31 March 2023 £'000
Other provisions	247	3,203

Other provisions as at the year ended 31 March 2023 included all associated legal costs of the Group's legal action against FPA which was settled in May 2023 and the related counterclaim including additional costs related to the liquidation of the Phaeacian entities. These were treated as exceptional items in the prior year (see note 3.8).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

4.11 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on settlement. Other creditors include the deferred remuneration liability, refer to Note 3.5 for the accounting policy. Refer to Note 4.3 for the lease accounting policy.

	31 March 2024 £'000	31 March 2023 £'000
Other creditors	43,390	42,519
Lease liabilities (Note 4.3)	1,342	1,729
Accruals	19,396	24,403
	64,128	68,651

4.12 Issued share capital and reserves

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

Own shares held

The Group operates, and funds by way of loan, an employee benefit trust for the purpose of satisfying certain share awards to employees. Own shares held are equity shares of the Company acquired and held by this trust. Such shares are recognised at cost and are presented in the Group balance sheet as a deduction from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own shares.

(a) Issued share capital Group and Company

Allotted, called up and fully paid:	31 March 2024 £'000	31 March 2023 £'000
101,195,879 ordinary shares of 2.5p each (2023: 100,790,725 ordinary shares of 2.5p each)	2,530	2,520

The increase in share capital arises from the issue of 405,154 (2023: 541,818) shares in connection with previously crystallised manager preference shares as described in Note 3.6.

(b) Nature and purpose of reserves

(i) Share premium

Share premium records the difference between the nominal value of shares issued and the full value of the consideration received.

(ii) Own shares held

At 31 March 2024 there were 6,073,027 shares of 2.5p each (2023: 5,371,539 shares of 2.5p each) held by the Employee Benefit Trust (EBT), for the purpose of satisfying share option obligations to employees and 563,580 (2023: 484,749) shares of 2.5p each held by Group entities as part of the Group Deferred Remuneration Plan. During the year, 988,512 (2023: 433,115) shares were released from the EBT to satisfy the exercise of employee share options and LTIP awards.

(iii) Capital reserves

The capital reserve represents a share capital repurchase reserve.

(iv) Other reserves

Other reserves relate to movements in:

- current and deferred tax that arise on share-based payments; and
- exchange differences arising on translation of foreign operations.

4.13 Dividends paid and proposed

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are declared and paid.

Dividends on ordinary shares declared and paid during the year:

	31 March 2024 £'000	31 March 2023 £'000
First interim dividend for 2024: 14.0p per share (2023: 14.0p per share)	13,464	13,570
Second interim dividend for 2023: 32.0p per share (2022: 32.0p per share)	30,865	30,911
Total dividend paid and charged to equity	44,329	44,481

Dividends on ordinary shares proposed for approval by the board of directors (not recognised as a liability at 31 March 2024):

	31 March 2024 £'000	31 March 2023 £'000
Second interim dividend for 2024: 32.0p per share (2023: 32.0p per share)	30,869	30,888

The Board has declared a second interim dividend per share of 32.0p (2023: 32.0p) to be paid in August 2024.

Together with the first interim dividend per share of 14.0p paid in January 2024 the total dividend per share for the year amounts to 46.0p (2023: 46.0p).

4.14 Financial instruments risk management objectives and policies

The main areas of risk arising from the Group's financial instruments are credit risk, liquidity risk, market risk (which comprises price, interest rate and foreign currency risks) and capital risk. Each of these risks is discussed in detail below. The Group monitors financial risks on a consolidated basis and intra-Group balances are settled when it is deemed appropriate for both parties to the transaction. The Company is not exposed to material financial risk and separate disclosures for the Company have not been included. The Group has designed a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate for a listed company. The management of risk within the Group is governed by the Board and overseen by the Audit and Risk Committee.

(i) Credit risk

Credit risk is the risk of financial loss if a counterparty fails to settle its debt to the Group. The Group is exposed to credit risk primarily from its treasury activities including deposits held with banks and financial institutions but also from its trade receivables.

Amounts placed on deposit are invested according to a treasury policy that is designed to reduce concentration and counterparty risk. The carrying value of the Group's cash and cash equivalents amounting to £98.9m (2023: 107.0m) and financial assets at amortised cost amounting to £6.7m (2023:£nil) represents its maximum exposure to credit risk at the year end.

Fees due from funds managed by the Group are invoiced monthly or quarterly and are settled within 30 days of the invoice date. There have not been settlement issues with any funds and the risk is therefore regarded as low. The carrying value of trade receivables amounting to £14.5m (2023: £13.1m) represents the Group's maximum credit risk exposure.

There were no significant concentration of credit risk at 31 March 2024 (2023: none).

