

Polar Capital Holdings plc
Annual Report and Accounts 2022



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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 15 investment teams managing 26 funds and 3 investment trusts across a range of long-only and alternative products, with combined AuM at 31 March 2022 of £22.1bn:

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

Combined
AuM
£22.1
BILLION

Our Office Locations

UK
Channel Islands
USA
China
France
Spain
Germany
Switzerland

Our Philosophy

- Primacy of investment performance
- Diversified yet complementary set of funds with a focus on fundamental research driven strategies
- High 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 well rewarded

Highlights

Financial

Assets under Management (AuM)

+6%

Pre-tax profit

-18%

Core operating profit†

+35%

Basic EPS

-24%

Adjusted diluted total EPS†

-10%

Dividend per share

+15%

Corporate

On 30 September 2021, the Group launched the following funds:

- Polar Capital Smart Energy Fund which seeks to take advantage of companies at the forefront of the global transition towards a cleaner, more efficient and sustainable energy future.
- Polar Capital Smart Mobility Fund which seeks to invest in a portfolio of companies worldwide that support, through their technology solutions and services, the decarbonisation and transformation of the global transportation sector.

† The non-GAAP alternative performance measures shown here are described on page 31.

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	16.6	75%
● Investment Trusts	4.4	20%
● Segregated mandates	1.1	5%
Total	22.1	

	£bn	%
● Open ended funds	16.6	79%
● Investment Trusts	3.9	19%
● Segregated mandates	0.4	2%
Total	20.9	

AuM split by strategy

Ordered according to launch date

	£bn	%
● Technology	9.2	42%
● European Long/Short	0.1	0.3%
● Healthcare	3.7	17%
● Global Insurance	1.9	9%
● Financials	0.6	3%
Emerging Markets Income	–	–
● Convertibles	0.8	4%
● North America	0.8	4%
● Japan Value	0.2	0.5%
● European Income	0.1	0.3%
● UK Value	1.6	7%
● Emerging Markets and Asia	1.1	5%
● Phaeacian*	0.5	2%
● European Opportunities	1.2	5%
● European Absolute Return	0.1	0.3%
● Melchior Global Equity	0.1	0.3%
● Sustainable Thematic Equities	0.1	0.3%
Total assets	22.1	100%

	£bn	%
● Technology	10.2	49%
● European Long/Short	0.2	1%
● Healthcare	2.9	14%
● Global Insurance	1.7	8%
● Financials	0.3	1%
Emerging Markets Income	0.1	0.5%
● Convertibles	0.8	4%
● North America	0.8	4%
● Japan Value	0.1	0.5%
● European Income	0.2	1%
● UK Value	1.4	7%
● Emerging Markets and Asia	0.4	2%
● Phaeacian	0.5	2%
● European Opportunities	1.1	5%
● European Absolute Return	0.1	0.5%
● Melchior Global Equity	0.1	0.5%
● Sustainable Thematic Equities	–	–
Total assets	20.9	100%

* The Phaeacian Accent International Value Fund and the Phaeacian Global Value Fund were closed down in May 2022.

Chair's Statement

David Lamb Chair

Introduction

This is my second report to the shareholders of Polar Capital and, as we all know, it has been an extraordinary two years. In the conclusion of my report last year, I said that it felt inevitable that the impact of Covid-19 would be uneven across the various regions and sectors of the economy. As so it has proved, as the world seeks to reopen following the pandemic and struggles with the problems of interruptions to supply chains across the globe.

In addition, the tragic events unfolding in Ukraine, and the actions taken by central banks to combat the pressures from rising inflation, have combined to create increased uncertainty in equity markets.

Against this background, it has been a more challenging year for the Group, and the asset management sector more generally, as risk assets were sold-off and market volatility increased in response to rising interest rates. The overall impact has created a less conducive environment for the majority of our investment teams, who typically look to invest in more growth focused sectors and companies.

Despite these headwinds, the business, with its investment and performance led culture, has been nimble and the fund managers have adhered to their processes and continued to focus on producing good risk adjusted returns.

Hence, I and the Board are confident that the outlook for the business remains very positive. We have a proven strategy, supported by a strong balance sheet, and led by an exceptionally talented executive team working with some of the best investment management people. And the reality is that the world has recovered from economic and geopolitical challenges before and can be expected to eventually do so again.

Strategy

I am pleased to be able to report on the further progress that has been made in pursuit of the 'Growth with Diversification' strategy. During the year, net inflows into more recently launched strategies exceeded inflows into the more established strategies, thus reducing concentration in the core Technology funds, whilst helping to widen our investment offering.

The integration of the acquisition of Dalton Strategic Partnership LLP is now complete and the core Melchior European Opportunity Fund, a Luxembourg SICAV, has grown since the acquisition.

The arrival of a high calibre experienced sustainable equities team during the year has had a good start at Polar Capital with £120m of net inflows since the launch of the sustainable thematic equities strategy in the last calendar quarter of 2021.

Culture

Our culture is fundamental to the success of our business. At heart of our business are our people with a focus on fund performance. Whilst our investment teams are independent and act with investment autonomy, we believe there is an alignment of interest between fund managers delivering long term superior returns and the interests of clients.

Following the successful vaccine rollout in the UK and the lifting of all Covid-19 related restrictions earlier this year, staff have returned to the office, albeit with flexible working arrangements in place, and we are already seeing some of the positive impact as all our staff return to a collaborative face-to-face environment.

A number of events have been held across the business to engender and promote the benefits of in-person collaboration and help to integrate our new joiners, who found themselves beginning their careers at Polar Capital under remote working conditions. With almost a quarter of our current staff joining during the last two years, this return to the office has proved invaluable in helping to integrate everyone into a business that prides itself on a strong culture.

Results

Despite the challenges described above, the business performed well with average AuM increasing by 37% and AuM at 31 March 2022 rising 6% to £22.1bn from £20.9bn a year earlier. Performance fee profit[†] declined from £19.5m, a level that is significantly higher than average for Polar Capital, to £4.1m. This meant that core operating profit[†] increased by 35% compared to a 24% increase in the prior year and the lower contribution from performance fees resulted in profit before tax for the year of £62.1m (2021:£75.9m), diluted EPS of 48.7p (2021:64.0p) and adjusted diluted EPS[†] of 56.0p (2021:62.2p).

Dividend

In line with our policy, the second interim dividend per share will be 32.0p (2021: 31.0p) to be paid in July 2022. Together with the first interim dividend per share of 14.0p paid in January 2022, the total dividend per share for the year amounts to 46.0p (2021: 40.0p).

Board changes

Following a successful search for a new non-executive director, I am pleased to report that we were able to make two new appointments during the year. Laura Ahto and Anand Aithal bring different and varied perspectives to the Board and have already made a positive contribution. I am also very pleased to welcome Samir Ayub as Finance Director to the Board. Samir has been with Polar Capital for 12 years and his appointment is very much deserved.

These changes are an important part of the continuing preparation for the transition from the early founders of the Group to the next generation of leaders.

As part of the transition, John Mansell, who has been an Executive Director since the establishment of Polar Capital in 2001, will step off the Board at the AGM in September 2022. As much as we will miss his experience and knowledge on the Board, I am very pleased that John has agreed to remain in an executive role, so we will continue to have the benefit of his advice for some time to come. In addition, Jamie Cayzer-Colvin, who has also been a Director since the formation of Polar Capital and was a key driver of the establishment and founding of the business in 2001, will retire from the Board at the end of the year.

We are very lucky to have had such long and beneficial service from both John and Jamie over the period since the Group started. They have been exceptional Directors over an extended number of years and will be sorely missed on the Board. On behalf of the Board, our shareholders, employees and our fund managers, I would like to thank them for everything they have done for the Group over the last 21 years. Polar Capital simply would not be here if it were not for their contribution.

Annual General Meeting

We are planning to hold the Company's forthcoming Annual General Meeting ('AGM') as a physical meeting at 2.30pm on Wednesday 7 September 2022, at the Company's registered office.

Shareholders are encouraged to submit any questions to our company secretary before the meeting (by using Investor-relations@polarcapital.co.uk, and 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 Finance Director presenting the results will be available on the Company's website. The notice of meeting is also available on the Company's website.

Thank you

Last year, I began my Chair's statement with a thank you to Gavin and his executive team, our fund managers, and our staff, for their efforts in what was the first year of the pandemic. Today, I would like to repeat those thanks. This has been another extraordinarily challenging year. Despite this, everyone at Polar Capital has performed exceptionally well once again. On behalf of the Board and myself, thank you.

David Lamb
Chair

24 June 2022

[†] The non-GAAP alternative performance measures mentioned here are described on page 31 and reconciled to reported results on page 32.

Chief Executive's Report

Gavin Rochussen Chief Executive

The financial year to 31 March 2022 was a year characterised by gradual relaxation of Covid-19 induced restrictions and, following a highly successful vaccine programme in the UK, enabled us all to return to the workplace in early 2022. It has been a year when we transitioned to a 'living with Covid-19' mindset.

As we progressed through the second year of the pandemic, our staff continued to operate effectively, partly remotely as guidance was altered, to service our clients and other stakeholders. It is a testament to the commitment of our colleagues, people at Polar Capital and our outsourced service providers, that we continued to make progress toward our strategic objectives. Perhaps not a year of two halves, but one of three quarters and one quarter. Markets continued to rise for the large part of 2021 on the back of accommodative economic policy until the spectre of rapidly rising inflation, supply chain bottlenecks resulting from the shut down in China and concern about slowing global growth became a concern and investors moved abruptly to a risk-off mindset in early 2022. The unfolding of the tragic events in Ukraine in February 2022 with no near-term solution or ceasefire expected, led to equity risk by investors further reduced. Central banks continued to raise interest rates, and signal further future rises, to dampen a rapid spike in inflation, but with the consequence of stalling economic recovery, dampening growth, and the dangers of a stagflation environment.

It was against this backdrop that Polar Capital delivered solid financial performance with a 35% increase in core operating profit[†] on the back of average assets under management increasing by 37% from £16.7bn to £22.8bn. Assets under management peaked at £25bn in early January 2022 and then declined as markets sold off in the March 2022 quarter. A transition to a rising interest environment severely impacted the valuations of growth companies and technology stocks sold off, together with small and mid-cap companies, as investors rotated into more value driven and larger cap liquid stocks. Assets under management were £22.1bn at the financial year end, a 6% increase over the year.

Investment performance has been more challenging than the prior year when our portfolios benefited from many of the so called 'Covid-19 winners'. Over the two 'pandemic years' our fund performance has held up well.

As at 31 March 2022, 84% of our UCITS funds' AuM were in the top two quartiles against the Lipper peer group over three years. Over five years, as at 31 March 2022, 93% of AuM was in the first two quartiles against the Lipper peer group with 100% of AuM in the top two quartiles since inception of the respective funds. 50% of our UCITS funds were in the top quartile over three years with 70% of our UCITS funds in the top two quartiles in this period.

Over a five-year period 53% of the UCITS funds are in the first quartile and 80% in the top two quartiles.

Growth in assets under management and net inflows in the 2021 financial year were a record for Polar Capital and was always going to be a challenge to improve upon. In the event, AuM in the financial year increased by 6% from £20.9bn to £22.1bn, with a combination of net inflows of £391m and market performance of £867m.

Despite the current more volatile market backdrop, net inflows over the full year were resilient, although in line with industry sentiment turning negative the last quarter was the first quarter of net outflows since early 2020. There has been notable success in the funding of institutional segregated mandates of £745m, bringing total segregated AuM to £1.1bn, 5% of total AuM. The diversification strategy continued to progress with net inflows in the last quarter of £228m into our sustainable Emerging Markets Stars and Sustainable Thematic Equities strategies, the latter which was launched in September 2021. Over the year, there has been progress in increasing the exposure Polar Capital has in strategies other than its core Technology funds.

[†] The non-GAAP alternative performance measures mentioned here are described on page 31 and reconciled to reported results on page 32.

While there were net outflows of £1.3bn from the Technology funds compared to £1.8bn of net inflows in the prior year, these outflows have been more than offset by net inflows of £873m into the sustainable Polar Capital Emerging Market Stars strategy, £561m into the Healthcare strategies, £143m into the alternative Convertible Bond funds, £85m into the European Opportunities fund and, pleasingly, £120m into the recently launched Sustainable Thematic Equities strategy.

Financial performance for the year in terms of core operating profit[†] was robust with a 35% increase over the prior year and 37% increase in average AuM. Performance fee profit[†] reduced over the year following a stronger than average performance fee profit in the prior year. As a result, profit before tax decreased by 18%, diluted EPS and adjusted diluted total EPS[†] decreased by 24% and 10% respectively. The increase in core operating profit[†] has enabled an increase in the total dividend from 40.0p per share to 46.0p representing a 15% pay-out which is at the higher end of the pay-out range reflecting the lower component of performance fee profit.

Strategic progress has continued under the 'growth with diversification' mantra. Following a multi-year project to configure our middle office processes, we are able to efficiently service increasing numbers of segregated mandates. We now have ten mandates with £1.1bn of AuM representing 5% of total AuM.

The integration of the acquisition of Dalton Strategic Partnership LLP, which completed on 1 March 2021, has progressed well with full integration being achieved and growth in AuM for the Melchior European Opportunities Fund.

The Phaeacian partnership which was announced in October 2020 is currently under review due to a change in circumstances for key team members. The Board of the two mutual funds managed by Phaeacian decided to close the funds with effect from 26 May 2022. As a result, a post balance sheet adjustment has been recorded to derecognise the related intangible asset, the corresponding deferred liability and reorganisation costs in relation to the closure of the funds resulting in a one off exceptional cost of £1.6m. The closure of the funds remains immaterial to the ongoing core profitability of the Group.

We have continued to develop our U.S. footprint with experienced business development capability covering the major regions within the U.S.

The arrival, in September 2021, of the experienced team focused on sustainable investing and the launch of the Polar Capital Smart Energy and Polar Capital Smart Mobility, both Article 9 funds as defined by SFDR, provides significant capacity in active sustainable equities.

Sustainability is a key focus and over the past year, we have placed more emphasis on sustainability than ever before. New EU regulation has driven rapid change in approaches to sustainable investment across the industry and we continue to raise our ambitions for responsible and sustainable investment.

Building on the establishment of the Polar Capital Sustainability Committee in 2021, we have established a Responsible Investment Working Group which provides a forum across our 15 teams for sharing approaches and best practice enabling collaboration on shareholder engagement, voting, and

developing climate change strategy and net zero framework. We have invested in the central sustainability team resource and have significantly enhanced our data capabilities.

ESG and climate change metrics have been incorporated into Polar Capital's central monitoring and oversight of portfolio risks, alongside factors including liquidity, macro, and behavioural analysis. We support the new UK Stewardship Code and became a signatory to the Code during this year.

Polar Capital is delighted to be partnering with Westminster City School to launch the Polar Capital Aspire Scheme (PCAS) which supports Westminster City School students throughout their time at university. We firmly believe in the power of education and are excited to be able to provide these opportunities for the younger members of our local community.

The outlook is constructive within the context of inflationary pressures, macro uncertainty, rising interest rates and market volatility. Against this backdrop, we believe that the Group's strong balance sheet and range of differentiated fund strategies positions us well for the future, supported by our performance led approach and our strong culture.

Gavin Rochussen
Chief Executive Officer

24 June 2022

[†] The non-GAAP alternative performance measures mentioned here are described on page 31 and reconciled to reported results on page 32.

