



## Polar Capital Holdings plc

Interim results for the six months ended 30 September 2024





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# 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 14 investment teams managing 26 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 30 September 2024 of £22.7bn.

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



Combined  
AuM  
**£22.7bn**

## 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

**“Continued fund performance and our diversification meant that Polar Capital’s Assets under Management grew by 4% over the period, from £21.9bn to £22.7bn and given the positive outlook for the business, the first interim dividend per share was maintained at 14.0p.”**

Gavin Rochussen, Chief Executive Officer

## Assets under Management (AuM)

### +4%

30 September 2024 **£22.7bn**

31 March 2024 **£21.9bn**

## Profit before tax

### +9%

30 September 2024 **£23.1m**

30 September 2023 **£21.1m**

## Core operating profit†

### +21%

30 September 2024 **£27.3m**

30 September 2023 **£22.5m**

## Basic earnings per share

### +7%

30 September 2024 **17.3p**

30 September 2023 **16.2p**

## Adjusted diluted total earnings per share†

### +42%

30 September 2024 **24.5p**

30 September 2023 **17.2p**

## Interim dividend per ordinary share

### Dividend maintained

30 September 2024 **14.0p**

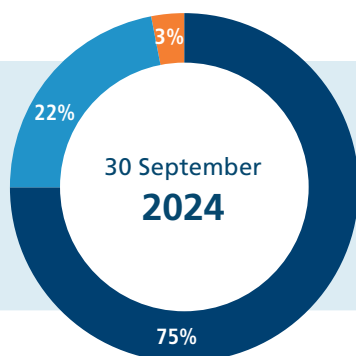
30 September 2023 **14.0p**

† The non-GAAP alternative performance measures shown here are described on page 8.  
This report does not constitute an offer or recommendation to invest in any of the funds referenced within.

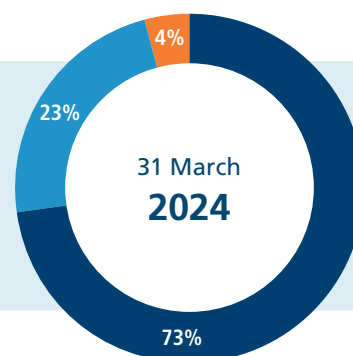


# Assets under Management

## AuM split by type



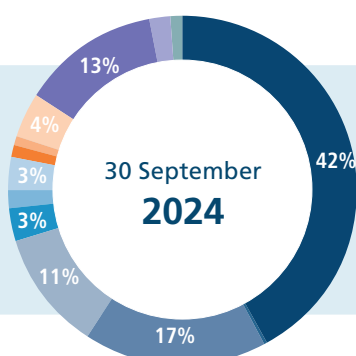
	£bn	
Open ended funds	16.9	75%
Investment trusts	5.1	22%
Segregated mandates	0.7	3%
<b>Total</b>	<b>22.7</b>	



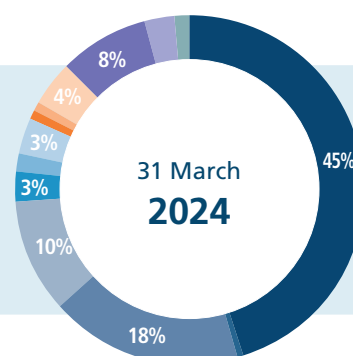
	£bn	
Open ended funds	16.0	73%
Investment trusts	5.1	23%
Segregated mandates	0.8	4%
<b>Total</b>	<b>21.9</b>	

## AuM split by strategy

Ordered according to launch date



	£bn	
Technology	9.7	42%
European Long/Short	0.1	0.4%
Healthcare	3.9	17%
Global Insurance	2.5	11%
Financials	0.6	3%
Convertibles	0.4	1.8%
North America	0.6	3%
Japan Value	0.2	1%
European Income	0.2	1%
UK Value	1.0	4%
Emerging Markets and Asia	2.9	13%
European Opportunities	0.4	1.8%
Sustainable Thematic Equities	0.2	1%
International Small Company*	—	—
<b>Total</b>	<b>22.7</b>	



	£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%
Sustainable Thematic Equities	0.3	1.5%
International Small Company*	—	—
<b>Total</b>	<b>21.9</b>	

\* The International Small Company Fund was launched on 30 September 2024 and its closing AuM was £7m.

# Chief Executive's Report



**Gavin Rochussen** Chief Executive Officer

## Market Overview

The first half of Polar Capital's financial year ended on a strong note in both equity and bond markets. The 10-year US government bond yield ended September 2024 at 3.8%, having been very close to 5.0% almost a year earlier. Equity markets also moved higher, consistently in the case of the US, where growth is moderating, and explosively in the case of China, where a package of economic stimulus measures was announced right at the end of September 2024.

The Chinese equity market has moved from being one of the most disliked investment destinations for international investors to one of the most discussed, as investors have closed short positions. The Chinese market is undeniably cheap, even versus the rest of Asia, but the economy still has structural problems. The cheap manufacturing model has been gradually undermined by higher wages and by overcapacity, consumers have not been spending as freely as before, despite their high savings ratio, and the private sector arguably still needs greater freedom. These problems may be too complex to be solved simply with an interest rate cut, but the apparent willingness of the Chinese authorities to support assets such as real estate and equities could restore consumer confidence.