(ii) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations as they fall due. The Group maintains significant liquid resources in the form of cash in order to meet working capital and regulatory needs. The Group's treasury policy is designed to align the duration period of the cash investments to the working capital requirements of the Group which from time to time, may invest in term deposits with a maturity of greater than three months to take advantage of favourable interest rates.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

The Group's financial liabilities comprise lease liabilities, trade and other payables, derivative instruments and third-party interests in funds that have been consolidated as subsidiaries. The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2024 and 31 March 2023 based on contractual undiscounted payments.

As at 31 March 2024	Within 1 year or repayable on demand £'000	1–5 years £'000	Total £'000
Financial liabilities			
Lease liabilities	1,520	6,382	7,902
Trade and other payables	62,786	–	62,786
Financial liabilities at FVTPL	5,429	417	5,846
Other liabilities	9	–	9
Total	69,744	6,799	76,543

As at 31 March 2023	Within 1 year or repayable on demand £'000	1–5 years £'000	Total £'000
Financial liabilities			
Lease liabilities	1,949	7,912	9,861
Trade and other payables	66,922	–	66,922
Financial liabilities at FVTPL	16,378	799	17,177
Other liabilities	10	–	10
Total	85,259	8,711	93,970

(iii) Price risk

Price risk is the risk that changes in market prices will affect the Group's income or value of its investments.

The Group holds financial assets at fair value through profit or loss consisting of seed investments in funds that it manages and investment securities consisting of the underlying investments of the funds which have been consolidated, which are sensitive to movements in market equity prices. The total exposure as at 31 March 2024 was £40.8m (2023: £60.3m).

The Group's policy is to hedge the market price risk of its seed investments as explained in Note 4.5(d).

Should the market move by +/- 10%, and all the funds (and hence the Group's investments) move by this same amount, it would result in a change to the carrying value of the assets of +/- £4.0m (2023: +/- £6.0m).

This movement would be recognised in the consolidated statement of profit or loss.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows related to financial instruments will fluctuate because of changes to market interest rates.

The Group's cash at banks and other financial institutions earn nominal amounts of interest at a floating rate and any change in market interest rates would result in negligible change to profit before tax. The Group enters into term-deposits at fixed interest rates with banks and financial institutions to take advantage of favourable fixed interest rates which are not subject to interest rate fluctuations. The Group has no borrowings.

(v) Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will cause the Group to suffer losses.

The Group also holds assets at FVTPL consisting of investments in its own funds. Where such investments are made in funds denominated in a currency other than the Group's functional currency, Sterling, the Group is exposed to changes in foreign currency exchange rates.

4.14 Financial instruments risk management objectives and policies continued

As at the year-end there were six (2023: five) seed investments where the Group has hedged against the risk of exposure to changes in the foreign currency exchange rates caused by the underlying US Dollar (2023: US Dollar) assets within these funds. The Group had six (2023: five) forward currency contracts, with a notional amount of US$23.9m (2023: US$34.1m) to sell for £18.9m (2023: £27.6m). These contracts are not designated as hedging instruments and are not subject to hedge accounting.

The Group's hedging policy for the year ended 31 March 2024 serves to mitigate its exposure to foreign currency risk on its revenue and balance sheet investments. Any changes in foreign exchange rates will have an equal and opposite effect on the hedged items and open forward currency contracts.

(vi) Capital management

All companies within the Group except for entities being restructured, are managed as going concerns and have sufficient capital to meet their day-to-day needs and to fulfil any externally imposed capital requirements. The capital of the Group and the Company consists of equity attributable to equity holders of the parent company, comprising issued share capital, share premium, reserves and retained earnings as disclosed in Note 4.12.

The Group is supervised by the Financial Conduct Authority and submits appropriate returns on the capital adequacy of both the Group and the regulated entity, Polar Capital LLP. Throughout the year the Group and Polar Capital LLP held surplus capital over the regulated requirement. The Group's MIFIDPRU public disclosure document can be found on the Group's website at www.polarcapital.co.uk.

(vii) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At the end of both the current year as well as the comparative period, all financial instruments at fair value through profit or loss held by the Group were Level 1 except for:

- forward foreign exchange contracts classified as Level 2. These were fair valued using valuation techniques that incorporate foreign exchange spot and forward rates.
- other financial liability classified as Level 3. These were fair valued using a discounted cash flow models that incorporate unobservable inputs.