Market Review

For much of the decade after the Financial Crisis of 2007–9, central bank asset purchases and easy monetary policy left investors expecting that a sharp increase in inflation was imminent. For a variety of reasons – technology-driven efficiencies, globalisation of labour and goods markets, low interest rates themselves – inflation did not materialise, at least outside financial assets.

The picture has now changed. Expectations of higher and persistent inflation are becoming more entrenched, and central banks are having to react; interest rates are rising across the world. Polar Capital's 2021–22 financial year was notable for a significant increase in US 10 year Treasury bond yields, and a rise in US 10 year inflation breakevens to 2.8%, close to the highest level of inflation expectations since this data has been available. The US 2–10 year yield curve flattened throughout the year, ending March 2022 slightly inverted.

Rising inflation, and the beginnings of an interest rate tightening cycle, have their roots in both supply and demand effects. Supply disruptions started with Covid-19, and have become more marked in some areas due to the Russian invasion of Ukraine. At the same time demand, particularly in the US, remains reasonably strong. The labour market is tight, and the services sector is recovering following the Covid-19 halt.

The US Federal Reserve expects above trend growth and a tight labour market for much of the next two years in the US; there is as yet no sign of US businesses or consumers reducing spending. The picture will almost certainly be different in the UK and Europe.

With this backdrop, it is not surprising that the US equity market has outperformed other regions over the past year. Europe has suffered more recently from its geographic and economic association with Russia and Ukraine, while Asia is negatively affected by China's slowing economy, attributable in part to its zero tolerance approach to managing Covid-19.

Equity market leadership rests with the energy sector for the time being. The oil price recovered in tandem with the post Covid-19 economic rebound; supply disruptions as a result of the Russia-Ukraine conflict have exacerbated this effect. Most other sectors are in negative territory calendar year-to-date.

After a ten year period during which growth styles in equity markets outperformed value, there has been some evidence of change more recently. Parts of the equity market which tend to trade on low multiples of earnings and cash flow, such as energy and financials, have performed well, while rising interest rates reduce the present value of future earnings from long duration growth sectors such as technology.

In recent years, value sectors have enjoyed short, sharp bursts of outperformance. The most recent came in January 2022, although Federal Reserve Chair Powell's inauguration speech calmed fears of sharply rising interest rates by expressing confidence that inflation pressures will ebb as supply chains and labour markets normalise.

US 10 year inflation breakeven

Source: Bloomberg data as at 30 April 2022.

The investing environment remains highly uncertain at the time of writing. The range of outcomes from the Ukraine conflict is broad, and visibility is low. An extended energy price shock is a risk. Declining consumer confidence, lower real incomes, and a moratorium on corporate capex could also lead to recession in some parts of the world.

Further, persistently high inflation brings with it the risk of central bank policy mistakes, and would introduce an investment regime with which few current investors are familiar, as it is over 40 years since the last period of high US inflation ended.

Nevertheless, uncertainty often brings opportunity; we remain as alert as ever to the possibilities in such setbacks.

Value vs Growth ratio

Source: Bloomberg data as at 30 April 2022.

Strategy and Business Model

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

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.

Fund Management

The Group currently supports 15 investment teams that manage a range of long-only and alternative products, including open-ended UCITS, SICAV, US 40 Act mutual fund as well as closed-ended investment trust companies and alternative funds. We have created an environment in which fund managers can focus on managing money and not get distracted by other day to-day aspects of running a business, particularly administration.

Operations

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

Distribution and Client Services

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

<p>Investment strategies</p> <ul style="list-style-type: none"> • Add complementary Global/ International equities capability to appeal to institutional investors • Selectively extend existing teams to provide additional capacity 	<p>Link to KPIs</p> <ul style="list-style-type: none"> • Core operating profit • Performance fee profit • Core operating margin • Adjusted diluted total EPS • Adjusted diluted core EPS • Total shareholder return 	<p>Progress during 2021–22</p> <ul style="list-style-type: none"> • Net inflows of £0.4bn across the product range of which £1.7bn related to net inflows generated by our funds excluding Technology funds. • Progress made in attracting institutional flows through segregated accounts across a number of our strategies representing 5% of the Group's AuM and generated net inflows of £0.8bn.
<p>Distribution and Client Services</p> <ul style="list-style-type: none"> • Focus on building the institutional channel • Increase US client assets over time • Enhance international distribution capability • Access distribution opportunities in Asia and Australia 	<ul style="list-style-type: none"> • Net management fee • Net management fee yield • Net inflows • Investment performance 	<ul style="list-style-type: none"> • Launch of Polar Capital Smart Energy Fund and Polar Capital Smart Mobility Fund within the Sustainable Equities strategy which attracted £120m of inflows. • Core operating profit[†] has increased by 35%.

[†] The non-GAAP alternative performance measures mentioned here are described on page 31 and reconciled to reported results on page 32.

Key Performance Indicators (KPIs)

We use the following key performance indicators to measure progress against our strategy.

Financial performance indicators

Core operating profit[†]

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

up by 35%

Core operating margin[†]

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

up 1%

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.

down by 3bps

Performance fee profit[†]

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

down by 79%

Total shareholder return

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

down by 96%

Adjusted diluted total EPS[†]

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

down by 10%

Adjusted diluted core EPS[†]

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

up by 32%

[†] These non-GAAP alternate performance measures are described in more detail on page 32.

Non-financial performance indicators

Net inflows

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 over both 3 and 5 year rolling periods.

UCITS AuM

3 years

5 years

UCITS funds

3 years

■ Quartile 1 ■ Quartile 2

Business Review

Assets under Management and Fund Flows

On 31 March 2022, our assets under management (AuM) stood at £22.1bn (2021: £20.9bn), an increase of 6% over the financial year. We recorded net inflows of £391m in the reporting period (or 31% of the total asset growth), the balance attributable to global market and investment performance. The average AuM for the year was £22.8bn, compared to £16.7bn the previous year.

The financial year began as the prior year had ended, with investors undeterred by a wide array of headwinds – the global pandemic, new Covid-19 variants, rising inflation and worldwide supply chain issues to name but a few – industry fund flows remained strong and Polar Capital recorded three consecutive quarters of positive net inflows (totalling £0.8bn from 1 April to 31 December 2021). However, as the headwinds continued to accumulate – quantitative tapering, increasingly aggressive central bank rate hikes, conflict between Russia and Ukraine – investors were finally pushed into a risk-off stance and we experienced our first negative quarter for fund flows (£(0.4)bn from 1 January to 31 March 2022) since the first quarter of 2020.

Despite a more challenging end to the financial year, 13 of our UCITS/SICAV sub-funds recorded net inflows over the reporting period, led by Polar Capital Emerging Market Stars Fund and Polar Capital Asian Stars Fund (£743m), Polar Capital Biotechnology Fund (£263m), Polar Capital Global Convertible Fund (£91m), Melchior European Opportunities Fund (£86m) and Polar Capital Global Absolute Return Fund (£52m).

Outflows over the period were dominated by our Technology Funds (£1.3bn), as investors initially rotated from growth to value and then de-risked in the wake of prevailing uncertainty and rising market volatility (2021: net inflows of £1.8bn).

The rotation in markets saw renewed interest in the Polar Capital Global Financials Trust, driving £276m in new share issuance (£154m from the Trust's Treasury account and a further £122m in a successful C Share capital raise).

Segregated accounts have been a source of significant net new inflows over the reporting period. A total of seven new accounts were onboarded, across four investment teams, with combined AuM of £769m.

Communicating with our clients

After the enforced period of remote working and client servicing, we were delighted to be back in the office with colleagues and meeting clients in-person once again. Our distribution and fund management teams have been back on the road, and we have held a number of safe, Covid-19 secure events, including the return of our successful London-based annual investor conference.

We aim to provide our clients with exceptional service and support and we believe that face-to-face engagement remains a key element of that provision. Pleasingly, and testament to this commitment, we ranked in 6th place out of 72 of all fund managers in the UK for 'keeping clients informed' in a research programme of professional fund buyers conducted by Broadridge*.

However, in a trend that was accelerated by the pandemic, the way in which clients are engaging with us has changed and for many of them that engagement, at least initially, is increasingly digital.

* Source: Broadridge, Fund Brand 50, March 2022

Strategy fund flows for the 12 months to 31 March 2022

Polar Capital AuM

In response, we continue to focus on and invest in our digital marketing capabilities, aiming to further enhance and expand the way in which we engage and communicate with our clients. Our goal is to configure and optimize our client services and marketing so that it is increasingly tailored to specific client segments and geographies.

This is fast becoming a point of differentiation and a way for smaller asset management firms to compete with larger groups beyond simply price and investment performance.

By successfully combining our sales and digital marketing capabilities we can extend the reach of our distribution to accelerate growth.

Growth with diversification

Our distribution strategy remains growth with diversification, by product, client segment and geography.

Expanding our reach into the institutional channel remains a key priority, providing significant potential for growth. We have made good progress over the past year, winning seven new segregated mandates as noted above. Of these, one was from a UK institution and the rest were from investors based overseas.

We see significant opportunities outside our home market of the UK. We continue to broaden and deepen our presence and support in Continental Europe and the Nordic region, focusing on seven core markets for growth, namely Switzerland, Germany and Austria, France, Benelux, Spain, Italy and Scandinavia.

Our approach to wider global expansion is both targeted and measured. Our primary focus remains on the U.S. and on south-east Asia. We are extending our reach to the Australian market, where we recently won our first institutional mandate.

Overall, almost £10bn of our AuM is from clients based overseas, a 117% increase over the past three years (£4.5bn as at 29 March 2019).

Business Review continued

Fund performance review to 31 March 2022

Polar Capital's prior financial year, to 31 March 2021, captured almost exactly the equity market rally from its Covid-19 low, leading to exceptional returns across our range of strategies. The year to 31 March 2022 has followed a different path, as higher interest rate and inflation expectations have led to more volatile equity and bond markets, and a change in market U.S. leadership.

The period began with the late stages of a value rally, precipitated by Covid-19 vaccine discovery, and by expectations that the new Biden administration would enact measures to stimulate the U.S. economy. As the summer of 2021 progressed, these influences faded.

Large U.S. technology companies continued to perform well, although early stage and higher growth tech companies suffered as higher market interest rates impacted their valuation. Now, value styles are once again in the ascendant, although in large part due to rising share prices in the energy and material sectors.

Polar Capital's range of investment strategies spans both value and growth; there is no central 'house view', and diversity of opinion on investment approach is an important part of Polar Capital's ethos. The corollary is that there has been performance dispersion across Polar Capital's range of funds over the past year, due to style and size effects in portfolios, and due to the market declines in the first quarter of 2022.

Four of the five strategies run by Polar Capital's healthcare team outperformed in the year to end March 2021. Large pharmaceutical companies proved resilient in the market falls of early 2022, which was a headwind for the all cap Polar Capital Healthcare Opportunities Fund, but the Polar Capital Healthcare Blue Chip Fund, the Polar Capital Global Healthcare Trust, the Polar Capital Healthcare Discovery Fund (which is measured against a small/mid cap benchmark), and the Polar Capital Biotechnology Fund all delivered returns in excess of their benchmark. Polar Capital Healthcare Blue Chip Fund and Polar Capital Biotechnology Fund sit in the first quartile of their respective peer groups for the year.

Annualised UCITS/ SICAVs fund performance against benchmark since inception*

Funds ordered according to launch date.

Source: Polar Capital factsheet data and Lipper quartile ranking at 31 March 2022.

* Relates only for funds that have been in existence for more than 12 months.

** Absolute return product, funds do not have a benchmark.

The Polar Capital Global Insurance Fund delivered a strong absolute return (+21.0%), outperformed its benchmark over the year, and also ranks first quartile versus peers. It invests predominantly in non-life insurance companies, which have been able to generate good net asset value growth due to strong underwriting results, and due to their investment portfolios benefiting from rising interest rates. The Polar Capital Financials Trust, and its open-ended sister fund the Polar Capital Financial Opportunities Fund, which invest mainly in banks, performed less well versus their benchmarks as the strong performance of bank stocks began to unwind due to bond yield curves flattening between two and ten years.

Polar Capital's two European equity strategies outperformed their benchmarks in the year. The European ex-UK Income strategy has been rewarded in the first quarter of 2022 as its stable, income-generating investments have started to outperform more highly-valued sectors of the market. This strategy outperformed its benchmark by 6% in the first quarter of 2022 and by 3% over the year as a whole. The Melchior European Opportunities Fund, managed by Polar Capital following the acquisition of Dalton Strategic Partnership LLP, outperformed by 0.8%.

Polar Capital's Technology strategies performed less well, after a period of very strong returns versus benchmark in the challenging conditions of 2020. With technology sector performance dominated by the very large household names at one end of the spectrum, and by technology's value plays, namely semiconductors, at the other end, Polar Capital's Global Technology Fund and Polar Capital Technology Trust, which typically focus on higher

growth, mid-sized companies, lagged their benchmarks. The stay-at-home beneficiaries, from which the funds had benefited in 2020, reversed course during 2021. The Polar Capital Automation and Artificial Intelligence Fund, a specific theme strategy, also lagged its World Equity benchmark due to its significant exposure to technology investments.

Polar Capital's Emerging Market Stars strategies, with sustainability at their core and which are now approaching their fourth anniversary at Polar Capital, have good long-term performance versus their benchmarks, but fared less well in the year under review. The Emerging Market Stars strategy underperformed by 3% and the Polar Capital China Stars Fund by 4%, although Polar Capital Asian Stars Fund was 1% ahead of its performance benchmark, the difference is attributable to the fact that the Emerging Market fund was underweight across parts of Latin America and the resource sector which performed well.

Polar Capital launched two new strategies at the end of September 2021, Smart Energy and Smart Mobility, which invest in companies at the forefront of the transition to a more efficient and sustainable energy future, and support the decarbonisation and transformation of the global transport sector. Both have Article 9 classification under SFDR.

In addition to its thematic and regional strategies, Polar Capital also runs country strategies for the UK, U.S. and Japan. The UK stock market has been one of the strongest performers in early 2022 due to the dominance of oil and resource companies in the index. Polar Capital's UK Opportunities strategy focuses on small and mid-sized companies with attractive valuation attributes, but this led to underperformance of 8% versus the broad index. The North America strategy faced similar headwinds, in this case due to large tech companies' sustained outperformance, and underperformed by 7%. Both UK Opportunities and North America had performed well in 2021.

Business Review continued

The Polar Capital Japan Value strategy delivered performance in line with its benchmark for the year to March 2022. Value styles have begun to perform in Japan, but very much dominated by larger companies; Polar Capital's fund is focussed on small and mid cap areas of the market, where attractively valued investments are even more plentiful, but have yet to be fully recognised.

Polar Capital's absolute return strategies all delivered positive performance in the period under review. The Forager (european small and mid cap) strategy, which has a value-based approach, returned 13% and is up 8% annualised over the three years to end March 2022. The MST European Absolute Return Fund, a European market neutral strategy acquired with Dalton Strategic Partnership LLP, returned 4% over one year and is flat over three years. The Polar Capital Global Absolute Return Fund, a convertible bond strategy run by Polar's Convertibles team, returned 2% in the year and is up 9% annualised over three years. The Convertibles team's long biased Global Convertibles strategy performed in line with a modestly lower performance benchmark but offers attractive risk-reward characteristics in a world of higher volatility and weaker equity markets.