There have been eye-catching moves in other assets too. The oil price has often been a hedge in times of geopolitical stress. It fulfilled this role after the Russian invasion of Ukraine in 2022 but has performed less well during the current Middle East conflict. Perhaps the expansion of alternative energy sources, and most recently the re-emergence of nuclear power, have played a part. Also, the US is now a net exporter of oil, making Middle Eastern oil supply somewhat less critical.

The gold price is benefiting not just from concern about worldwide war and conflict, but also from demand for jewellery in India and China and their central banks buying gold. Indian gold imports have just hit record levels as the government has cut import duties. Gold has traditionally been a good insulator against the extremes of inflation and recession, but it is unusual for the gold price to outperform a rising US equity market.

## Fund Performance

Equity markets have continued to make progress over the six-month period. The technology sector has performed well, and China's strong rally in September 2024 left the previously underperforming Emerging Markets on a par with other regions year-to-date. Some European markets, and the UK in particular, continue to suffer from lower economic growth, and from a less vibrant corporate sector.

Two structural factors, namely benchmark index concentration, and the underperformance of smaller companies versus broad markets, remain influential. There is a well-documented inverse relationship between index concentration and the relative performance of active managers; when individual companies become very large index constituents, fund concentration rules make it more difficult for managers to capitalise. This has made it particularly hard for Polar's technology funds to deliver returns in excess of their benchmarks.

The underperformance of smaller companies versus large peers has also made life more difficult for some of Polar Capital's strategies in the period, specifically Polar Capital's North American and European Opportunities strategies. Smaller companies have tended to perform less well in periods of high or rising interest rates, as they tend to have more floating rate debt. Nevertheless, small and mid-cap companies have been a rich source of investment ideas in the past, and history suggests that index concentration, currently at a high level, does mean revert. These factors will not remain headwinds forever.

Other teams at Polar Capital have delivered good results in the period. Polar Capital's Healthcare Opportunities Fund, and its Financials Funds, both long-standing areas of strength in thematic investing at Polar Capital, have delivered good results. Healthcare Opportunities was an early investor in some of the smaller beneficiaries of the GLP-1 category of obesity medication, which has been beneficial, and the financials team has been successful recently both in banks and non-bank financials.

Polar Capital's UK Value strategy has capitalised on the recent outperformance of the FTSE 250 versus the FTSE 100, finding enduring success stories in mid-sized UK companies, while the Polar Capital China Stars Fund, the Japan Value strategy, and the Polar Capital Europe ex-UK Income Fund also outperformed their respective benchmarks in the six-month period under review.

## Chief Executive's Report continued

Across the Polar Capital UCITS fund range, which represents 75% of the Group's total AuM, 90% of AuM is in the top two quartiles of the appropriate Lipper peer group over one year to 30 September 2024. 77% of AuM is in the top two quartiles over three years, 97% over five years and 99% since inception. Since inception to 30 September 2024, 91% of AuM is in the top quartile against the Lipper peer group.

Against the backdrop of highly concentrated indices, as at the end of September 2024, 44% of UCITS AuM has outperformed the benchmark over one year, 39% exceeded the benchmark over three years, 39% was ahead over five years and 88% outperformed the benchmark since inception.

### AuM and Fund Flows

Broadridge Fund Data indicate that in the period May 2024 to August 2024 across Europe and the UK, active equity funds have been in outflow with net inflows into passive equity funds. Flows into fixed income instruments have dominated net inflows for the period November 2023 to August 2024. The past six months have been challenging for active equity managers.

In the six months to 30 September 2024, AuM increased from £21.9bn to £22.7bn, an increase of 4% over the period. The £795m increase in AuM comprised net inflows of £472m and an increase of £323m related to market movement and fund performance.

In the six months, our Emerging Market and Asia Stars fund range received net inflows of £929m despite muted investor interest in emerging markets equities. The significant net inflows were almost entirely a consequence of gaining market share from peer emerging market equity managers.

The Healthcare suite of funds has performed well against benchmark and against the Lipper peer group and has attracted net inflows into the Healthcare Opportunities and Biotech Funds of £144m and £77m respectively. However, this was partially offset by separate account mandate trimming of £96m and £40m relating to the redemption of the fixed life preference shares linked to Polar Capital Global Healthcare Trust.

The Polar Capital Global Insurance Fund continued its excellent performance and is up 22% year to date in absolute terms and ahead of benchmark by 3% over the same period while 18% up in absolute terms annualised over three years and ahead of benchmark by 3% annualised over three years. Since the Fund's inception in 1998 it is ranked at the 4<sup>th</sup> percentile against the Lipper peer group as at 30 September 2024. The Fund had net inflows of £29m in the six months to 30 September 2024.

The Polar Capital Japan Value Fund is 15<sup>th</sup> percentile since inception against the Lipper peer group and has returned 16% annualised over three years beating the benchmark by 4% on an annualised basis over three years. The Fund had net inflows of £22m in the six-month period.

While interest in the Polar Capital Artificial Intelligence Fund continued with net inflows of £82m in the period, net outflows from the open-ended Polar Capital Technology Fund were £243m and share buy backs by the Polar Capital Technology Investment Trust amounted to £59m in the period.