The fair value hierarchy of financial assets and liabilities which are carried at fair value at the year-end is as follows:

	31 March 2024				31 March 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets								
Assets at FVTPL	62,433	–	–	62,433	83,048	–	–	83,048
Other financial assets	3,393	–	–	3,393	5,237	–	–	5,237
	65,826	–	–	65,826	88,285	–	–	88,285
Financial liabilities								
Liabilities at FVTPL	5,380	–	294	5,674	16,285	–	546	16,831
Other financial liabilities	–	9	–	9	–	10	–	10
	5,380	9	294	5,683	16,285	10	546	16,841

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2024

Movement in liabilities at FVTPL categorised as Level 3 during the year were:

	31 March 2024 £'000	31 March 2023 £'000
At 1 April	546	855
Repayment	(70)	(226)
Net gain recognised in the statement of profit or loss	(182)	(83)
At 31 March	294	546

The fair value of financial instruments not held at fair value approximates to their carrying value as at reporting date. During the reporting year there were no transfers between levels in fair value measurements.

4.15 Contingent liabilities

Contingent liabilities are potential obligations that may arise due to uncertain future events that are not wholly within the control of the Group. Such liabilities are disclosed when the chance of such events occurring is no longer remote.

There are no contingent liabilities to disclose at 31 March 2024 (2023: nil).

4.16 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not included in this Note.

The investments in financial assets at FVTPL disclosed in Note 4.5(a) are in affiliated funds that are managed by a subsidiary of the Group and details of management and performance fees received are disclosed in Note 3.1.

Details of investment in associates are disclosed in Note 4.7(c).

Remuneration of key management personnel

The remuneration, net of deferment, of key management, which includes the Executive and Non-Executive Directors, is summarised below.

	31 March 2024 £'000	31 March 2023 £'000
Short-term employee benefits	2,854	3,136
Defined contribution pensions	149	140
Share-based payment benefits	1,635	1,755
	4,638	5,031

At the end of the year the Group had no balances owing to or in regards to key personnel (2023: £nil). Options to acquire ordinary shares held by the Directors during the year ended 31 March 2024 are disclosed in the Remuneration Committee's Report.

Company Balance Sheet

As at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Non-current assets			
Investments	5.2	20,564	23,140
Current assets			
Trade and other receivables	5.3	49,796	43,748
Cash and cash equivalents		544	4,846
		50,340	48,594
Current liabilities		38	7
Net assets		70,866	71,727
Capital and reserves			
Issued share capital		2,530	2,520
Share premium		19,364	19,364
Retained earnings			
At 1 April		49,843	48,453
Profit for the year		44,494	44,624
Other movements		(45,365)	(43,234)
		48,972	49,843
Total Equity		70,866	71,727

The notes on page 133 form part of these financial statements.

The Company financial statements were approved and authorised for issue by the Board on 26 June 2024 and signed on its behalf by:

Samir Ayub
Chief Financial Officer

Registered number: 4235369

Company Statement of Changes in Equity

For the year ended 31 March 2024

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2022	2,506	19,364	48,453	70,323
Profit for the year	–	–	44,624	44,624
Dividends paid to shareholders (Note 4.13)	–	–	(44,481)	(44,481)
Share-based payment	–	–	2,656	2,656
Issue of share capital (Note 4.12)	14	–	(1,409)	(1,395)
As at 1 April 2023	2,520	19,364	49,843	71,727
Profit for the year	–	–	44,494	44,494
Dividends paid to shareholders (Note 4.13)	–	–	(44,329)	(44,329)
Share-based payment	–	–	3,198	3,198
Issue of share capital (Note 4.12)	10	–	(4,234)	(4,224)
As at 31 March 2024	2,530	19,364	48,972	70,866

The notes on page 133 form part of these financial statements.

Company Cash Flow Statement

For the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Cash flows generated from operating activities			
Cash generated from operations	5.4	38,477	46,017
Net cash inflow generated from operating activities		38,477	46,017
Cash flows generated from investing activities			
Return of contribution		1,540	1,844
Net cash inflow from investing activities		1,540	1,844
Cash flows generated from financing activities			
Equity dividends paid		(44,329)	(44,481)
Issue of share capital		10	14
Net cash outflow from financing activities		(44,319)	(44,467)
Net (decrease)/increase in cash and cash equivalents		(4,302)	3,394
Cash and cash equivalents at start of the year		4,846	1,452
Cash and cash equivalents at end of the year		544	4,846

The notes on page 133 form part of these financial statements.

Notes to the Company Financial Statements

For the year ended 31 March 2024

SECTION 5: NOTES TO THE COMPANY FINANCIAL STATEMENTS

5.1 Basis of preparation

The separate financial statements of Polar Capital Holdings plc ('the Company') have been prepared on a going concern basis (see Note 1.3) in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and the Companies Act 2006. No profit or loss account is presented for the Company as permitted under section 408 of the Companies Act 2006.

The Company financial statements have been prepared under the historical cost convention and are presented in Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise stated. The accounting policies for the Company are the same as those for the Group except where specifically stated in the following Notes and have been consistently applied. No significant accounting judgements and estimates were used in the preparation of the financial statements.