As at 31 March 2022, 84% of our UCITS funds' AuM were in the top two quartiles against the Lipper peer group over three years. Over five years, as at 31 March 2022, 93% of AuM was in the first two quartiles against the Lipper peer group with 100% of AuM in the top two quartiles since inception of the respective funds. 50% of our UCITS funds were in the top quartile over three years with 70% of our UCITS funds in the top two quartiles in this period. Over a five-year period 53% of the UCITS funds are in the first quartile and 80% in the top two quartiles.

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 2022.

Profile of investment teams

The Group comprises **15 investment teams** managing **26 funds** and **3 investment trusts**. The following is the profile of each investment team in order of their establishment.

Technology

Established:
2001

Team size:
9

Years' experience:
125+

Team AuM:
£9.2bn

Polar Capital's technology team is one of the most respected in the industry. It leverages the knowledge and experience of nine specialists who run one of the largest pools of technology assets in Europe.

The team's expertise lies in their identification of key secular growth trends in the industry and on their selection of companies best placed to benefit from those trends. Their approach emphasises growth while managing risk through a detailed knowledge of individual companies and an understanding of corporate obsolescence in an industry where change is ever present.

The technology sector has been transformed over the past 15 years by the growth of cloud computing, the mobile internet, e-commerce and the rapid pace of software adoption.

Technology is already disrupting many other industries and the accelerated development of artificial intelligence and robotics will hasten and extend this trend to broaden the market opportunity substantially.

The sector continues to enjoy outstanding earnings growth and prodigious cash flow generation. Valuations expanded dramatically during the pandemic and have since retraced as bond yields have risen. However, the combination of a broadening end market and outstanding execution at a corporate level support the team's positive longer term outlook and their strong bias towards new, next-generation companies and away from incumbents that have struggled to adapt to the new environment.

Funds Managed:

- Global Technology
- Automation and Artificial Intelligence
- Technology Trust

European Long/Short

Established:
2003

Team size:
3

Years' experience:
42+

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

Business Review continued

Healthcare

Established:
2007

Team size:
8

Years' experience:
175+

Team AuM:
£3.7bn

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 view 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 and the winners to be the larger companies which adapt to change. 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. Alongside them will be smaller firms – the innovators – disrupting the sector with new technologies, devices, business models, drugs, software and services.

Funds Managed:

- Healthcare Opportunities
- Healthcare Discovery
- Global Healthcare Trust
- Healthcare Blue Chip
- Biotechnology
- Segregated mandates

Global Insurance

Established:
2010

Team size:
2

Years' experience:
36+

Team AuM:
£1.9bn

The Global Insurance team invests primarily in the global non-life insurance industry. A key attraction of the sector is that the driver of book value (or Net Asset Value) 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 recent low investment returns as insurance policies renew annually, therefore insurers have adjusted premiums to sustain overall returns. That said, companies will quickly benefit from any rise in bond yields in a more inflationary environment given their short bond portfolio durations.

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

Financials

Established:
2010

Team size:
5

Years' experience:
95+

Team AuM:
£0.6bn

The experienced specialist team of five are responsible for three funds. The managers are all bottom-up stock-pickers using their own proprietary analysis of companies built up over many years.

The Income Opportunities Fund aims to provide investors with an attractive level of income by investing in both fixed income securities and the equities of financial companies globally.

The Financial Opportunities Fund provides exposure to a broad mix of global financial companies focused on capital growth.

The Global Financials Trust, a listed investment trust, also invests in the financial sector globally but with an income and growth focus.

All the funds have a quality bias and a long-term investment horizon.

The team are positive on the outlook for the financials sector reflecting the strength of balance sheets and profitability across the sector with valuations continuing to be at a material discount to the wider equity market. As a key beneficiary of rising bond yields and interest rates, which is having a positive impact on the banking sector's revenue growth, the sector has outperformed wider equity markets over the past year. We expect this to continue, although if concern around the impact of rising commodity prices and interest rates on growth continues to rise the more defensive areas of the sector are likely to perform better until there is greater certainty on the outlook. We are also seeing opportunities in some of the faster growing companies within the sector, whose valuations have fallen to much more attractive levels, which we would also expect to outperform.

Funds Managed:

- Income Opportunities
- Financial Opportunities
- Global Financials Trust

Convertibles

Established:
2010

Team size:
5

Years' experience:
120+

Team AuM:
£0.8bn

Polar Capital's Convertible team is a highly experienced team that 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 identification of equity catalysts. The primary difference between the two funds is the extent of hedging of down-side risks.

Over the past two years, the Convertible Asset Class has grown from \$300bn at the end of 2019 to \$500bn at the end of 2021; an increase of over 60%. At the same time, sector representation has become notably more diverse leading to a broader, deeper and consequently more interesting opportunity set.

Looking forwards, as equity market volatility has returned, the inherent defensive characteristics of convertibles is leading to a marked renaissance of investor interest in the asset class.

Funds Managed:

- Global Convertible
- Global Absolute Return

Business Review continued

North America

Established:
2011

Team size:
4

Years' experience:
75+

Team AuM:
£0.8bn

The team's active approach to investing is driven by bottom-up, fundamental stock analysis. Their investment approach is based on the simple understanding that the team is investing their clients' savings in American businesses with the goal of compounding those savings over the long term at 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 valuation. 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 valuation, the team believe the portfolio has both a higher probability of delivering attractive upside potential while benefitting from a two-fold margin of safety – a fundamental margin of safety and a valuation margin of safety.

The team expect a very different investing environment in the coming years to that which existed over the past decade. A different inflationary environment is one example of this.

The team do not expect a repeat of the liquidity-driven revaluation environment that characterised the second half of the past decade. 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 expect a broadening out of market strength to result in better relative stock performance further down the market-cap spectrum. The team's multi-cap approach is well suited to taking advantage of the broad range of investment opportunities on offer, a natural ongoing advantage of the US stock market.

Despite a macro backdrop that has become more challenging for investors across most asset classes, the team is optimistic about the prospects for the Fund from here given the attractive near and long-term value creation prospects of the holdings and their appealing valuations.

Funds Managed:

- North American

Japan Value

Established:
2012

Team size:
2

Years' experience:
30+

Team AuM:
£0.2bn

The Japan Value team believe 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 primary issue is the poor capital allocation policies traditionally associated with corporate Japan. 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 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 short and long-term drivers. In the short term, we expect Japanese equities are the reopening trade. In western markets, many of the reopening plays have recovered to pre-Covid levels given their good outlooks with strong pent-up demand from consumers. The situation in

Japan is different – a combination of the vaccine lag (3–4 months) and the government's more cautious approach to ending restrictions has led to reopening names remaining heavily depressed in comparison to pre-Covid levels.

Consumer behaviour had been close to normalising prior to the recent wave and there will be more pressure on the government to fully normalise having seen much of the west do so with minimal repercussions. In the long term, we expect the ongoing improvement in corporate governance reform to drive returns. The focus on corporate governance reform continues to accelerate, as does the positive impact from changes as companies look to invest for growth and return more to shareholders. The team believe the cumulative impact of these changes may be a significant rerating of Japanese equities as companies are afforded the same valuation multiples as their international peers.

Funds Managed:

- Japan Value

European Income

Established:
2014

Team size:
3

Years' experience:
25+

Team AuM:
£0.1bn

The team focuses on the compounding power of dividend growth over the medium term and aims to achieve a double-digit annual return from investing in quality companies. To do this, they undertake business, capital and ESG due diligence. With a value discipline, their income target is to yield 110% relative to the benchmark yield by buying high-quality companies when they are cheap and out of favour.

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 do not buy stocks yielding more than 6%, as anything beyond this level usually proves unsustainable and dividends are eventually cut.

After a difficult period for equity income strategies, the new environment of tightening monetary policy and moderating economic growth sets up a much friendlier environment for sentiment towards dividends. We see defensive dividend-yielding stocks as mispriced relative to other parts of the equity market and other asset classes. The starting dividend yield of many of our preferred stocks and their ability to grow those dividends over the medium term is highly compelling given the overvaluation of many assets after a decade of central bank-driven asset price inflation.

Funds Managed:

- European ex-UK Income

UK Value

Established:
2017

Team size:
2

Years' experience:
30+

Team AuM:
£1.6bn

Polar Capital's UK Value Opportunities team has 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. They adopt a multi-cap approach, taking advantage of the best investment opportunities in UK large, mid and small caps. Their fund has a high active share with stock holdings differing significantly from its benchmark.

The UK market remains extremely cheap and under allocated in the context of global developed markets. Whilst this has been the case for some time, its apparent that with the changing monetary policy at central banks this is now a more favourable backdrop. Within the UK market itself a combination of the pandemic, rising interest rates and inflation, and the tragic conflict in Ukraine have led to sizeable underperformance for the FTSE 250 versus the FTSE 100, giving an attractive opportunity to invest in some very high-quality franchises.

Funds Managed:

- UK Value Opportunities
- Segregated mandate

Business Review continued

Emerging Markets and Asia

Established:
2018

Team size:
5

Years' experience:
69+

Team AuM:
£1.1bn

The five-strong emerging markets 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 Add (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 believe 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, the team believes that higher quality companies in particular offer a good balance of risk and reward.

The team also see interesting opportunities in the more structural, growing areas such as India, China and Vietnam. In terms of sectors, they favour technology, healthcare, property, advanced industrials and selective consumer areas.

Funds Managed:

- EM Stars
- Asian Stars
- China Mercury
- EM Stars Mutual Fund
- China Stars
- Separate managed accounts

European Opportunities

Established:
2010*

Team size:
3

Years' experience:
39

Team AuM:
£1.2bn

The Melchior European Opportunities Fund invests in a selective number of companies across the European continent, including the UK, Switzerland and Scandinavia, from across the market-cap spectrum. The patchwork of European equity markets, with over 30 individual geographic 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. Since the inception of the Fund in 2010, the macro backdrop in Europe has often been challenging and volatile. The team look for companies that are not reliant on a strong macro tailwind, but instead have demonstrated their ability to thrive in less fertile environments. In particular, 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, where this improvement is not yet factored in by the market.

The first few years of the current decade have meant navigating a series of exogenous shocks and rapidly changing environments. Notwithstanding this, the strong operating performance and earnings growth of most of the team's investments have reinforced the importance of investing in companies that are durable and resilient on the one hand, but also on the other with a culture of flexibility and entrepreneurialism to adapt to and navigate changing and unpredictable currents.

* Joined Polar Capital in 2021.

Funds Managed:

- Melchior European Opportunities
- Segregated mandates

European Absolute Return

Established:
2006*

Team size:
4

Years' experience:
80+

Team AuM:
£0.1bn

The team have used the same investment process since 2006, based on their philosophy that behavioural biases create investment anomalies in equity markets, and that these anomalies can be systematically exploited to achieve uncorrelated returns. They believe that the two most significant and persistent anomalies are that good businesses are valued below long-term prospects and there is systematic fear of short selling. They also believe differentiated returns can be created over time by having a long/short portfolio owning good businesses and being short of poor businesses.

In terms of philosophy, the team believe 80% of capital in long/short equity is focused on long alpha which opens up significant opportunities to create short alpha. The reason for the neglect of short alpha relates to mathematics, optimism bias in democracies and capitalism being a consumption and ownership-focused society.

The integration of ESG is key as the team think businesses with strong ESG credentials outperform those with poor sustainability characteristics, providing them with an investment opportunity as well as being a social responsibility.

As the global investment environment shifted to a reflationary period post-Covid, accelerating asset prices alongside supply-side constraints have sparked inflation globally, triggering policy tightening by central banks. This more uncertain environment means the breadth of investment opportunities for the team is likely to increase. The team expects further dispersion of equity returns as the strong outperform the weak even more.

Rising inflation and interest rates have ended the dominance of quality and growth at any price in favour of value, likely leading to more volatility and challenging markets. The team have adapted accordingly and anticipate ramping up concentration and the number of single-stock shorts.

* Joined Polar Capital in 2021.

Funds Managed:

- Melchior European Absolute Return
- Separate managed account

Melchior Global Equity

Established:
2010*

Team size:
2

Years' experience:
50+

Team AuM:
£0.1bn

The team have used the same investment process since 2010, based on their philosophy that behavioural biases create investment anomalies in equity markets, and that these anomalies can be systematically exploited to achieve outperformance. The team believe that the two most significant and persistent anomalies are underappreciated value and sustained but accelerating momentum.

They use a consistent and straightforward set of rules to score a broad universe of global companies relative to each other, irrespective of their size, domicile or industry. The scoring is focussed on each company's history of creating and compounding its economic profits; the current gap between the company's share price and a fair value based on its history of wealth creation; and market expectations of the company's immediate profit prospects together with its share-price momentum.

* Joined Polar Capital in 2021.

As the global investment environment shifted to a reflationary period post Covid-19, accelerating activity and asset prices have coincided with supply-side constraints to spark inflation across the world, and trigger policy tightening by central banks. This creates a more uncertain environment in which to judge profit prospects and durable valuations and, as a result, the breadth and depth of opportunities across global stock markets are likely to increase.

The transition from an era of low inflation and low interest rates has ended the dominance of quality and growth at any price. A shift in investment regimes is one in which the team's process of systematically scoring over 5,000 stocks gives them an ability to consistently identify those currently offering valuation upside combined with earnings and price momentum.

Funds Managed:

- Melchior Global Equity

Business Review continued

Sustainable Thematic Equities

Established: 2021	Team size: 5	Years' experience: 80+	Team AuM: £0.1bn
<p>The seasoned and respected sustainable thematic investment team of five, with an enviable track record and more than 80 years of combined industry experience, joined Polar Capital in 2021. The team invests 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.</p> <p>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 sub-themes, the drivers underpinning them and solutions/technologies that contribute positively to them.</p> <p>The portfolios are actively managed, flexibly looking for new investment opportunities in attractive growth areas while taking into account general macroeconomic conditions.</p>		<p>An investment is most likely if a company offers strong growth potential and high barriers of 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.</p> <p>The team's sustainability expertise is integrated at all the different stages of the investment process. The team invests in sustainable companies that have significant positive contributions to the theme through their innovative technologies and solutions. We believe that sustainable companies can mitigate risks while providing positive, long-term returns.</p>	
		<div>Funds Managed:<ul style="list-style-type: none">• Smart Energy• Segregated mandates• Smart Mobility</div>	

Financial Review

Samir Ayub Finance Director

AuM

AuM movement in twelve months to 31 March 2022 (£bn)	Open ended funds	Investment Trusts	Segregated mandates	Total
AuM at 1 April 2021	16.6	3.9	0.4	20.9
Net (redemptions)/subscriptions	(0.5)	0.2	0.7	0.4
Market movement and performance	0.5	0.3	–	0.8
Total AuM at 31 March 2022	16.6	4.4	1.1	22.1

A combination of net inflows, market movements and performance enabled our AuM to increase 6% over the financial year from £20.9bn to £22.1bn.

There was notable success in the net funding of further segregated mandates this year, which now represent around 5% of total AuM at 31 March 2022.

Average AuM increased by 37% over the financial year from £16.7bn to £22.8bn.

Revenue

Management fees

	31 March 2022 £'m	31 March 2021 £'m
Management and research fees	209.9	157.3
Commissions and fees payable	(22.6)	(15.4)
Gain on forward currency contracts	–	0.6
Net management fees[†]	187.3	142.5

The increase in the average AuM of 37% translated into the Group's net management fees[†] revenue increasing by 31% from £142.5m in 2021 to £187.3m this year.