The Polar Capital Smart Energy Fund and a related separate account mandate suffered net outflows of £50m in the six months as a result of muted investor appetite for sustainable funds.

Continued negative investor sentiment towards UK and European equities led to redemptions from the Melchior European Opportunities Fund of £64m and the trimming of a separate account mandate of £38m. The Polar Capital European ex-UK Income Fund had net outflows of £21m and the Polar Capital UK Value Opportunities strategy had net outflows of £11m in the six months. While the Polar Capital European Forager Fund had net redemptions of £4m during the period, a significant long-term investor in the fund redeemed £84m in October 2024 as a consequence of asset allocation and reorganisation of the client's fund structure. This led to the decision by the Board of the Forager fund to liquidate the Fund and return capital to all clients at the same time.

The Polar Capital North American Fund continued to suffer net outflows as performance was challenging given the high stock concentration in the indices and continuing competition from passive US equity funds. Net outflows from the fund in the six months were £104m.

The Polar Capital Global Convertible Bond funds experienced outflows of £60m, given the higher interest environment with investors seeking yield from lower risk asset classes such as money market funds.

## Chief Executive's Report continued

### Financial Results

Average AuM over the six months to 30 September 2024 increased by 13% from the preceding six months, rising from £19.9bn to £22.4bn. However, relative to the comparable six-month period to 30 September 2023, average AuM increased by 15% from £19.4bn to £22.4bn. The increase in average AuM resulted in net management fees<sup>†</sup> increasing by 15% to £87.6m from £76.5m in the comparable prior six-month period. Management fee yield margin<sup>†</sup> declined, as anticipated, by 1bp to 78bps over the period compared to the comparable prior half-year period.

Total operating costs increased by 22% to £67.3m compared to the comparable prior half-year period, primarily due to higher variable compensation costs and impairment of goodwill.

Core operating profit<sup>†</sup> increased by 21% to £27.3m compared to the comparable prior half-year period and is up by 22% from £22.3m in the preceding six-month period to 31 March 2024.

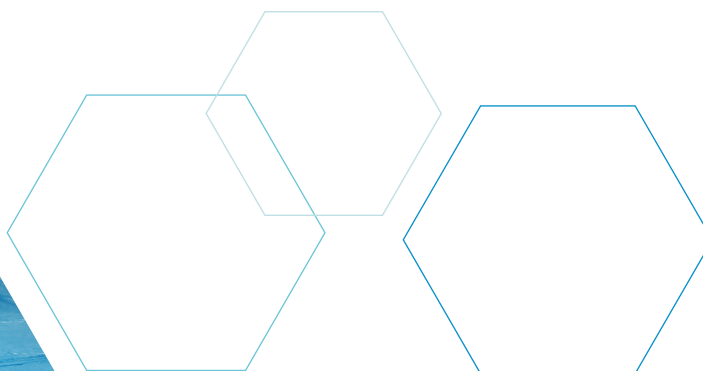
Profit before tax increased by 9% to £23.1m compared to the comparable prior half-year. Basic EPS increased by 7% compared to the half year period to 30 September 2023. Exceptional items of £6.0m included an impairment of the goodwill from the acquisition of Dalton Strategic Partnership LLP.

Adjusted diluted core EPS<sup>†</sup> of 20.5p for the current period ending 30 September 2024 represents an 18% increase over the comparable prior half-year period ending 30 September 2023.

	Six months to 30 September 2024 £'m	Six months to 30 September 2023 £'m	Six months to 31 March 2024 £'m
Average AuM (£'bn)	22.4	19.4	19.9
Net management fees <sup>†</sup>	87.6	76.5	77.2
Core operating profit <sup>†</sup>	27.3	22.5	22.3
Performance fee profit <sup>†</sup>	–	–	9.6
Other income*	2.8	(0.5)	2.7
Share-based payments on preference shares	(1.0)	(0.3)	(0.4)
Exceptional items	(6.0)	(0.6)	(0.6)
Profit before tax	23.1	21.1	33.6
Core operating margin <sup>†</sup>	31%	29%	29%
Management fee yield <sup>†</sup>	78 bps	79 bps	78 bps
Basic EPS	17.3p	16.2p	26.1p
Adjusted diluted total earnings per share <sup>†</sup>	24.5p	17.2p	26.8p
Adjusted diluted core EPS <sup>†</sup>	20.5p	17.3p	17.7p

<sup>†</sup> The non-GAAP alternative performance measures shown here are described on page 8 and reconciled to IFRS measures on page 9.

\* A reconciliation to reported results is given on page 9.





## Chief Executive's Report continued

The Board has declared an interim dividend of 14.0p to be paid in January 2025 (January 2024: 14.0p). Maintaining last year's first interim dividend of 14.0p represents a covered dividend that is 68% of first half adjusted diluted core EPS compared to the prior comparable period when the dividend represented 81% of adjusted diluted core EPS. This reflects the improving results and our confidence in the business and the strength of our balance sheet.

### Strategic progress

In September 2024, we were pleased to announce the launch of the US domiciled Polar Capital International Small Company Fund with Dan Boston as Lead Manager. Dan brings 19 years' experience to his role and now heads our US-based and newly established Global Small Company team. The team takes a 'research first' approach to seeking out wealth creating smaller companies with the ability to compound over the long-term and become industry leaders. International expansion remains a key part of our 'Growth with Diversification' strategy and this launch represents an important strategic milestone.