5.2 Investments

Investments relates to investments in subsidiaries and are held at the lower of cost and recoverable amount. The carrying value is reviewed for impairment when there is an indication that the carrying value may not be recoverable. The investments include the Company's wholly owned subsidiaries Polar Capital Partners Limited and Polar Capital US Holdings Limited, details of which are provided in Note 4.6.

	31 March 2024 £'000	31 March 2023 £'000
As at 1 April	23,140	23,737
Share-based payments	3,198	2,656
Return of contribution	(5,774)	(3,253)
As at 31 March	20,564	23,140

Share based payments for awards granted to employees of subsidiary entities where the Company is the grantor of the awards or settles them with its own equity are accounted for as capital contributions by the Company to Polar Capital Partners Limited, with a corresponding credit to equity in the Company financial statements. Amounts returned by subsidiary entities to the Company on settlement of awards are classified as a return of contribution.

5.3 Trade and other receivables

Other receivables for the Company are due from Polar Capital Partners Limited and are non-interest bearing and repayable on demand (Note 5.5).

5.4 Cash flows generated from operations

A reconciliation of profit before taxation to cash generated from operations is as follows:

	31 March 2024 £'000	31 March 2023 £'000
Profit before taxation	44,494	44,624
Impairment	–	–
(Increase)/decrease in receivables	(6,048)	1,387
Increase in payables	31	6
Cash flows generated from operations	38,477	46,017

5.5 Related party transactions

The Company has an intercompany balance with Polar Capital Partners Limited. The balance receivable from Polar Capital Partners Limited of £49.8m (2023: £43.7m) relates to cash movements by the subsidiary on behalf of the Company.

5.6 Other disclosures

The Company does not have any employees as they are employed by other Group entities. See Note 3.4(b) for the statutory audit fee for the Company and Note 4.16 for key management personnel remuneration disclosure.

Additional Information

In this section

Glossary

AGM	Annual General Meeting
Alpha	Measure that shows how well (or badly) a stock has performed in comparison to a benchmark index
AMF	Authorité des Marchés Financiers of France
APM	Alternative Performance Measures
AuM	Assets under management
Beta	Measure that shows how volatile a stock's price has been in comparison to the market as a whole
Board	The Board of Directors of the Company
BPS/basis points	A basis point is a common unit of measure for interest rates and other percentages in finance
Company	Polar Capital Holdings plc
DBP	Deferred Bonus Plan
EBT	An Employee Benefit Trust, a type of discretionary trust established to hold cash or other assets for the benefit of employees, such as shares to satisfy share awards
EPS	Earnings per share
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority of the United Kingdom
FVTPL	Fair value through profit or loss
GAAP	Generally Accepted Accounting Principles
GDPR	General Data Protection Regulation
Group	The Company and all its subsidiaries
ICARA	Internal Capital Adequacy and Risk Assessment
IFPR	The UK Investment Firm Prudential Regime
LTIP	Long-term Incentive Plan
MiFID II	The second iteration of the Markets in Financial Instruments Directive which is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded
PE multiples	Price to Earnings multiples
SFDR	The EU's Sustainable Finance Disclosure Regulation
SICAV	Open-ended collective investment scheme may be in the form of a contractual fund or an investment company with variable capital
SMCR	Senior Managers and Certification Regime; FCA regulation aimed at protecting consumers and strengthening market integrity by making senior individuals more accountable for their conduct and competence
tCO_2e	Tonnes (t) of carbon dioxide (CO_2) equivalent (e)
TSR	Total Shareholder Return
UCITS	Undertaking for Collective Investment in Transferable Securities; a regulatory framework of the European Commission that creates a harmonised regime throughout the EU for the management and sale of regulated investment funds

Shareholder Information and Advisors

Company No.
Registered in England and Wales
4235369

Registered office
16 Palace Street
London, SW1E 5JD
Tel: 020 7227 2700

Group Company Secretary
Tracey Lago, FCG

Website
www.polarcapital.co.uk

Annual General Meeting
25 September 2024

Please see separate AGM Notice for details.

Shares
The shares are traded on the Alternative Investment Market of the London Stock Exchange and information on the share price and the Company can be accessed via the Company's website or at www.londonstockexchange.com – code: POLR; or Bloomberg: POLR LN.

ISIN number
GB00B1GCLT25

SEDOL code
B1GCLT2

Dividends
Where possible, it is recommended that dividend payments are made directly into a bank account to provide improved security and faster access to funds. Arrangements for this may be made via the registrar's website or in writing to the registrar.

First interim dividend
For the financial year ended 31 March 2024

Amount
14.0p per ordinary share

Ex-dividend date
14 December 2023

Record date
15 December 2023

Payment date
12 January 2024

Second interim dividend
For the financial year ended 31 March 2024

Amount
32.0p per ordinary share

Ex-dividend date
4 July 2024

Record date
5 July 2024

Payment date
2 August 2024

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