Net management fee yield

	31 March 2022	31 March 2021
Average AuM (£bn)	22.8	16.7
Net management fees [†] (£m)	187.3	142.5
Net management fee yield[†] (bps)	82	85

Net management fee yield[†] over the year measured 82bps (2021: 85bps). The decrease was slightly ahead of our stated expectation of an annual decrease of at least 1–2bps as the product mix of the Group shifted due to a rebalancing between the Technology strategy and the rest of the business, as well as from the arrival of a number of institutional segregated mandates.

Performance fees

	31 March 2022 £'m	31 March 2021 £'m
Performance fees	14.1	43.6

Following on from the significant out performance posted by our underlying funds in the previous financial year, market conditions and performance returns were more challenging this year. This resulted in performance fees earned for the financial year to 31 March 2022 falling to £14.1m (2021: £43.6m).

[†] The non-GAAP and alternative performance measures mentioned here are described on page 31 and reconciled on page 32.

Financial Review continued

Operating Costs

	31 March 2022 £'m	31 March 2021 £'m
Salaries, bonuses and other staff costs	36.7	29.1
Core distributions ^{1†}	54.0	38.5
Share-based payments ²	5.7	2.9
Performance fee interests ^{3†}	10.0	24.4
Total staff compensation	106.4	94.9
Other operating costs	23.1	20.8
Exceptional items	11.4	2.8
Total operating costs	140.9	118.5

1. Including share awards under deferment plan of £1.7m (2021: £1.8m).

2. Share-based payments on preference shares of £1.1m (2021: (£0.3m)), LTIPs of £3.8m (2021: £2.4m) and equity incentive plan of £0.7m (2021: £0.8m). Refer to Note 3.6.

3. Including LTIP award of £nil (2021: £0.9m).

Total operating costs rose to £140.9m (2021: £118.5m) partly due to higher staff compensation costs. The salaries, bonuses and other staff costs line this year includes, a full year's worth of compensation costs for the teams onboarded as part of the Dalton acquisition, whereas the comparative numbers include one month's cost due to the completion date falling on 28 February 2021. Also included this year are compensation costs for the new Sustainable Thematic Equities team that joined in September 2021.

Core distributions, which are variable compensation amounts payable to investment teams from management fee revenue, increased partly as a consequence of the higher average AuM and the resulting higher management fee revenues and core profits and partly as a function of the cost of the new teams from Dalton, Phaeacian and the Sustainable Thematic Equity team being included.

Share-based payments (see Note 3.6) have increased mainly due to an increased charge on preference shares as the underlying value of certain sets of shares increased. Two teams called for conversion during the financial year (see Note 3.6 for details).

Performance fee interests, which are variable compensation amounts payable to investment teams from performance fee revenue, decreased due to the lower amount of such fees generated this year.

Other operating, non-staff compensation related, costs increased marginally to £23.1m (2021: £20.8m) as a result of higher operating costs associated with the arrival of the Dalton, Phaeacian and Sustainable Thematic Equity as well as an increase in travel cost following easing of Covid-19 restrictions over the course of the financial year.

Exceptional items for both 2022 and 2021 comprised of significant items of income or expenditure related to acquisitions, 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.

Exceptional items include non-recurring termination and reorganisation costs related to the Dalton acquisition of £3.1m. The total amount of such costs actually incurred post completion in February 2021 were £5.5m compared to the £6.2m that was anticipated at the time the acquisition was announced.

The Board of the Phaeacian mutual funds determined that it was in the best interest of investors for the funds to be closed down effective May 2022. Therefore, as a post balance sheet date adjusting event, the related intangible assets of £6.0m has been impaired and deferred consideration liability of £4.8m has been derecognised and £0.4m of further reorganisation costs in relation to the closure of the mutual funds have been recorded with a net impact to profit before tax of £1.6m. These have been classified as exceptional items as they are non-recurring.

† The non-GAAP and alternative performance measures mentioned here are described on page 31 and reconciled on page 32.

A breakdown of exceptional items is as follows:

Exceptional items

	31 March 2022 £'m	31 March 2021 £'m
Recorded in operating costs		
Termination and reorganisation costs ⁴	3.5	2.4
Amortisation of intangibles ⁵	1.9	0.4
Impairment of intangibles ⁵	6.0	–
	11.4	2.8
Recorded in other income		
Additional charge on deferred consideration – Dalton ⁶	1.0	–
Derecognition of deferred consideration liability – Phaeacian ⁶	(4.8)	–
	(3.8)	–
Net exceptional items recorded in the consolidated statement of profit or loss	7.6	2.8

4. Termination and reorganisation costs includes £1.6m of termination costs and £1.5m of reorganisation costs relating to the Dalton acquisition and £0.4m of reorganisation costs relating to Phaeacian.

5. See Note 4.2 for details.

6. See Note 4.6(b) for details.

Profit before tax

	31 March 2022 £'m	31 March 2021 £'m
Core operating profits [†]	69.4	51.5
Performance fee profits [†]	4.1	19.5
Other (loss)/ income [^]	(2.7)	7.4
Share-based payments on preference shares	(1.1)	0.3
Net exceptional items	(7.6)	(2.8)
Profit before tax	62.1	75.9

[^] A reconciliation to reported results is given on page 32.

The headline profit before tax for the year has decreased by 18% to £62.1m (2021: £75.9m).

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

- Core operating profits**

Increased by 35% to £69.4m (2021: £51.5m) reflecting the increase in net management fees[†] which in turn is due to the 37% increase in average AuM. Over time, we expect to grow core profits as a proportion of the Group's total earnings, and thereby reduce the volatility of total earnings due to performance fees.

[†] The non-GAAP and alternative performance measures mentioned here are described on page 31 and reconciled on page 32.

- Performance fee profits**

Performance fee profits decreased sharply because of more muted investment performance during the current year, where markets were more challenging for the Covid-19 winners from 2020.

- Other (loss)/ income**

In line with the reduction in performance fee profits, the decrease in other income is a product of the more muted performance of the portfolio of seed investments, net of hedging, held on the Group's balance sheet.

Earnings per share

Basic EPS decreased by 24% to 50.8p during the year (2021: 67.2p) and diluted EPS decreased by 24% to 48.7p (2021: 64.0p). 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 2022	31 March 2021
Diluted earnings per share	48.7	64.0
Impact of share-based payments on preference shares	1.1	(0.3)
Impact of deferment, where staff compensation costs are deferred into future periods	(0.8)	(3.7)
Impact of exceptional items	7.0	2.2
Adjusted diluted total EPS [†]	56.0	62.2
Performance fee profit and other income	2.2	21.6
Adjusted diluted core EPS [†]	53.8	40.6

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.

Financial Review continued

In the year to 31 March 2022 there were two conversions of preference shares into Polar Capital Holdings plc equity (2021: nil).

As at 31 March 2022 five sets of preference shares have the ability to call for a conversion.

The call must be made on or before 30 November 2022 if any conversion is to take place with effect from 31 March 2022.

No further preference shares are expected to be issued after this year and any new teams arriving will instead 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 and is expected to be simpler to administer compared to the preference shares arrangement.

See Note 3.6 for details.

Balance sheet and cash

At the year end the cash balances of the Group were £121.1m (2021: £136.7m). The decrease was due to reduced cash generation from lower performance fee profits combined with the timing of the second interim dividend for 2021, which reflected the above average performance fee profits last year, being paid in July 2021. At the balance sheet date the Group held £48.3m of investments in its funds (2021: £39.1m).

See Note 4.6(a) to the financial statements.

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, used as a buffer for times of uncertainty, pay dividends and fund the EBT to buy Company shares to reduce the dilutive effects of LTIP and option awards. As the Group grows in size, the allocation of overall capital amongst these four categories may change.

As at 31 March 2022 £48.3m (2021: £39.1m) of the Group's balance sheet was invested to seed fledgling funds and during the year the Group advanced loans to the EBT of £11.8m (2021: £10m) 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 2022 the Group had surplus capital of £69.7m (2021: £60.4m) above its regulatory capital requirement of £26m (2021: £25m) and July 2022 dividend commitment of £31m (2021: £29.8m).

We do not expect the implementation of IFPR and the introduction of the new Internal Capital Adequacy and Risk Assessment regime (ICARA) to have a material affect on the Group's regulatory capital requirements.

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 Assessment Process (ICAAP).

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

Finance Director

24 June 2022

Alternative Performance Measures (APMs)

The Group uses the non-GAAP APMs listed below to provide users of the annual report and accounts 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 32	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 32	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 28	To present additional information thereby assisting users of the accounts 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 28	To present additional information thereby assisting users of the accounts 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.	Note 3.8 Page 29	The Group believes that (a) as the preference share awards have been designed to be earnings enhancing to shareholders (See page 30) 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 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 29	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.
Core operating margin	Core operating profit divided by net management fees revenue.	Page 27	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.
Net management fee	Gross management fees less commissions and fees payable.	Page 27	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 27	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 (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.

	2022 Reported results £'m	Reclassifications		2022 Non-GAAP results £'m	APMs
		Consolidated seed investments £'m	Costs £'m		
Management and research fees	209.9	–	–	209.9	
Commissions and fees payable	(22.6)	–	–	(22.6)	
	187.3	–	–	187.3	Net management fees
Operating costs	(140.9)	0.5	76.5	(63.9)	
	–	–	(54.0)	(54.0)	Core distributions
	46.4	0.5	22.5	69.4	Core operating profit
Performance fees	14.1	–	–	14.1	
	–	–	(10.0)	(10.0)	Performance fee interests
	14.1	–	(10.0)	4.1	Performance fee profit
Other income/(loss)	1.6	(0.5)	(3.8)	(2.7)	
Share-based payments on preference shares	–	–	(1.1)	(1.1)	
Net exceptional items	–	–	(7.6)	(7.6)	
Profit for the year before tax	62.1	–	–	62.1	

Sustainability Report

Responsible Investment, Corporate Responsibility and Our People

1 Introduction

New EU Regulation has driven rapid change in approaches to sustainable investment across the asset management industry and we continue to raise our ambitions for responsible and sustainable investment. Over the period we have focused on enhancing and formalising the ESG investment processes of our funds, further developing data capabilities, growing our central sustainability team and building on our strong governance structure to integrate ESG and climate-related factors into our strategy and risk management frameworks.

Sustainability is embedded in all parts of our business, with our overarching sustainability strategy set by the Board of Directors and the senior management. ESG investing is driven by investment teams, with the support of a robust central sustainability resource. Management committees, such as the Sustainability Committee and Diversity and Inclusion Committee, ensure representatives from across the business contribute their expertise and perspective to the sustainability of the business.

We aim to ensure that the Group maintains the same high standards we expect of the companies in which we invest, and this filters through to recruitment, the environment, and our impact on society as a whole.

Our people are at the heart of our business, and we are committed to providing a supportive and inclusive working environment. The Diversity & Inclusion Committee, established in 2020, has continued to be a force for good, advocating positive action within our business and actively promoting these principles within our industry.

We have continued the measurement and ongoing reporting on Greenhouse Gas (GHG) emissions for which we are directly responsible (scope 1, 2) and also voluntary reported select scope 3 emissions.

2 Responsible investment

Each fund manager has autonomy over their fund's investment philosophy and process – this specialisation and domain expertise of the fund managers is a core strength of Polar Capital. In the same way, we believe incorporating ESG factors into the investment process is something that should be driven by the investment teams, ensuring ESG analysis, engagement and voting decisions are closely linked with the investment decision-making process. As such, incorporating ESG into the investment process may look different for different investment teams.

However, as teams have raised ambitions and standards around this, the controls around promoting sustainability characteristics at a fund level have also been enhanced. We have adopted a co-ordinated, centralised approach to ESG and climate-related risk monitoring, to provide our clients and other stakeholders with a better understanding of the scope and depth of our ESG practices, climate-related risks and opportunities, and engagement and voting activities.

ESG oversight

ESG and climate change metrics have been incorporated into our central monitoring and oversight of portfolio risks, alongside factors including liquidity, macro and behavioural analysis. Each strategy's ESG characteristics are reviewed in detail every four months in investment oversight meetings with the lead fund managers. This oversight includes an assessment of the fund's ESG profile and scoring using third-party data methodology and has been enhanced in the past year to include monitoring ESG-related controversies and compliance with global norms and conventions (such as the UN Global Compact), as well as a climate-related risk profile of investee companies, the analysis of which is the starting point for discussion in oversight meetings.

Responsible Investment Working Group

In 2020, Polar Capital established the Sustainability Committee which has been a key forum to develop our corporate and investment initiatives. At the start of 2022, we further built on this with the establishment of the Responsible Investment Working Group, reporting into the Sustainability Committee. Its purpose is to be a forum for sharing approaches and best practice for responsible investments. It provides investment teams with information on upcoming regulations, industry and company initiatives, sharing information, potentially collaborating on engagements and voting, and developing climate change strategy and net zero framework for portfolios. The working group includes members from all investment teams and is supported by the central sustainability team.

The central sustainability team aims to deliver best practice for our funds and clients, assisting in enhancing our investment teams' integration of ESG considerations, developing stewardship practices, increasing responsible engagement practices, and developing our climate change strategy/net zero framework for portfolios.

Polar Capital has also enhanced its data capabilities to ensure the investment teams are equipped to integrate ESG into their investment processes, and so we can provide our clients with quality ESG and climate-related reporting.

SFDR

The EU's Sustainable Finance Disclosure Regulation (SFDR) came into force on 10 March 2021. In its first year, the biggest impact has been the requirement for investment teams to provide product level disclosures on the sustainability characteristics and a self-classification of investment products according to the SFDR's categories:

Article 6: a mainstream investment product that may consider ESG factors from a risk management perspective

Article 8: where a product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics

Article 9: products with sustainable investment as their investment objective

Although the SFDR classification system is not in itself a label or accreditation of responsible investment, our internal framework and sign-off process requires evidence of a systematic and rigorous process of responsible investment and stewardship, and clear articulation and evidence of the sustainability characteristics of the funds in order to be eligible for classification as Article 8 or Article 9 under the SFDR.

Therefore, our funds' progress in classification as Article 8 or 9 under the SFDR and the commitment to achieving sustainability standards are good indicators of the progress towards incorporating responsible investment and stewardship in the investment processes of our funds. At 31 March 2022, 8 of our UCITS/SICAV funds are classified as Article 8 under the SFDR, while the recently launched Smart Energy and Mobility funds, with an investment focus on energy transformation and the decarbonisation of the global energy and transport sectors, are classified as Article 9.

Labels

Over the period, several funds sought external accreditation and validation of their sustainable approaches. The Healthcare Opportunities, Biotechnology, Smart Energy and Smart Mobility funds were awarded the Towards Sustainability label (issued by Febelfin, the Belgian Financial Sector Federation). The label seeks to set a high quality standard for sustainable and socially responsible investment products.

The Melchior European Opportunities Fund continues to hold the LuxFlag ESG label (Luxembourg), also setting a high standard and demonstrating a rigorous ESG process.

Sustainability initiatives and industry involvement

Polar Capital supports the new UK Stewardship Code and aspires to the standards of best practice that it sets. The new format, based on activity and outcomes of stewardship practices, is an important step for the accountability and credibility of stewardship practices for the industry, and we are pleased to have become a signatory of the Code in 2022.

Polar Capital is a signatory of the UN Principles for Responsible Investment and is committed to upholding the Principles. We are currently awaiting the assessment of our 2021 report.