There has been further recognition of our specialist funds with Polar Capital winning the Emerging Markets Manager of the Year Award in the European Pensions Awards 2024. Given the strategic focus on growing the client base in the US, it is pleasing that Morningstar have upgraded the Emerging Markets Stars US 40 Act mutual fund from a Bronze to a Silver rating, driven by increased conviction in our investment team. The Polar Capital Global Insurance Fund won the Specialist Equities category at the Investment Week Fund Manager of the Year Awards 2024. Polar Capital Emerging Markets Stars Fund has been shortlisted for Best Sustainable Emerging Markets Fund at the Investment Week Sustainable Investment Awards 2024 and Polar Capital Smart Energy Fund has been shortlisted for Best ESG Investment Fund at the ESG Investing Awards 2024. Both Polar Capital Global Healthcare Trust and Polar Capital Technology Trust have been shortlisted in the specialist sector at the Investment Week Investment Company of the Year Awards 2024. Polar Capital Global Healthcare Trust has been shortlisted for 'Sector Performance Award' at Citywire Investment Trust Awards 2024.

As always, we are grateful for the commitment and dedication from our staff over the period as we have seen a recovery in net inflows, improved fund performance and increased profitability. We are also appreciative of the ongoing support from our loyal and supportive clients and shareholders.

### Outlook

While the conflict in Ukraine and the Middle East still brings uncertainty, inflation across the world has been falling and many Central Banks have now started to cut interest rates. This may create a better backdrop for risk assets. Investors remain cautious and many opt to retain high cash balances as current uncertain conditions play out. UK based investors have been particularly cautious leading up to and following the Autumn Budget.

Given our compelling long-term investment performance and remaining capacity in a broad range of active, specialist and differentiated thematic, sector and regionally focused fund strategies, we are confident that we can continue to perform for our clients and shareholders over the long term.

**Gavin Rochussen**

Chief Executive Officer

15 November 2024

# Alternative Performance Measures (APMs)

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

APM	Definition	Reconciliation	Reason for use
<b>Core operating profit</b>	Profit before performance fee profits, other income and tax.	Page 9	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.
<b>Performance fee profit</b>	Gross performance fee revenue less performance fee interests due to staff.	Page 9	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.
<b>Core distributions</b>	Variable compensation payable to investment teams from management fee revenue.	Page 9	To present additional information thereby assisting users of the accounts in understanding key components of variable costs paid out of management fee revenue.
<b>Performance fee interests</b>	Variable compensation payable to investment teams from performance fee revenue.	Page 9	To present additional information thereby assisting users of the accounts in understanding key components of variable costs paid out of performance fee revenue.
<b>Adjusted diluted total EPS</b>	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 9	The Group believes that (a) as the preference share awards have been designed to be earnings enhancing so 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 accounts to gain a useful supplemental understanding of the Group's results and their comparability period on period and (c) removing the non-cash amortisation, and any impairment, of intangible assets and goodwill provides a useful supplemental understanding of the Group's results.
<b>Adjusted diluted core EPS</b>	Core operating profit after tax excluding the net cost of deferred core distributions divided by the weighted average number of ordinary shares.	Page 9	To present additional information that allows users of the accounts 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.
<b>Core operating profit margin</b>	Core operating profit divided by net management fees revenue.	Page 6	To present additional information that allows users of the accounts to measure the core profitability of the Group before performance fee profits, and other components, which can be volatile and non-recurring.
<b>Net management fees</b>	Gross management fees less commissions and fees payable.	Page 9	To present a clear view of the net amount of management fees earned by the Group after accounting for commissions and fees payable.
<b>Net management fee yield</b>	Net management fees divided by average AuM.	Page 6	To present additional information that allows users of the accounts 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, 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.

	2024 Interim Reported Results £'m	Reclassification on consolidation of seed investments £'m	Reclassification of costs £'m	2024 Interim Non-GAAP results £'m	2023 Interim Non-GAAP results £'m	APMs
Investment management and research fees	100.6	–	–	100.6	86.9	
Commissions and fees payable	(13.0)	–	–	(13.0)	(10.4)	
	87.6	–	–	87.6	76.5	Net management fees
Operating costs	(67.3)	0.1	31.4	(35.8)	(33.0)	
Finance costs	(0.1)	–	–	(0.1)	(0.1)	
	–	–	(24.4)	(24.4)	(20.9)	Core distributions
	20.2	0.1	7.0	27.3	22.5	Core operating profit
Performance fees	–	–	–	–	–	
	–	–	–	–	–	Performance fee interests
	–	–	–	–	–	Performance fee profit
Other income	2.9	(0.1)	–	2.8	(0.5)	
Exceptional items	–	–	(6.0)	(6.0)	(0.6)	
Share-based payments on preference shares	–	–	(1.0)	(1.0)	(0.3)	
Profit before tax for the period	23.1	–	–	23.1	21.1	

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:

	(Unaudited) 30 September 2024 Pence	(Unaudited) 30 September 2023 Pence
<b>Earnings per share</b>		
Diluted earnings per share	17.1	16.0
Impact of share-based payments - preference shares only	1.0	0.3
Impact of exceptional items	6.0	0.6
Impact of deferment, where IFRS defers cost into future periods	0.4	0.3
Adjusted diluted total EPS	24.5	17.2
Of which: Other income	(4.0)	0.1
Adjusted diluted core EPS	20.5	17.3

## Alternative Performance Measures (APMs) continued

### Exceptional items

Exceptional items for the period to 30 September 2024 include amortisation of the acquired intangible asset as part of Dalton acquisition and related impairment charge on the goodwill (2023: Exceptional items relate to amortisation of the intangible assets).