Polar Capital's Emerging Markets & Asia team continue to push for higher sustainability standards and are co-lead investors of the Climate Action 100+ collective engagement on Reliance Industries. Climate Action 100+ is an investor-led collaborative engagement initiative that aims to tackle the systemic climate change challenge by influencing the behaviour of management of the key global greenhouse gas (GHG)-emitting companies to implement strong governance around climate change, take action to reduce emissions, and improve disclosure.

Polar Capital and its representatives are actively involved in industry-wide initiatives and forums to promote well-functioning markets. Through these we engage with industry initiatives and support progress, such as the Investment Association's (IA) EU SFDR Implementation Forum, the IA Stewardship Reporting Working Group, the IA Net Zero Forum, the IA TCFD Implementation Forum and the Independent Investment Management Initiative (IIMI) – Responsible Investment Forum.

Sustainability Report continued

3 Corporate Sustainability continued

Environment and climate

As a Company, we are conscious of our impact on the environmental, and are committed to understanding and managing our carbon emissions footprint. We have continued measures implemented in our London office to reduce our waste, such as our recycling programme, reducing the use of plastic, issuing keep-cups to all staff, stopping use of plastic covers for our business presentations and continuing our recycling initiatives for food packaging at our London head office.

We support the Paris Agreement and the transition to a net zero carbon economy. Over the past year, we have focused efforts on evolving our understanding of our carbon impact. We have for the second year measured our operational carbon emissions footprint for scope 1 and 2 emissions are certain material scope 3 emissions categories, as published within this report.

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 select 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 reporting period 1 April 2021 to 31 March 2022, our global measured scope 1 and 2 emissions (location-based) totalled 96 tCO₂e (location-based). This figure includes 56 tCO₂e from scope 1 emissions in our offices, reflected for the first time as data quality and data collection processes have improved. Our electricity consumption totalled 208,715 kWh, of which 72% was consumed in the UK. During the reporting period, Polar Capital opened a new office in Zurich, which contributed to the increase in Rest of World electricity consumption.

In our Palace Street 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 automatic reduction in lighting when offices are not in use, thus improving energy efficiency.

Energy, kWh	31 March 2022			31 March 2021		
	UK	Rest of World	Total	UK	Rest of World	Total
Scope 1 Fuels	304,817	875	305,692	–	–	–
Scope 2 Electricity	149,419	59,296	208,715	145,183	37,856	183,039
Total Scope 1 & 2	454,236	60,171	514,407	145,183	37,856	183,039

We acknowledge that our largest GHG emissions come from indirect activities, therefore we voluntarily disclose scope 3 emissions for relevant categories where data is available. In the first year that we collected data, there was a high proportion of estimated data. As we have developed data capture and measurement, the accuracy and quality of data has improved. Global scope 3 emissions for measured categories totalled 454 tCO₂e in 2021–22, making up 83% of the Group's known emissions.

This includes the impact of Polar Capital's capital goods, business travel, waste disposal, employee commuting and remote working, and fuel and energy-related activities (FERA) not already included in scope 2. We also plan to expand the data coverage to other categories of Scope 3 emissions in the future which will include Scope 3 emissions relating to our purchased goods and services.

Overall, across all reported scopes (using location-based emissions for Scope 2 emissions) our total carbon emissions increased by 45% compared with the previous year. This increase was largely driven by the increase in business travel following the easing of Covid-19 restrictions throughout the year. While this is a large increase in business travel from the previous year, it still represents a 53% decrease in emissions from business travel from the year to March 2020. While we expect business travel to increase as restrictions are fully lifted, we believe that we will benefit from the experience of working effectively via virtual channels over the past two years, and continue to utilise video conferencing where appropriate.

Over the longer term, our business travel is unlikely to remain at such low levels but, with enhanced technology, we have all learned to work more effectively via virtual channels and we are confident that we will be able to report significantly less travel than prior to the global pandemic.

GHG emissions, tCO ₂ e	31 March 2022			31 March 2021		
	UK	Rest of World	Total	UK	Rest of World	Total
Scope 1	56	–	56	–	–	–
Scope 2: location based	32	8	40	34	8	42
Scope 2: market based	–	9	9	50	9	59
Total Scope 1 & 2: location based	88	8	96	34	8	42
Total Scope 1 & 2: market based	56	9	65	50	9	59
Scope 3 (optional reporting)	N/A	N/A	454	N/A	N/A	337
Capital goods	N/A	N/A	121	N/A	N/A	144
Fuel and energy related activities	N/A	N/A	36	N/A	N/A	20
Waste generated in operations	N/A	N/A	–	N/A	N/A	1
Business travel	N/A	N/A	207	N/A	N/A	68
Employee commuting & remote working	N/A	N/A	90	N/A	N/A	104
Total all scopes (location based)	N/A	N/A	550	N/A	N/A	379
Total all scopes (market based)	N/A	N/A	519	N/A	N/A	396
Intensity ratio per £'m net income	N/A	N/A	0.5	N/A	N/A	0.2
Intensity ratio per FTE	N/A	N/A	0.5	N/A	N/A	0.2

Disclaimer for data:

Market based emissions scope 2 figures for our Palace Street office are stated for 2022 as zero to reflect the use of renewable electricity. SmartestEnergy's renewable electricity tariffs, including Renewable Standard, are certified by the Carbon Trust and compliant with the Greenhouse Gas Protocol scope 2 guidance.

Under the same consideration, scope 2 market-based emissions for the year to March 2021 would also be reflected as zero.

As data has improved, the addition of gas under scope 1 emissions has been included for year ended March 2022. Previously unavailable scope 1 emissions data for the period 1 April 2020 to 31 March 2021 are as follows:

ROW Scope 1 emissions: 0.09 tCO₂e

UK Scope 1 emissions: 42.03 tCO₂e

Total scope 1 emissions: 42.12 tCO₂e

Therefore, taking into account the recently sourced data for scope 1 emissions, Polar Capital's revised global emissions for scope 1, 2 and measured scope 3 categories totalled 421.1 tCO₂e for 2020–2021.

Under the same consideration, the recalculated total location based world emissions intensity ratios (scope 1 and scope 2) for 2020–2021:

0.42 – Scope 1 & 2 intensity tCO₂ per £'m net income

0.5 – Scope 1 & 2 intensity tCO₂ per FTE

Sustainability Report continued

3 Corporate Sustainability continued

Climate-related financial disclosure

Climate change will be a defining factor in the future of the global economy, financial markets and society. While we are focused on reducing the emissions of our operations, as an asset manager we recognise that the emissions of our investments make up the majority of our carbon footprint and have the greatest impact on the environment.

The Financial Stability Board (FSB) created the Task force on Climate-related Financial Disclosures (TCFD) to develop guidance on key types of information that companies should disclose to support investors. While we are not formally required to report in line with the TCFD, Polar Capital supports the TCFD recommendations, and we are committed to integrating these into the governance, strategy and risk management framework of our business, to mitigate climate-related risks and protect our clients' investments, and we have provided a high-level summary of our practices below.

Governance

The Board is responsible for the overall stewardship of the business, approving its strategy and holding the Executive Committee to account for the running of the business. Climate-related risks and opportunities are increasingly prominent in the Board's discussions and strategy development, so that our strategy is aligned to the transition to a low carbon economy. We aim to ensure that we offer clients access to investment in climate solutions, and that our existing funds have sophisticated climate data capabilities and resources to ensure they can manage climate-related risks and opportunities, as well as and report on them.

The governance structure allows the Board, senior management and management committees to integrate climate-related risks and opportunities into guiding strategy, business plans and risk management.

The Board ensures that climate-related risks and opportunities are integrated into their oversight through the delegation of responsibility to senior management and management committees, and reported to the Board through formal reporting lines:

- The risk management framework now incorporates ESG and climate-related risk analysis into quarterly investment reviews for each strategy. Any escalations from these reviews are reported to the Group Risk Committee (GRC) and Board.
- Sustainability-related regulation risks and client demand is fed through the Sustainability Committee and escalated via the Executive Committee to the Board. The Sustainability Committee includes members of the GRC and Executive Committee.
- The Board is also updated on climate and sustainability activity and progress in each Board meeting through the CEO's report. The Board also receives regular progress reports from the Head of Sustainability.
- The Audit and Risk Committee also receive regular updates from the Group Compliance and Legal Officer, highlighting the most serious risks and escalated issues over the period.

Underlying this is each investment management team's approach to incorporating the data and information provided, offering their own sectoral, country or regional expertise and implementing their climate strategy best suited to their investment approach.

Strategy and risk management

The Board and management recognise the importance of developing and adapting its business model and strategy to reflect the challenges and opportunities of climate change, and to be able to respond to the needs of our clients, shareholders and other stakeholders to prioritise our climate strategy.

With the establishment of the Sustainability Committee, one of our key objectives is to formalise our environmental and climate change strategy at the corporate level and set a framework for implementation at the fund level. Over the past year we have been assessing our climate and environmental practices, formalising our climate strategy and measuring our operational carbon footprint.

The CEO, CIO, Head of Sustainability, Sustainability Committee, Executive Directors, risk team and portfolio managers have clear roles and responsibilities for implementing our climate strategy.

The Board is aware and involved in setting strategy around the key risks to the business. This includes climate risk from a business perspective as well as climate risk to investment portfolios. ESG and climate change have been agenda items in Board meetings since the start of 2021, with explicit climate-related strategy added in late 2021.

The Group Risk Committee considers all Group risks including corporate, operational, distribution and portfolio risk. Part of this includes a review of nine key macro risks to the business, each of which comprises a number of underlying micro risks that form the risk register and risk monitoring program. In 2021, one of the top macro risks identified was 'strategy, business model and sustainability'.

This was expanded from the previous 'strategy and business model' risk in Q3 2021 to include sustainability and as a result included additional micro risks. It was agreed that the Executive Committee's view of the level of this risk should be elevated given the increased regulation, complexity and regulatory focus on sustainability, including ESG and climate-related risks and opportunities.

Climate change metrics (and ESG) have been incorporated into central monitoring and oversight of portfolio risks, alongside factors like liquidity, macro and behavioural analysis. The climate-related risk management highlights those companies with the highest emissions, highest emissions intensity, exposure to climate risk, management of that climate risk and portfolio footprint and intensity metrics.

Sustainability, and the risks and opportunities related to climate change, play an important role in senior management and the Board's strategy for product development and their approach to attracting fund management teams. An example is the addition in September 2021 of the Sustainable Thematic Equity Team, led by Thiemo Lang. The team's expertise in sustainable equity strategies focuses on the transformation and decarbonisation of the energy sector, and on the emerging electric vehicle theme. The investment strategies the team creates provide sustainable answers to the growing worldwide demand for clean energy and transportation, investing in companies at the forefront of the global transition towards a cleaner, more efficient and independent sustainable energy future.

Reporting in line with the TCFD is an ongoing process. We have begun this year by disclosing the governance structures that enable our climate change strategy and risk management framework. We aim to enhance these processes, improving our risk management to deliver more efficient and accurate data to our fund managers. Climate modelling is a complex task and we will strive to improve our ability to incorporate climate data into decision-making and to further measure and report the metrics and targets for our climate-related risks and opportunities to our clients, shareholders and other stakeholders.

Sustainability Report continued

3 Corporate Sustainability continued

Charitable giving

We have a responsibility to create a lasting positive impact in the communities in which we live and work. We 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 15 charities. We have supported a number of charities that are close to the hearts of our staff or matters that are of fundamental importance to Polar Capital. These include mental health, community support, homelessness, child welfare, healthcare and education, and the environment. We generally support smaller charities where we know the contribution will make a big difference.

In the financial year 2023, the Group will commit up to 1% of core operating profit annually to environmental and social causes.

In 2021, we partnered with Heal Rewilding, a charity established to respond to the biodiversity emergency. It is raising awareness of the need to rewild sub-economic farmland in the UK and return it to its original wild condition. This partnership has continued through to the financial year 2022.

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 launched its Polar Capital Aspire Scheme (PCAS), which aims to support 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, starting in 2024. They will also be assigned staff mentors who will host them at Polar Capital functions while they finish their sixth-form studies and throughout their time at university. In addition, Polar Capital has committed to funding the purchase of new laptops for each incoming student into the lower sixth form at WCS.

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.

We also supported the Worshipful Company of Grocers and were involved with mentoring of a group of A-Level students from the Chelsea Academy as part of the Grocer's Academy Awards. The award programme aims to drive entrepreneurial spirit among the next generation of bright young Londoners at Academy Schools and give them a window into the financial and creative industries. We believe in giving a helping hand to those from less fortunate backgrounds and ensuring all young, bright students have equal opportunities to fulfil their true potential. Over the period, the Chelsea students made huge strides in both their personal development and business acumen.

Polar Capital is delighted to be partnering with Westminster City School to launch the Polar Capital Aspire Scheme (PCAS) which supports Westminster City School students throughout their time at university. We firmly believe in the power of education and are excited to be able to provide these opportunities for the younger members of our local community. Our aim with PCAS is to open doors to the industry and encourage more young adults to consider careers in our field. In turn, if PCAS is able to foster interest in and provide students with insight into financial services, that would be an added positive outcome from establishing this bursary scheme.

Gavin Rochussen
Chief Executive

4 Our people

Polar Capital is proud of its culture which is underpinned by the people within it. 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, 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. At Polar Capital, 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.

As at 31 March 2022, the Group's staff (including the Board) were broken down on a gender basis as follows:

Sustainability Report continued

4 Our people continued

Diversity survey

In January 2022, Polar Capital undertook an anonymous diversity data survey, conducted by a third party. The purpose of this survey was to gain a better understanding of our staff 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 an 86% response rate from full-time staff.

According to research by the Investment Association and Diversity Project¹, 10% of fund managers identify as Asian and 1% identify as black. Their report identifies a number of factors contributing to the under-representation of black people in the sector, including socioeconomics, a lack of perceived diversity within the sector, progression opportunities and the topic of race not being discussed as much as gender and sexual orientation in the workplace.

The majority of our staff are of white origin (73%) and around a quarter are from an ethnic minority group (24%) of which nearly 1 in 5 (18%) are of Asian origin; 2.4% of respondents are from mixed/multiple ethnic groups; 1.8% any other ethnic group; 1.2% of Black, African or Caribbean origin and 0.6% of Hispanic origin; 3% preferred not to say (Chart 1).

The majority of employees (92.9%) describe themselves as heterosexual/straight. 4.8% of respondents identified as lesbian/gay, bisexual or asexual and 2.4% preferred not to say (Chart 2).

Analysis of ethnicity by role indicates that the majority of management roles are held by white employees (78%). Of the 22% of management roles held by employees from an ethnic minority group, 77% are occupied by male employees.

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

The vast majority of employees (88.6%) attended university; 40% received a state school education compared to 30% of employees who received a private education; just over a quarter (26%) attended school outside the UK.

We are working to understand the information delivered through this survey and identify key priority areas to improve diversity in its many forms in our workplace.

Chart 1: Ethnicity

White	72.8%
Asian	18.3%
Black, African Caribbean	1.2%
Hispanic	0.6%
Mixed or Multiple Ethnic Groups	2.4%
Prefer not to say	3%
Any other ethnic group	1.8%

Chart 2: Sexual orientation

Lesbian/Gay	1.8%
Heterosexual	92.9%
Bisexual	0.6%
Asexual	2.4%
Prefer not to say	2.4%

Chart 3: Socio economic background

Attended school outside the UK	26%
Independent or fee-paying school – no bursary	22%
State-run or state-funded school – non-selective	29%
State-run or state-funded school – selective on academic, faith or other grounds	11%
Prefer not to say	3%
Independent or fee-paying school – bursary	8%

¹ The Investment Association, Black Voices: Building black representation in investment management, 2019.

Industry participation

Polar Capital is taking steps to improve diversity within the company and the sector. We are a member of #includedAWM, an industry group operating within wealth and asset management aiming to promote diversity and inclusion. It is focused on driving change to enhance diversity and support inclusion, where required, both within individual firms and across the wider wealth and asset management industry.

In January 2021, we welcomed our first six trainees from the Investment 20/20 programme. Investment 20/20 facilitates access to candidates from wider socioeconomic, ethnic and academic backgrounds thereby encouraging an open and diverse culture. The first year of the program was a great success, with the majority of trainees continuing their employment with Polar Capital. The relationship has continued, with new trainees joining in the legal, compliance and operations departments in early 2022.

In April 2021, Polar Capital became a member of The Diversity Project. The Diversity Project is an investment industry initiative, consisting of over 90 member firms, that is working to promote an inclusive culture across the investment industry. The Diversity Project works across investment and savings professions, with member firms including asset owners, fund managers, fund selectors, pension consultants, actuaries, trustees, wealth managers and trade bodies. Moreover, the initiative is all-encompassing in nature, incorporating aspects of diversity and inclusion including but not limited to race and ethnicity, disability, gender equality, social mobility, mental health and neurodiversity. Polar Capital's CEO is an active participant in the Advisory Committee, and the Group has participants working as part of multiple workstreams, ranging from the Early Careers and Race & Ethnicity Marketing workstreams to the Mental Health workstream.

Teach-ins

In 2021, in-house 'teach-ins' were started to give staff the opportunity to learn more about the various departments around Polar Capital and the people who manage the departments, in an informal way. The hope is that this will enable people to gain a deeper understanding of different areas of Polar Capital and their management. The teach-ins are offered monthly, with each one from a different department. Introductions, usually held by the heads of department, have been held for trading, product management, legal & compliance, and a session led by fund management teams into ESG analysis and sustainability-focused investing.

Mental health

Mental health has been a prominent topic of discussion with the D&I committee and a focus for firmwide activity.

In Q2 2021, we offered every staff member the opportunity to attend a mental health first aid course. Mental Health First Aid (MHFA) England is a social enterprise with a vision to improve mental health within organisations and across the country, providing training and resources to develop mental health awareness and wellbeing. Topics covered included stigma, depression, stress, suicide, self-care, and how to build a mentally healthy workplace.

At present, we have 16 mental health first aiders, varying in seniority and departments in the hope of offering a wide range of peer-to-peer support.

Comments from colleagues after completing the Mental Health First Aid course include:

The message of the course is that you don't need to have all the answers to help someone who is going through a difficult time. Topics like risk factors and coping behaviours were also useful for thinking how I manage my own mental health.

I think the course was absolutely invaluable. A small step towards breaking the stigma.

At the start of 2022 we provided all staff with access to Headspace, a mindfulness organisation, to offer an additional service to support staff wellbeing and mental health. We also continue to offer access to a therapist to provide our staff with access to free, independent, and confidential support.

Risk Management

The Group, like any business operating in the financial services sector, faces a number of challenges to its successful operation and growth. 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 management Group Risk Committee (GRC) and the Audit and Risk Committee (ARC), a sub-committee of the Board.

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

GRC: The GRC is tasked with identifying emerging risks and is responsible for ongoing risk monitoring and ensuring each business unit takes appropriate actions to mitigate risks.

Risk Management Framework

The Group 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.

Identify	Assess	Manage	Monitor	Report
Risks are identified and assessed by each business unit department.	Assess the potential impact of each risk and the risk appetite	Controls are designed and used to eliminate or reduce the extent, nature and/or severity of a specific risk related event.	Regular evaluations are completed to assess the Group’s risk exposures 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

The risk and control assessment is performed by the compliance department. The Group's risk profile is regularly updated and reviewed so that any emerging key risks or other changes to the profile can be reflected on a timely basis. This is done by conducting risk reviews of each business area and a risk rating is assigned to key risks and mitigating controls are identified.

The residual risk, after considering existing controls, is assessed by the compliance department and discussed with the head of each business unit and where required, additional controls are implemented to ensure that the residual risk ratings are within tolerance levels.

Risk and control assessments are used to develop the compliance monitoring program. Any breaches found by the compliance department as part of their monitoring program are recorded in an error log and reported to the ARC and ultimately the Board.

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 risks that could 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.

Polar Capital Holdings plc Board

Audit and Risk Committee

Group Risk Committee

First Line of Defence

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

Second Line of Defence

Control and oversight functions including Group committees all serve as the Group's second line of defence by managing controls and providing oversight over key risks to the business.

Third Line of Defence

The compliance department is responsible for carrying out monitoring and reviews of the first and second lines' controls to ensure that they are effective. The compliance monitoring programme reviews the effective operation of relevant key processes against regulatory requirements.

Risk Management continued

Key risks and reporting

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

The following section shows our assessment of the key risks that we face, along with how the significance of the risk has changed during the 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

2022:  2021: 

Risk remains unchanged for 2022 as a result of the ongoing expansion into global markets and increased scope of the risk to include sustainability which has been an area of regulatory development.

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

2022:  2021: 

Unchanged from previous year. The risk remains elevated as a result of the continued restrictions and hybrid working throughout the year, as well as the evolution of senior leadership.

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 and underpins the loyalty and retention of key staff.

Fund manager retention

Description

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

Assessment

Risk Rating

2022:  2021: 

Heightened risk due to expansion of the Group, remote working and the continued concentration of assets within a limited number of investment teams.

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
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Equity market Risk

Description

The Group operates in a highly competitive industry and if it is unable to deal with adverse market and economic conditions, such as those unfolding as a result of the Russia-Ukraine conflict or resulting from Covid-19, its business could be adversely affected.

Assessment

Risk Rating

2022:  2021: 

Unchanged from previous year.

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

2022:  2021: 

Unchanged from previous year.

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

2022:  2021: 

Unchanged from previous year.

Mitigation

Clearly defined investment processes exist to enable active 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 is presented analyses by the Group risk function relating to portfolio structure, exposure, concentration, performance, liquidity and risk.

The CIO and risk team also carry out oversight and regular reviews of the fund management teams.

Regular contact is maintained with all clients and fund investors and the strategy of the Group is to diversify its product offering to be less susceptible to market movements and poor performance in different sectors or geographies.

Mitigation

The Board through the work of the ARC receives and reviews regular reports on the compliance controls in place to prevent or detect any non-compliance with applicable rules and regulations.

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

2022:  2021: 

Unchanged from previous year.

Mitigation

Our IT processes and controls ensure that appropriate measures, such as firewalls, spam filters and antivirus protection, are implemented to counter the threat from malicious electronic attack.

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

During the Covid-19 lock-down, staff have been successfully and efficiently working remotely using the systems and control structures already in place.

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

2022:  2021: 

Heightened risk due to the expansion of the Group overseas and the evolving regulatory environment.

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, through extreme events, the Group could suffer financial loss, business disruption, liability to clients, regulatory sanction and damage to its reputation.

Assessment

Risk Rating

2022:  2021: 

Risk remains unchanged from previous year due to the expansion of the institutional managed account business, ongoing international growth and new counterparties.

Mitigation

The Group's core businesses have in place disaster recovery plans 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 in advance of the implementation of the FCA's Operational Resilience implementation period.

The Group performs oversight procedures on third-party providers on a regular basis.

Risk Rating	Low	Low/Medium	Medium/High	High
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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.

As part of its decision-making process, the Board considers a broad range of stakeholders however it is acknowledged that, in balancing different perspectives, it may not always be possible to deliver everyone's desired outcome.

The Board fulfils its duties in collaboration with the 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 58 to 65. The following overview provides further insight into how the Board has discharged their duties in engaging with key stakeholders. Page 51 sets out examples of how the Board has considered key stakeholders as part of its focus during the year.

Stakeholder group	How we engage with them
Clients Our clients are the people and firms that invest in our funds. Our goal is to help them achieve their long-term investment objectives.	Our client services, distribution and investment management teams all maintain contact with our clients through meetings, presentations and an annual investor day. During the year 3,434 client engagements were held, in 803 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.	Road shows are arranged each year after the annual and interim results to allow the CEO and the Finance Director to meet with potential and existing shareholders and discuss the financial performance of the Group. Our 2021 AGM was held at our offices in London and was open for shareholders to attend in person. All voting was carried out by poll voting and the final votes were disclosed on the London stock Exchange and the Company's website post the meeting, showing a comfortable majority in favour of each resolution. The 2022 AGM will be held in September and shareholders will be able to engage directly with the Board and senior management. The Chair contacts and is available to meet major shareholders without the Executive Directors present to permit direct feedback.
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.	The Board engage with staff regularly through various methods including management communications, an internal magazine and presentations by senior management. 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 Audit and Risk Committee also engage regularly with departmental heads through direct meetings. As flexible working arrangements became the norm following the post pandemic return to work, we introduced a number of measures to ensure the physical and mental wellbeing of our staff. While remote working conditions were continued to be considered by the Board, the rebuilding of office life and culture was addressed. The social aspects of working in an office were promoted with events and activities based in the office and open to all staff. There was also a staff satisfaction survey and diversity survey carried out during the year to provide comments and feedback on staff's views.

Directors' Duties and Section 172 Statement continued

Stakeholder group

How we engage with them

External service partners

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

Each area of business is responsible for day to day contact with our external service partners; our operations team are responsible for engagement with our third-party administrators and our distribution and client service teams engage with our third-part distributors/ platforms. Regular meetings with our senior management are also held to ensure engagement at the executive level.

The operations of outsourced service providers was an area of focus and carefully monitored to ensure resilience during Covid-19 and the return to the office.

Society and environment

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

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. A payroll giving arrangement is also available.

The Group also encourages staff to volunteer their time and effort through a formal volunteering leave policy.

The Board considered ESG development and the Group's approach to ESG is set out on pages 34 to 43.

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.

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

When considering principal decisions, the Board, has focused on ESG and how it relates to the key stakeholders (as set out on pages 34 and 43) as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the shareholders of the Company.

Considerations and outcomes

Stakeholder group considered

The Board has responsibility for the overall stewardship of the business and ESG considerations, including climate-related risks and opportunities. These are increasingly prominent in the Board's thinking and their discussions to ensure that strategy development as well as the day-to-day operations of the Group properly reflect their focus. The Board, when considering and setting strategy recognises the importance of developing and adapting its business model and strategy to reflect the challenges and opportunities of climate change, and to be able to respond to the needs of our clients, shareholders, staff and other stakeholders.

When considering the funds offered to clients the Board has sought to ensure that our existing funds have sophisticated climate data capabilities and resources to ensure they can manage climate-related risks and opportunities, as well as and report on them. The recruitment of Thiemo Lang as head of the Polar Capital Sustainable Thematic Team and the launch of two new funds: the Polar Capital Smart Energy Fund and the Polar Capital Smart Mobility Fund, both Article 9 funds under the Sustainable Finance Disclosure Regulation ('SFDR'), provided investors with a strategy founded on the belief that, with the world facing an urgent need to decarbonise, demand for smart energy solutions will rise. This strategy should have the potential to deliver significant growth opportunities over the long-term. Many of our existing funds, have or are in the process of obtaining appropriate classifications under SFDR regulations to address the requirements of our clients and their investors in those funds.

At a corporate level the Board has focused on ensuring that reporting in line with the Task Force on Climate-Related Financial Disclosures ('TCFD') is an ongoing process and risk management of ESG is embedded and that climate-related risks and opportunities are integrated into their oversight through the regular CEO's report to the Board. The risk management framework incorporates ESG and climate-related risk analysis into investment reviews for each fund strategy. The business decided to support the Paris Agreement and the transition to a net zero carbon economy.

Through the establishment of the central sustainability team the Board has ensured not only that the investment teams have the necessary resources to address ESG in each fund but also that the corporate can monitor and report on its own emissions. The central sustainability team has undertaken work to incorporate ESG into the investment process of each team.

As part of its consideration of strategy, the Board received a presentation from the Investment Association on sustainability and responsible investment. This presentation covered recent developments including COP26, the UK Government's policy paper 'Greening Finance: A Roadmap to Sustainable Investing' and a discussion on the evolving regulatory environment. The Board also receives climate and sustainability updates at each Board meeting through the CEO's report to the Board, while the Head of Sustainability reports to the Board on a regular basis. The Board supports the Executive in ensuring that the sustainability plays a core role when making key decisions on strategy.

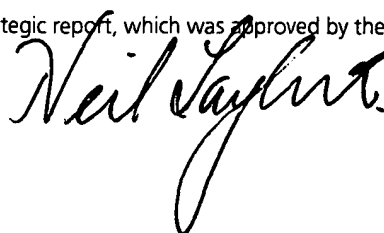
The Board agreed to allocate a percentage of profits, up to 1% of core operating profit annually, towards charitable causes and encourage staff to nominate charities for support as well as encouraging an employee volunteering scheme. The Board continued to support the partnership with Heal Rewilding, a charity focused on restoring the biodiversity of the UK.

The Board supported the establishment of the Polar Capital Aspire Scheme (PCAS), which aims to support further education for students who wish to pursue three-year university degrees in the UK in partnership with the Westminster City School which is local to the head office, in London. Part of this scheme will involve a mentorship programme which assign selected sixth-form students with employees who will act as their mentors and give them an introduction to the fund management industry. The Board has also supported a commitment to the purchase of laptops for incoming students into year 12 at the School.

Details of all these initiatives are provided in the Sustainability report on pages 34 to 43.

Pages 1 to 51 constitute the strategic report, which was approved by the Board on 24 June 2022 and signed on its behalf by:

Neil Taylor
Group Company Secretary



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, with the exception of John Mansell, will stand for re-election by Shareholders at the AGM to be held on 7 September 2022. The Nomination Committee considers the composition of the Board and makes recommendations to the Board in support of the re-elections.

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 Chairman of the Investment Committee at St James's Place, having joined the firm at inception. He was a director of the main PLC board between 2007 and 2019.

Other appointments: David is a non-executive director of the Henderson Smaller Companies Investment Trust and chairman of the Board of Governors of the University of West of England.

Committee attendance: Audit and Risk Committee (by invitation), Nomination Committee (Chair), Remuneration Committee.

Rationale for re-election: David joined the Board in 2020 and has a background of asset management with wide experience of listed companies and strong consensus leadership skills. He leads the Board meetings and has regular informal as well as formal interaction with his co-Directors and engages 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 chairman of the Governors of Tonbridge School, Kent.

Committee attendance: 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 joined the Board in 2017 to assume the role of chief executive. He has proven skills of leading and developing asset management businesses and managing people in international organisations. He has maintained close contact with senior staff and the Board and has focused on leading the business, staff wellbeing the implementation of ESG throughout the business.

Samir Ayub Executive Finance Director

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 Group Finance Director. He is a Chartered Accountant having qualified with Ernst & Young LLP.

Other Appointments: None.

Committee attendance: He is not a member of any committee but may attend a committee by invitation to make proposals or respond to questions.