A breakdown of exceptional items is as follows:

	(Unaudited) 30 September 2024 £'m	(Unaudited) 30 September 2023 £'m
<b>Exceptional items</b>		
<b>Recorded in operating costs</b>		
Amortisation of intangible asset	0.6	0.6
Impairment of goodwill (See Note 8)	5.4	–
Net exceptional items recorded in the consolidated statement of profit or loss	6.0	0.6





## Interim Consolidated Statement of Profit or Loss

For the six months to 30 September 2024

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Revenue	100,616	86,891
Other income	2,884	(271)
<b>Gross income</b>	<b>103,500</b>	<b>86,620</b>
Commissions and fees payable	(12,960)	(10,435)
<b>Net income</b>	<b>90,540</b>	<b>76,185</b>
Operating costs	(67,309)	(55,020)
Finance costs	(100)	(108)
<b>Profit before tax</b>	<b>23,131</b>	<b>21,057</b>
Taxation	(6,484)	(5,423)
<b>Profit for the year attributable to ordinary shareholders</b>	<b>16,647</b>	<b>15,634</b>
<b>Earnings per share</b>		
Basic	17.3p	16.2p
Diluted	17.1p	16.0p
Adjusted basic (Non-GAAP measure)	24.8p	17.4p
Adjusted diluted (Non-GAAP measure)	24.5p	17.2p

## Interim Consolidated Statement of Other Comprehensive Income

For the six months to 30 September 2024

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
<b>Profit for the period attributable to ordinary shareholders</b>	<b>16,647</b>	<b>15,634</b>
<b>Other comprehensive (expense)/income – items that will be reclassified to profit or loss statement in subsequent periods:</b>		
Exchange differences on translation of foreign operations	(853)	(163)
<b>Other comprehensive expense for the period</b>	<b>(853)</b>	<b>(163)</b>
<b>Total comprehensive income for the period, net of tax, attributable to ordinary shareholders</b>	<b>15,794</b>	<b>15,471</b>

All of the items in the above statements are derived from continuing operations.

## Interim Consolidated Balance Sheet

As at 30 September 2024

	(Unaudited) 30 September 2024 £'000	(Audited) 31 March 2024 £'000
<b>Non-current assets</b>		
Goodwill and intangible assets	8,810	14,774
Property and equipment	7,356	8,307
Deferred tax assets	3,384	1,938
	19,550	25,019
<b>Current assets</b>		
Assets at fair value through profit or loss	81,827	62,433
Trade and other receivables	25,838	21,070
Other financial assets	1,067	3,393
Assets at amortised cost	3,349	6,698
Cash and cash equivalents	68,277	98,880
Current tax assets	287	127
	180,645	192,601
<b>Total assets</b>	200,195	217,620
<b>Non-current liabilities</b>		
Provisions and other liabilities	6,316	7,537
Liabilities at fair value through profit or loss	146	249
	6,462	7,786
<b>Current liabilities</b>		
Liabilities at fair value through profit or loss	7,699	5,425
Trade and other payables	57,845	64,128
Provisions	64	247
Other financial liabilities	–	9
Current tax liabilities	3,590	4,127
	69,198	73,936
<b>Total liabilities</b>	75,660	81,722
<b>Net assets</b>	124,535	135,898
<b>Capital and reserves</b>		
Issued share capital	2,539	2,530
Share premium	19,364	19,364
Investment in own shares	(30,625)	(34,652)
Capital and other reserves	11,767	12,019
Retained earnings	121,490	136,637
<b>Total equity – attributable to ordinary shareholders</b>	124,535	135,898