Rationale for election: Samir joined the Board in 2021 after having assumed the Finance Director role from John Mansell. He has played a key role in the development of the business over the past 12 years and has a fundamental understanding of the operational and financial aspects of the organisation.

John Mansell Executive Director

Appointed to the Board in July 2002, as a founding director.

Skills and experience: John joined Brian Ashford-Russell and Tim Woolley to form Polar Capital in 2001. Prior to this John spent 11 years at Lazard Asset Management. John is a Fellow of the Institute of Chartered Accountants of England and Wales.

Other Appointments: None.

Committee attendance: He is not a member of any committee but attends various committees by invitation to make proposals or respond to questions.

John is not seeking re-election will be retiring from the Board at the conclusion of AGM.

Laura Ahto Independent Non-Executive Director

Appointed to the Board in November 2021.

Skills and Experience: Laura retired in 2021 as Chief Operating Officer, 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 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 at-risk girls in Africa with skills and confidence to succeed in the work force.

Committee attendance: Audit and Risk Committee and Nomination Committee.

Rationale for election: Laura joined the Board in 2021 and this is her first AGM to stand for election by shareholders. Laura brings a wealth of international, including US, operational and leadership experience in financial services.

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: He is a board member of Lifescale Ltd, a financial technology firm and BPL (Holdings) Limited, a specialist insurance broker. Anand 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 attendance: Audit and Risk Committee and Nomination Committee.

Rationale for election: Anand joined the Board in 2022 and this is his first AGM to stand for election by shareholders. Anand has experience in establishing business with international experience of the financial services industry and this is supplemented by his broad range of other appointments.

Jamie Cayzer-Colvin Non-Executive Director

Appointed to the Board in March 2002 as a founding director.

Skills and experience: Jamie is head of funds and has been an executive director at Caledonia Investments plc since 2005. Prior to this he was a Business Development Manager at GPT, then a division of GEC. Jamie has an MBA from Henley Management College.

Other Appointments: Jamie is executive director at Caledonia Investments plc and a non-executive director of Polar Capital Funds, the umbrella company for the Polar Capital range of UCITS.

Committee attendance: He is not a member of any committee but may attend a committee by invitation.

Rationale for re-election: Jamie joined the Board in 2002 as a founding director and through Caledonia Investments Plc the initial infrastructure was provided to the founders. He played a key role in the establishment of the business and has a deep and extensive knowledge of the business which combined with his worldwide experience as head of funds at Caledonia is much valued by the Board. After 20 years of service, Jamie will be retiring from the Board at the end of 2022.

The Board, as explained in the Nomination Committee Report, do not consider Jamie as independent.

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. She is also a non-executive director at Marsh Limited, the UK subsidiary of the insurer 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, and a trustee of the University of Essex.

Committee attendance: Audit and Risk Committee (Chair), Nomination Committee, Remuneration Committee (stepped down on 10 March 2022).

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 knowledge base which is of benefit to the Group's audit process.

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.

Other Appointments: Win is 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. Win is also a non-executive member of the investment committee of St. James Place Partnership plc.

Committee attendance: Audit and Risk Committee (stepped down on 16 June 2022), Nomination Committee, Remuneration Committee (Chair).

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. She has successfully engaged with shareholders over changes to remuneration reflecting the growth of the business.

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 attendance: Audit and Risk Committee (stepped down on 18 November 2021), Nomination Committee, Remuneration Committee.

Rationale for re-election: He has extensive experience of building asset manager 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.

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 2022.

Status and trading

The financial results for the year ended 31 March 2022 are set out in the attached financial statements.

Details of foreign branches are included in Note 4.7 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 4.15 to the financial statements.

The results for the year are given on page 98.

No political donations were made during the year to 31 March 2022.

Information on how we consider stakeholder interests including our S172 statement are disclosed in the Strategic Report on pages 49 to 51.

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 three Executive Directors and seven Non-Executive Directors. The Directors who served during the year and were in office at the year-end are set out on pages 52 to 54.

Changes during the year:

- On 8 September 2021 Brian Ashford-Russell retired as a Director at the conclusion of the AGM.
- On 17 November 2021 Samir Ayub was appointed as Finance Director and Laura Ahto was appointed as an Independent Non-Executive Director.

- On 17 January 2022 Anand Aithal was appointed as an Independent Non-Executive Director.

All the Directors, with the exceptions stated above, 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 74 to 88.

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 62.

Details of the Deeds of Indemnity granted to each Director in respect of their duties is given on page 79.

Dividends

The Directors have declared two interim dividends in respect of the financial year ended 31 March 2022 amounting to 46.0p per share (2021: 40.0p per share). The first interim dividend of 14.0p per share was paid on 14 January 2022 to shareholders on the register on 24 December 2021. The second interim dividend of 32.0p per share will be paid on 29 July 2022 to shareholders on the register on 8 July 2022. The shares will trade ex-dividend from 7 July 2022.

Remuneration code

Disclosure of the Group's Remuneration Code is made alongside its Pillar 3 disclosure which is available on the Group's website: www.polarcapital.co.uk.

Capital structure

The capital structure of the Company is detailed in Note 4.13 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.

Directors' Report continued

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.

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 100,248,907 (2021: 98,745,668). During the year the Company issued 1,503,239 (2021: 2,054,012) ordinary shares to cover the exercise of share options, and 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 541,818 shares have been issued to satisfy the preference share crystallisations. The issued share capital at the date of this report is 100,790,725 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 2022 the EBT held 4,037,346 ordinary shares at the year end (2021: 5,198,590).

The Trustee has waived the dividend in respect of the shares held in the general account but where it holds shares as the result of a vesting of a long term incentive plan account for the benefit of the individual then it receives dividends to pass on to the individual.

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 are not cast.

Substantial shareholdings

As at 22 June 2022, 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 100,790,725, the number of shares in issue as at 22 June 2022:

	Number of ordinary shares shown in notice	% of voting rights held
Canaccord Genuity Group ^{1/2}	9,173,566	9.1%
Fianchetto Limited ¹	7,828,573	7.8%
Harwood Capital LLP ¹	7,015,000	7.0%
Schroders plc ²	5,434,307	5.4%
Unicorn Asset Management ^{1/2}	4,925,000	4.9%
Apex Financial Services (Trust Company) Limited (trustee of EBT) ²	4,063,349	4.0%
Caledonia Investments PLC ¹	3,999,130	4.0%

1. Direct holding.
2. Indirect holding.

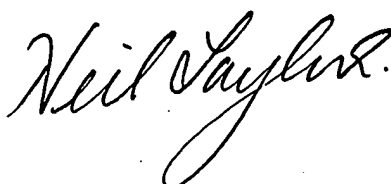
Annual General Meeting ('AGM')

The AGM will be held at 16 Palace Street, London SW1E 5JD at 2.30pm on 7 September 2022.

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 24 June 2022 and signed by order of the Board.

Neil Taylor
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 follows the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 as the recognised corporate governance code.

As a Group operating in the Financial Services sector, the business of the Company 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 and while we did not have an internal audit function in the period under review, as you will read in the report of the Audit and Risk Committee (ARC) it has been decided that the Group has reached a stage where such a function is required and an external provider has been appointed. The compliance department of the Group remains central to its operations and risk monitoring. The compliance monitoring program is embedded throughout the Company and through the Group Risk Committee, (GRC) the Executive is provided with information on the control and reporting of risks as well as breaches. The GRC in turn provides information to the ARC and finally the Board considers, not only the outcomes from the routine work, but also any special work undertaken such as Covid-19 preparedness and remote working or remedial actions to address breaches in the control environment.

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 Company is enhanced.

A particular focus for the Directors over the last 12 months has been the continued development of ESG in the investment process and its adoption throughout the organisation. Further sustainability reporting has been added to this year's report providing shareholders with information on our ESG work carried out to address and improve performance going forward. This report can be found on pages 34 to 43. The Board has continued to monitor the impact of the pandemic on the wellbeing of staff and the ability of the business to function efficiently with a mix of office and remote working becoming more the norm.

As the Group develops, the composition of the Board needs to contain the skills and experience required to guide and challenge the Executive. As reported in my statement on page 5 and further commented on in the Nomination Committee Report on pages 66 to 68 the Board and the composition of its committees have been considered and refreshed.

The following report describes how the ten principles of the QCA Corporate Governance Code 2018 (the Code) have been addressed and provides the disclosures indicated by the Code. 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 Code in full.

David Lamb
Chair

24 June 2022

Principle 1

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

The Strategic Report set out on pages 1 to 51 described the business objectives and business model which when read with the Chief Executive and the Finance Director's Reports describe the past year's achievements and the future prospects for the growth of the business. The Sustainability Report on pages 34 to 43 expands on the work being carried out throughout the business to address and report on the embedding of ESG awareness in the investment process and the corporate culture.

The risk management arrangements including key risks to the business and our monitoring and reporting is set out on pages 44 to 48.

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 49 to 51 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, such as the engagement with key shareholders over changes to remuneration strategy in the Remuneration Committee Report and engagement with staff in the Sustainability Report.

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 ad hoc road shows arranged by the Company's brokers, roadshows after the announcement of the annual and half year results plus meetings as needed throughout the year.

Following the announcement of the results in June 2021, David Lamb as Chair, contacted major shareholders and offered the opportunity to meet and discuss their views. A number of shareholders meetings were held or feedback was provided and they were happy with the current interaction with the Executive and the Board. 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 2022.

The Annual General Meeting (AGM) also provides a forum for investors to meet the Directors, both formally and informally as well as questioning the Chairs of the Board's Committees.

Due to the Government's restrictions on gathering, and as provided by the Corporate Insolvency and Governance Act 2020, the AGM in 2020 was held behind closed doors with shareholder access restricted. Fortunately, the restrictions had been lifted in time for the AGM in 2021 and this was held as a physical meeting open to shareholders. Shareholder engagement was provided by a dedicated email address for shareholders to ask questions and engage with the Board prior to the meeting and the Board was pleased to welcome the shareholders who did attend on the day. All the resolutions were passed on a poll vote, with in excess of 99% of votes cast in favour of each resolution. The 2022 AGM will be held in September.

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.

Corporate Governance Report continued

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 Compliance Officer reports to the ARC and the Board on all regulatory matters and the NOMAD presents to the Directors on stock exchange matters and ensures that any regulatory concerns are raised with the Board.

Appropriate steps have been taken in relation to the Antibribery 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 sustainability has presented to the Board and regularly reports on developments and the setting and meeting of appropriate ESG targets. 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. A Diversity and Inclusion Committee was also established at the same time to act as a co-ordinator for escalation and review of all diversity and inclusion issues. 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 Pillar III disclosure document, available on the Company's website, also describes the risk and control environment.

The Company's compliance and operations department undertakes a formal process with third-party service providers on a regular basis to review the levels of service provided 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 investor support teams keep in close contact with existing and potential investors in the Company's funds.

Following the Covid-19 pandemic a flexible working pattern has been adopted with staff able to agree with their line managers a working pattern to include working from home. The wellbeing and working conditions of all staff are regularly considered.

Internal control

The Board has overall responsibility for the Group's system of internal control including risk management framework, compliance and financial reporting.

The Group's fund management activity is primarily regulated by the Financial Conduct Authority of the United Kingdom (FCA), the Autorité des Marchés Financiers in France (AMF) and the Securities Exchange Commission in the USA (SEC) and the Board has adopted procedures and controls designed to ensure its obligations under UK and EU legislation, the FCA Rules and the Financial Services and Markets Act 2000 as well as the SEC Rules and the Investment Advisors Act are met.

Principle 4 continued

The Group's system of internal control is designed to manage, rather than eliminate, risk of failure to achieve 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 2021, approved the ISAE 3402 internal control report for the 9 months to 31 December 2021 and agreed to appoint an external supplier of internal audit services. More information on the activities of the ARC is set out in their report on pages 69 to 73. Overall the ARC has concluded that there was a satisfactory process in place to identify and manage the business risks.

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 52 to 54.

At the date of this report the Board comprises of three Executive Directors, Gavin Rochussen, Samir Ayub and John Mansell and seven 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, new Directors, appointed by the Board, are required to seek election by shareholders at the next general meeting of the Company following their appointment and all Directors seek 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 management 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 defensible and remuneration across the Group is considered.

Corporate Governance Report continued

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 2022.

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 period 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 meets regularly and as required. It receives detailed papers in advance of their meetings and verbal reports at each meeting from the executive management covering the financial performance of the Group, updates on fund performance and distributions, 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.

Principle 5 continued

The following table sets out the Board and Committee meetings schedules and attendance for the year 31 March 2021 to 31 March 2022:

	Board	Nomination	Audit and Risk	Remuneration	AGM 8 September 2021
Number of Meetings in the year	7	5	4	4	1
Directors throughout the year (Committee membership shown in brackets)					
David Lamb (Nomination, Remuneration and ARC as observer)	7	5	4	4	1
Gavin Rochussen (No Committees)	7	–	–	–	1
John Mansell (No Committees)	7	–	–	–	1
Jamie Cayzer–Colvin (No Committees)	6	–	–	–	1
Alexa Coates (Nomination, Remuneration to 10 March 2022 and ARC)	7	4	4	4	1
Win Robbins (Nomination, Remuneration and ARC to 16 June 2022)	7	5	4	4	1
Andrew Ross (Nomination, Remuneration and ARC to 11 November 2021)	7	5	1 out of 2	4	1
Directors for part of the year					
Brian Ashford–Russell (until 8 September 2021) (No Committees)	2 out of 2	–	–	–	1
Samir Ayub (from 17 November 2021) (No Committees)	4 out of 4	–	–	–	–
Laura Ahto (from 17 November 2021) (Nomination and ARC)	4 out of 4	1 out of 1	2 out of 2	–	–
Anand Aithal (from 17 January 2022) (Nomination and ARC)	2 out of 2	0 out of 0	1 out of 1	–	–

There were four Board Committees held on 30 June 2021, 1 July 2021, 19 November 2021 and 9 December 2021 to carry through procedural items agreed at a Board meeting and 39 Allotment Committee meetings to deal with the issue of shares and exercise of share awards by staff.

Mr Cayzer-Colvin missed one board meeting which had been called at short notice due to a prior commitment but was briefed following the meeting.

Ms Coates missed one Nomination Committee meeting which had been called at short notice due to a prior commitment but was briefed following the meeting.

Directors may attend a Committee meeting for information purposes at the invitation of the Chair of that Committee. They are not part of the deliberations or decisions of that Committee. Where a Director attends a Committee of which he is not a member this has been excluded from this analysis. Executive Directors attend Committee meetings when required and they are presenting matters for the Committee to consider.

Corporate Governance Report continued

Principle 6

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

On appointment, new Directors are offered 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 assessed as part of the annual appraisal process.

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

Principle 7

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

During 2022, individual one on one meetings between the Chair and each Director have provided information on the effectiveness of the Board, its operation and suggestions for improvements. These were considered by the Nomination Committee and detailed in its report.

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

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 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 working conditions are of a high standard and has in place good and effective management and staff communications, with the ability for staff to engage in decisions. The Group also encourages participation in the success of the business through share awards and has a range of benefits to support staff, including ill health protection and life cover. The Group is committed to equal opportunities and diversity in staff selection and opportunities for promotion, with appropriate consideration being given to applications for employment from disabled persons.

- The Group aims to remunerate staff in line with market practice, to provide development opportunities and to encourage staff motivation and retention.
- The Board's policy on diversity is to seek 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 or race.