## Interim Consolidated Statement of Changes in Equity

For the six months to 30 September 2024

	Issued share capital £'000	Share premium £'000	Investment in own shares £'000	Capital reserves £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
<b>As at 1 April 2024 (audited)</b>	2,530	19,364	(34,652)	695	11,324	136,637	135,898
Profit for the year	–	–	–	–	–	16,647	16,647
Other comprehensive expense	–	–	–	–	(853)	–	(853)
Total comprehensive income	–	–	–	–	(853)	16,647	15,794
Dividends paid to shareholders	–	–	–	–	–	(30,869)	(30,869)
Issue of shares	9	–	–	–	–	(9)	–
Own shares acquired	–	–	(1,369)	–	–	–	(1,369)
Release of own shares	–	–	5,396	–	–	(4,489)	907
Share-based payment	–	–	–	–	–	3,573	3,573
Current tax in respect of employee share options	–	–	–	–	103	–	103
Deferred tax in respect of employee share options	–	–	–	–	498	–	498
<b>As at 30 September 2024 (unaudited)</b>	2,539	19,364	(30,625)	695	11,072	121,490	124,535
<b>As at 1 April 2023 (audited)</b>	2,520	19,364	(31,623)	695	11,604	140,295	142,855
Profit for the year	–	–	–	–	–	15,634	15,634
Other comprehensive expense	–	–	–	–	(163)	–	(163)
Total comprehensive income	–	–	–	–	(163)	15,634	15,471
Dividends paid to shareholders	–	–	–	–	–	(30,865)	(30,865)
Issue of shares	10	–	–	–	–	(10)	–
Own shares acquired	–	–	(7,588)	–	–	–	(7,588)
Release of own shares	–	–	5,925	–	–	(5,190)	735
Share-based payment	–	–	–	–	–	2,417	2,417
Current tax in respect of employee share options	–	–	–	–	18	–	18
Deferred tax in respect of employee share options	–	–	–	–	34	–	34
<b>As at 30 September 2023 (unaudited)</b>	2,530	19,364	(33,286)	695	11,493	122,281	123,077

## Interim Consolidated Cash Flow Statement

For the six months to 30 September 2024

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
<b>Cash flows generated from operating activities</b>		
Cash flows generated from operations	21,879	7,449
Tax paid	(8,028)	(5,853)
Interest received	1,198	1,104
<b>Net cash inflow generated from operating activities</b>	<b>15,049</b>	<b>2,700</b>
<b>Cash flows generated from investing activities</b>		
Investment income	239	350
Sale of assets/liabilities at fair value through profit or loss	12,841	28,971
Purchase of assets at fair value through profit or loss	(31,388)	(20,341)
Sale of assets at amortised cost	3,349	–
Purchase of property and equipment	(296)	(149)
Payments in respect of asset acquisition	(23)	–
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(15,278)</b>	<b>8,831</b>
<b>Cash flows generated from financing activities</b>		
Dividends paid to shareholders	(30,869)	(30,865)
Lease payments	(983)	(697)
Interest on lease	(100)	(108)
Purchase of own shares	(462)	(7,588)
Third-party subscriptions into consolidated funds	2,520	3,725
Third-party redemptions from consolidated funds	(300)	(10,163)
<b>Net cash outflow from financing activities</b>	<b>(30,194)</b>	<b>(45,696)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(30,423)</b>	<b>(34,165)</b>
Cash and cash equivalents at start of the period	98,880	106,976
Effect of exchange rate changes on cash and cash equivalents	(180)	(26)
<b>Cash and cash equivalents at end of the period</b>	<b>68,277</b>	<b>72,785</b>



# Selected Notes to the Unaudited Interim Consolidated Financial Statements

For the six months to 30 September 2024

## 1. General Information, Basis of Preparation and Accounting Policies

### 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 Basis of Preparation

The unaudited interim condensed consolidated financial statements to 30 September 2024 have been prepared in accordance with IAS 34: Interim Financial Reporting.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 March 2024, which have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

The accounting policies adopted, and the estimates and judgements used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with the Group's annual financial statements for the year ended 31 March 2024, except when otherwise stated.

The unaudited interim condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000), except when otherwise stated.

### 1.3 Group information

The Group is required to consolidate seed capital investments where it is deemed to control them. The operating subsidiaries consolidated at 30 September 2024 are consistent with those reported in the 31 March 2024 annual report, with the following additions: the Polar Capital Emerging Markets Healthcare Fund (a sub fund of Polar Capital Fund plc), consolidated as of 31 May 2024, and the Polar Capital International Small Company Fund (a US 40-Act mutual fund), consolidated as of 30 September 2024.

### 1.4 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 interim consolidated financial statements and considered the Group budget, longer term financial projections including stress testing scenarios applied as part of the Group's ICARA, cash flow forecasts and an analysis of the Group's forecasted liquid assets and its regulatory capital position.

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 has adequate resources to continue operating for a period of at least 12 months from the date of approval of the interim consolidated financial statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the interim consolidated financial statements.

## 2. Revenue

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Investment management and research fees	100,616	86,891

## Selected Notes to the Unaudited Interim Consolidated Financial Statements (continued)

For the six months to 30 September 2024

### 3. Components of other income

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Interest income on cash and cash equivalents	1,198	1,104
Net (loss)/gain on other financial assets/ liabilities - short positions	(1,992)	1,234
Net gain/(loss) on other financial assets/ liabilities - forward currency contracts	1,127	(265)
Net gain/(loss) on financial assets and liabilities at FVTPL	2,800	(4,603)
Investment income	239	350
Other (gain)/loss - attributed to third party holdings	(488)	1,909
	2,884	(271)

### 4. Operating costs

#### a) Operating costs include the following expenses:

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Staff costs including partnership profit allocations	46,976	39,765
Depreciation	1,246	1,232
Amortisation and impairment of intangible assets <sup>1</sup>	5,964	581
Auditors' remuneration	340	228

1. This balance includes impairment of goodwill amounting to £5.4m recognised in the current period.

#### b) Auditors' remuneration:

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Audit of Group and Company financial statements	97	56
Statutory audits of subsidiaries	153	105
Audit-related assurance services	19	4
Other assurance services – internal controls report	71	63
	340	228

### 5. Dividends

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Dividend paid	30,869	30,865

On 2 August 2024, the Group paid a second interim dividend for 2024 of 32p (2023: 32p) per ordinary share.

## Selected Notes to the Unaudited Interim Consolidated Financial Statements (continued)

For the six months to 30 September 2024

### 6. Share-based Payments

A summary of the charge to the consolidated statement of profit or loss for each share-based payment arrangement is as follows:

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Preference shares	978	370
LTIP awards	1,539	860
Equity incentive plan	346	304
Deferred remuneration plan	710	883
	3,573	2,417

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.

In November 2024, the Convertibles team called for a partial conversion of preference shares into Polar Capital Holdings equity (30 September 2023: No conversion).

At 30 September 2024 five sets of preference shares (30 September 2023: five sets) have the ability 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:

	(Unaudited) 30 September 2024 Number of shares	(Unaudited) 30 September 2023 Number of shares
<b>At 1 April</b>	2,234,988	2,367,680
Conversion/crystallisation	(114,716)	–
Movement in the period	289,507	(109,970)
<b>At 30 September</b>	2,409,779	2,257,710

#### Number of ordinary shares to be issued against converted preference shares:

	(Unaudited) 30 September 2024 Number of shares	(Unaudited) 30 September 2023 Number of shares
<b>Outstanding at 1 April</b>	353,055	810,310
Conversion/crystallisation	114,716	–
Issued in the period	(353,055)	(405,154)
<b>Outstanding at 30 September</b>	114,716	405,156

## Selected Notes to the Unaudited Interim Consolidated Financial Statements (continued)

For the six months to 30 September 2024

### 7. 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:

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
<b>Earnings</b>		
Profit after tax for purpose of basic and diluted EPS	16,647	15,634
<b>Adjustments (post tax):</b>		
Add exceptional items – impairment and amortisation of intangible assets	5,964	581
Add back cost of share-based payments on preference shares	978	370
Add net amount of deferred staff remuneration	357	225
<b>Profit after tax for purpose of adjusted basic and adjusted diluted total EPS</b>	<b>23,946</b>	<b>16,810</b>

	(Unaudited) Six months to 30 September 2024 Number of shares £'000	(Unaudited) Six months to 30 September 2023 Number of shares £'000
<b>Weighted average number of shares</b>		
Weighted average number of ordinary shares, excluding own shares, for the purpose of basic and adjusted basic EPS	96,434	96,569
Effect of dilutive potential shares – LTIPs, share options and preference shares crystallised but not yet issued	1,243	1,275
<b>Weighted average number of ordinary shares, for purpose of diluted and adjusted diluted total EPS</b>	<b>97,677</b>	<b>97,844</b>

	(Unaudited) Six months to 30 September 2024 Pence	(Unaudited) Six months to 30 September 2023 Pence
<b>Earnings per share</b>		
Basic	17.3	16.2
Diluted	17.1	16.0
Adjusted basic	24.8	17.4
Adjusted diluted	24.5	17.2



## Selected Notes to the Unaudited Interim Consolidated Financial Statements (continued)

For the six months to 30 September 2024

### 8. Goodwill and intangible assets

(Unaudited)	Goodwill £'000	Investment management contracts £'000	Total £'000
<b>Cost</b>			
As at 1 April 2024	6,732	18,647	25,379
<b>As at 30 September 2024</b>	6,732	18,647	25,379
<b>Accumulated amortisation and impairment</b>			
As at 1 April 2024	–	10,605	10,605
Amortisation for the period	–	581	581
Impairment for the period	5,383	–	5,383
<b>As at 30 September 2024</b>	5,383	11,186	16,569
<b>Net book value as at 30 September 2024</b>	1,349	7,461	8,810

(Audited)	Goodwill £'000	Investment management contracts £'000	Total £'000
<b>Cost</b>			
As at 1 April 2023	6,732	18,647	25,379
<b>As at 31 March 2024</b>	6,732	18,647	25,379
<b>Accumulated amortisation and impairment</b>			
As at 1 April 2023	–	9,442	9,442
Amortisation for the year	–	1,163	1,163
<b>As at 31 March 2024</b>	–	10,605	10,605
<b>Net book value as at 31 March 2024</b>	6,732	8,042	14,774

Amortisation and impairment of intangible assets are treated as exceptional items.

#### (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.

An impairment test was conducted at the period end to compare the carrying amount of the CGU with its recoverable amount. The recoverable amount was determined using a value-in-use calculation based on a discounted cash flow model, incorporating the CGU's projected cash flows over a five-year period.

Key assumptions, including the discount rate and growth rate, remained consistent with those used in the 31 March 2024 annual report. However, given the increased outflows in the CGU during the current period and prevailing investor sentiment and outlook, the five-year projected cash flows were reviewed and adjusted as of the period end.

This analysis indicated that the recoverable amount of the CGU was lower than its carrying value, resulting in an impairment charge of £5.4m against goodwill.

## Selected Notes to the Unaudited Interim Consolidated Financial Statements (continued)

For the six months to 30 September 2024

The table below sets out the impacts of reasonably possible changes in key estimates and judgements used in the discounted cash flow model:

Key estimates and judgements	Reasonably possible adverse movement	Additional impact on impairment charge £'m
Long term growth rate	-1.0%	(0.4)
Net flows	-50%	(1.0)
Discount rate	+1.5%	(0.9)

### (b) Intangible assets

The table below shows the carrying amount assigned to each component of the intangible asset and the remaining amortisation period.

	(Unaudited) 30 September 2024		(Audited) 31 March 2024	
	Carrying value £'000	Remaining amortisation period	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Dalton Capital (Holdings) Limited	7,461	6.4 years	8,042	6.9 years
	7,461		8,042	

## 9. 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.

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 period 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.

## Selected Notes to the Unaudited Interim Consolidated Financial Statements (continued)

For the six months to 30 September 2024

The fair value hierarchy of financial assets and liabilities which are carried at fair value at the period end is as follows:

	(Unaudited) 30 September 2024				(Audited) 31 March 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets</b>								
Assets at FVTPL	81,827	–	–	81,827	62,433	–	–	62,433
Other financial assets	939	128	–	1,067	3,393	–	–	3,393
	82,766	128	–	82,894	65,826	–	–	65,826
<b>Financial liabilities</b>								
Liabilities at FVTPL	7,662	–	183	7,845	5,380	–	294	5,674
Other financial liabilities	–	–	–	–	–	9	–	9
	7,662	–	183	7,845	5,380	9	294	5,683

Movement in liabilities at FVTPL categorised as Level 3 during the year were:

	(Unaudited) 30 September 2024 £'000	(Audited) 31 March 2024 £'000
<b>At 1 April</b>	294	546
Repayment	(23)	(70)
Net gain recognised in the statement of profit or loss	(88)	(182)
<b>At 30 September</b>	183	294

The fair value of financial instruments not held at fair value approximates to their carrying value as at reporting date. During the reporting period there were no transfers between levels in fair value measurements.

### 10. Cash flows generated from operations

A reconciliation of profit before tax to cash generated from operations is as follows:

	(Unaudited) Six months to 30 September 2024 £'000	(Unaudited) Six months to 30 September 2023 £'000
Profit before tax	23,131	21,057
Interest receivable and similar income	(1,198)	(1,104)
Investment income	(239)	(350)
Interest on lease	100	108
Depreciation of non-current property and equipment	1,246	1,232
Amortisation and impairment of intangible assets	5,964	581
(Increase)/decrease in assets at FVTPL	(2,793)	4,768
Increase/(decrease) in other financial assets and liabilities	1,327	(553)
Increase in receivables	(4,768)	(3,176)
Decrease in trade and other payables including other provisions	(6,658)	(16,551)
Share-based payment	3,573	2,416
Increase/(decrease) in liabilities at FVTPL <sup>1</sup>	481	(1,945)
Release of fund units held against deferred remuneration	1,713	966
<b>Cash flows generated from operations</b>	<b>21,879</b>	<b>7,449</b>

1. Movement includes those arising from acquiring and/or losing control of consolidated seed funds.

## Selected Notes to the Unaudited Interim Consolidated Financial Statements (continued)

For the six months to 30 September 2024

### 11. Contingent liabilities

There are no contingent liabilities to disclose at 30 September 2024 (31 March 2024: nil).

### 12. 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. All related party transactions during the period are consistent with those disclosed in the Group's annual financial statements for the year ended 31 March 2024 and have taken place on an arm's length basis.

### 13. The Publication of Non-Statutory Accounts

The financial information contained in these unaudited interim consolidated financial statements for the period to 30 September 2024 does not constitute statutory accounts as defined in s434 of the Companies Act 2006. The financial information for the six months ended 30 September 2024 and 2023 has not been audited. The information for the year ended 31 March 2024 has been extracted from the latest published audited accounts, which have been filed with the Registrar of Companies. The audited accounts filed with the Registrar of Companies contain a report of the independent auditor dated 26 June 2024. The report of the independent auditor on those financial statements contained no qualification or statement under s498 of the Companies Act 2006.

## Shareholder Information

### Directors

<b>David Lamb</b>	Independent Non-Executive Chair
<b>Gavin Rochussen</b>	Executive Director and Chief Executive Officer
<b>Samir Ayub</b>	Executive Director and Chief Financial Officer
<b>Alexa Coates</b>	Independent Non-Executive Director and Chair of Audit and Risk Committee
<b>Win Robbins</b>	Independent Non-Executive Director and Chair of Remuneration Committee
<b>Andrew Ross</b>	Independent Non-Executive Director
<b>Laura Ahto</b>	Independent Non-Executive Director
<b>Anand Aithal</b>	Independent Non-Executive Director

### 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

### Dividend

A first interim dividend of 14.0p per share has been declared for the year to 31 March 2025. This will be paid on 10 January 2025 to shareholders on the register on 13 December 2024. The shares will trade ex-dividend from 12 December 2024.

### Remuneration code

Disclosure of the Group's Remuneration Code is made alongside its MIFIDPRU public disclosure document and is available on the Company's website.

### Interim report

Copies of this interim report will be available from the Secretary at the Registered Office, 16 Palace Street, London SW1E 5JD and from the Company's website at [www.polarcapital.co.uk](http://www.polarcapital.co.uk)

**Neither the contents of the Company's website nor the contents of any website accessible from the hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this report.**

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