Further information is provided in the Sustainability Report on pages 34 to 43.

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 are held by different Directors.

The Chair's primary role, through his 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 constructive debate and effective decision making. He provides a sounding board for the CEO and he also leads on succession planning for the Board and senior executive positions.

The Chief Executive, led the executive management team 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 senior managers to keep up to date with 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.

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

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 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 the Committee reports to the Board on any significant matters. The Board also receives copies of all minutes from subsidiary companies for information.

The current composition and the work of each of the key Board Committees is detailed in their reports. There is one committee, the Allotment Committee, which is comprised of any two directors which does not produce a separate report. This Committee is used 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. The reports of the Audit and Risk, Nomination and Remuneration Committees are provided on pages 69 to 73 for the Audit and Risk, pages 66 to 68 for the Nomination and pages 74 to 88 for the Remuneration Committee.

Approved by the Board on 24 June 2022 and signed by order of the Board.

Neil Taylor
Group Company Secretary

Nomination Committee Report

David Lamb Chair of the Nomination Committee

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 2022.

The Committee has several key functions, which 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 as follows:

- 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.
- to consider the leadership needs and succession planning of the Board and senior executives when making decisions on new appointments.

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 2022 Annual General Meeting.

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, including gender diversity, 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 difference is recognised and valued. The Board's objective is to have at least 33% female representation. The Group currently has three female Directors with two of them occupying the Chairs of the key committees of Audit and Risk and Remuneration. The Board also has two non-white ethnic minority Directors.

Composition and attendance

The Committee comprises all the Independent Non-Executive Directors. David Lamb, Alexa Coates, Andrew Ross and Win Robins were part of the Committee throughout the year and Laura Ahto joined on 17 November 2021 and Anand Aithal joined on 17 January 2022.

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

Activities during the year

In the financial year ended 31 March 2022, the Committee met 5 times and its activities included:

- The Committee reviewed the structure, size and composition of the Board and leadership needs of the Group, continuing the work from the previous year.
- The Committee also discussed and agreed that Samir Ayub should be appointed to the Board as Finance Director of the Group on 17 November 2021.
- The Committee considered the Board construction and skills in light of Brian Ashford-Russell's retirement. It concluded that up to two further appointments of Non-Executive Directors should be considered to ensure that the Board has skills and experience to support the continued development of the business. As reported last year, the Committee initiated a search having selected a recruitment consultant. The Committee met on a number of occasions to interview and discuss candidates and the short listed candidates met with other Board members as well as senior executives. This process resulted in the appointment of Laura Ahto on 17 November 2021 and Anand Aithal on 17 January 2022. In recommending these appointments, the Committee considered the Group's policy on Diversity and Inclusion.

- As part of the annual evaluation process the Committee considered the composition of the Board and its skills and the effect of the pending retirements of John Mansell and Jamie Cayzer-Colvin.
- As part of the recruitment of Laura Ahto and Anand Aithal, the Committee considered the allocation of responsibilities and duties between the Independent Non-Executive Directors and recommended that the composition of the Board Committees be adjusted to balance workloads and skills.

› **Audit and Risk Committee**

Membership: Alexa Coates (Chair), Laura Ahto, Anand Aithal, and David Lamb as observer member.

Changes in the year: Laura Ahto joined from the date of her appointment on 17 November 2021 and Anand Aithal joined the Committee from 17 January 2022. Andrew Ross stood down from the Committee on 17 November 2021 and Win Robbins stood down on 16 June 2022.

› **Nomination Committee**

Membership: All Independent Non-Executive Directors serve on this Committee.

Changes in the year: Laura Ahto and Anand Aithal joined from the date of their appointments.

› **Remuneration Committee**

Membership: Win Robbins (Chair), David Lamb and Andrew Ross.

Changes in the year: Alexa Coates stood down on 10 March 2022.

- The Non-Executive Directors appointment letters were considered as part of the process of appointing new directors and it was decided that a common form of appointment letter should be used for all Non-Executive Directors and a new letter was agreed for each Non-Executive Director based on the updated terms of appointment agreed for Laura Ahto and Anand Aithal.

Board, Committee and Individual Director Evaluations

Following the pattern set in 2021 there was an internal review of each individual Director carried out by the Chair in one on one interviews and a review of the Chair's performance by the Secretary engaging with each Director.

This provided the Committee with information and views on the effectiveness and workings of the Board and each Committee.

The conclusions from this process were:

- The recruitment of the 2 additional independent Non-Executive Directors and the appointment of Samir Ayub as Executive Finance Director has provided the Board with a strong mix of skills and experience from across the financial services industry, and also wider areas, and provided a settled membership for the Board going forward in advance of the retirement of John Mansell and Jamie Cayzer-Colvin.
- A focus on the development of the Executive Team and senior talent in the business to ensure a strong team ethos.
- The rebalancing of Committee memberships was welcomed and a review of the effectiveness of the changes should be part of the next review.
- A continuing challenging approach to improve meetings and contributions should be encouraged.
- Wider engagement with senior staff throughout the business should be encouraged.
- The Chair was inclusive and allowed everyone to contribute and looked to build consensus.

The conclusions from the 2021 evaluation process were reviewed as part of the 2022 discussion and it was felt that the flexible working patterns, which had been adopted to deal with the challenges of Covid-19, had been successful and would be maintained if and when required. Board papers and presentations continued to improve and the review of the work loads and patterns for the various committees had been successfully implemented.

Nomination Committee Report continued

Independence and time commitment

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. However, 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.

In light of this, the Committee has decided that despite being independent in character and judgement, Brian Ashford-Russell up to his retirement at the 2021 AGM should not be considered independent due to his length of service, previously held executive position with the Group and sizeable shareholding. Jamie Cayzer-Colvin was also not be considered independent due to his length of service, and, to the fact that his employer has a sizeable shareholding in the Group, although he has no responsibility for the shareholding.

The Committee considered that Laura Ahto, Anand Aithal, Alexa Coates, David Lamb, Win Robbins and Andrew Ross are 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.

Conflicts

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 required to be disclosed and explained.

As a result of this review the Committee noted the following:

- David Lamb had a common directorship with Jamie Cayzer-Colvin at Henderson Smaller Companies PLC, a London listed investment trust where Jamie Cayzer-Colvin was non-executive chairman until his retirement on 1 October 2021, and David Lamb is a non-executive director. It is the view of the Board, excluding Jamie Cayzer-Colvin and David Lamb, that the membership of an investment trust Board did not provide a conflict with the business of the Company. There was also no perceived conflict or influence in David and Jamie having a common directorship where they occupied different roles to the ones held at the Company.
- Jamie Cayzer-Colvin is a Director of Polar Capital Funds plc, the umbrella company of the Polar Capital UCITS funds range. The Board of Polar Capital Funds plc is comprised of six directors and all, apart from Jamie, are independent of Polar Capital. The Board, excluding Jamie Cayzer-Colvin, concluded that as both the board of Polar Capital Funds plc and the Company had sufficient other independent directors for them to be able to operate in a way that maintained their independence on any matter where there may be a divergence of interests. Jamie serving on both boards was not a conflict and the common directorship is valued as an effective link between the Group and the fund's board.

The time commitments of the other 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 attendance at Board and Committee meetings are set out on page 63.

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 52 to 54.

David Lamb

Chair of the Nomination Committee

24 June 2022

Audit and Risk Committee Report

Alexa Coates Chair of the Audit and Risk Committee

Dear Shareholder

I am pleased to present the Committee's Report for the year ended 31 March 2022. As the challenging environment from 2020/2021 carried on into the current financial year, the Committee has continued to focus on the impact of the pandemic on the Group's operations and principal risks. More recently we have also considered the impact of the war in Ukraine on our operations and our customers.

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.

A key area of focus for the Committee is the Group's financial position and levels of capital. In addition to reviewing the Group's ICAAP this year, the Committee has spent time understanding the impact of the transition to the new regulatory framework under IFPR including the Internal Capital Adequacy and Risk Assessment (ICARA) which will replace the existing ICAAP framework.

The Committee oversaw the Group's response to the Department for Business Energy and Industrial Strategy's consultation on restoring trust in audit and corporate governance white paper as both a listed company and an investor in UK equities.

In addition, we also considered the progress made by the Group on meeting its requirements under the FCA's operational resilience guidelines.

I am delighted to welcome Laura Ahto and Anand Aithal to the Committee. Laura was an experienced COO at BNY Mellon in New York, bringing a strong operations and control background to the Committee, while Anand is an entrepreneur and previously a managing director at Goldman Sachs who brings experience developing a risk and control framework in a growing company.

During the year, the Committee discussed the need for an internal audit function, reflecting the growth and increasing complexity of the business and I am pleased to announce that we have appointed Minerva Risk Consulting who will support us with an outsourced internal audit function.

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 2022 AGM.

Committee composition

The composition of the Committee is set out on page 67. The Committee comprises Independent Non-Executive Directors drawn from the Board and during the year, we welcomed Laura Ahto and Anand Aithal to the Committee as noted above. The Chair of the Board also attends the meetings.

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. An effectiveness review was carried out in May 2022 by the Chair of the Board and it was found that the Committee was operating effectively.

Audit and Risk Committee Report continued

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 results and Annual Report and Accounts 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;
- 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 ICAAP and ensuring that the Group has sufficient capital and liquidity to operate for the foreseeable future;
- reviewing the outcomes from compliance monitoring and assessing the need for an internal audit function;
- 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 auditor 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 Company's external auditor.

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 and financial statements

The Committee considered the interim report and financial statements to ensure that they were fair, balanced and understandable. We also reviewed the accounting policies adopted in the annual financial statements along with significant accounting estimates and judgements.

Significant accounting estimates and judgements in relation to the annual financial statements

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

Accounting matters

Impairment of goodwill and intangible assets

The Committee reviewed and challenged the assessment of the carrying values of both goodwill and the investment management contract-related intangible asset acquired as part of the acquisition of Dalton Capital (Holdings) Limited ('Dalton') as well as the intangible assets relating to the investment management contracts of the International Value and World Value equity funds acquired from First Pacific Advisors LP in 2021. As part of this assessment, the Committee has considered the reasonableness of the underlying estimates and assumptions and any consequent impairment charges.

Based on these reviews the Committee agreed that management's approach and underlying judgements and estimates including the recorded impairment are appropriate. See more details in Note 4.2.

Key accounting estimates and judgment

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, 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 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 Binomial model for those with such targets) and the assumptions used by management and agreed that these were appropriate.

Going Concern

The Committee has considered a going concern report from management on the Group's assessment of liquidity, timing of cashflows, forecasts of regulatory capital requirements and budgets for the year ahead.

The Committee recommends the adoption of the going concern basis for the preparation of the Annual Report.

Consideration of the Annual Report and Accounts

The Committee performed its role through monitoring the integrity of the financial statements and the system of accounting 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 the appropriate level of audit materiality. The auditor reported on the results of the audit work to the Committee at its June 2022 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 and Accounts is a comprehensive process requiring input from a number of different contributors and this process is covered in detail with the Committee.

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 a 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; and
- a report from the Group Compliance and Legal Officer on the internal monitoring and its outcomes, confirming the effectiveness of internal control.

Audit and Risk Committee Report continued

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31 March 2022, 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 representation letter to the external auditors were also considered and approved for recommendation to the Board.

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 internal control procedures and systems for managing risks along with the regulatory environment which governs it. This includes outcomes from the Group's compliance monitoring programme.

The Group has established a Risk Map which identifies principal and emerging risks. The Risk Map provides 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. A risk monitoring programme is in place against the principal risks with the outcomes of testing shared with the relevant internal control committees. Risk Maps were shared with the Committee at its October meeting and the Group's top risks are reviewed by the Committee on a quarterly basis. The conclusion of the Committee members from this review was that the Group continues to take a cautious approach to risk and risk mitigation.

The Committee receives a regular report on the monitoring of controls, along with their outcomes, carried out by the compliance function. This also covers a regulatory update 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. During the financial year, there were no whistleblowing incidents.

The Committee also conducts 'deep dive' sessions with senior management. This year included the consideration of the impact of the war in Ukraine on the Group including the impact of volatility and market liquidity as well as the heightened cyber risk. We also considered the Group's work in meeting its obligations under the FCA's Operational Resilience requirements.

The Committee oversaw the Group's ISAE 3402 report on internal controls, which was audited by PricewaterhouseCoopers LLP ('PwC'), and subsequently reviewed the implementation of internal control recommendations arising from this and the corporate audit.

Capital adequacy

The Committee reviewed the Group's ICAAP in detail and challenged the approach and methodology applied by management. This included the assessment of several stress scenarios and their impact on the Group's financial position as well as an assessment of a wind down scenario. The Committee also reviewed a forward-looking analysis of the Group's cash and capital position. Based on the above, the Committee was able to recommend the ICAAP to the Board for approval.

The Committee also reviewed the Group's progress on the transition to the ICARA under the UK Investment Firm Prudential Régime (IFPR).

Internal audit

The Committee has annually monitored and assessed the need for an Internal Audit function. The recent growth of the business in terms of client and product mix, geographical location and number of employees has led the Committee to conclude that it is now appropriate to establish an internal audit function. The Committee determined that an outsourced model would be the most appropriate approach for the business as the Committee believes that using an external firm will ensure that the internal audit function will be adequately resourced and staffed by competent individuals and be independent of the day-to-day activities of the firm. Therefore, after reviewing several options, Minerva Risk Consulting has been appointed to provide an outsourced internal audit function with effect from 1 July 2022. Minerva Risk Consulting will have a direct reporting line to the Chair of the Committee.

External auditors

PwC were appointed as our external auditors at the July 2020 AGM following a tender process and were re-appointed by shareholders at the 2021 AGM.

Efficacy of audit process

The effectiveness of the external auditor is monitored by the Committee during the year with a focus on the quality and knowledge of staff, planning of the audit work and quality of reporting. The Committee reviews any changes in the terms of the Auditors appointment and considers among other matters their performance, qualification, knowledge, expertise and resources.

Auditor independence was also considered along with other factors such as audit planning and interpretation of accounting standards. 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 on one meetings between the lead audit partner, Natasha McMillan, and the Chair of the Committee were held throughout the year and PwC also met privately with the Committee.

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 2022 Annual General Meeting 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 auditor. 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 auditor 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 a regular report setting out the non-audit services provided by the external auditors as well as any issues arising in respect of independence and as a result, believes that the objectivity and independence of the auditor has been maintained.

Alexa Coates

Chair of the Audit and Risk Committee

24 June 2022

Remuneration Committee Report

Win Robbins Chair of the Remuneration Committee

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 2022.

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 Remuneration Policy or Implementation 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.

Consistent with prior years, this remuneration report will be submitted for an advisory shareholder vote at the 2022 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.

Remuneration Committee Activities During the Year

The Committee's remit extends beyond the Executive Directors to capture remuneration for the senior executives. In determining pay and policies for Directors and senior management, the Committee considers the structure and implementation of remuneration policies across the Group.

The Committee met four times in the year ended 31 March 2022 and discussed the following:

- A review of performance outcomes for the year ended 31 March 2022
 - › The Committee established the bonus payouts and LTIP vesting outcomes which were contingent on performance in the 2021/22 financial year for the Executive Directors, Executive Committee and senior management.
 - › The Committee also considered the Executive Directors' recommendations for discretionary bonus awards to staff.
- The Committee considered the annual bonus targets for the financial year 31 March 2023.
- A comprehensive review of senior executive and central workforce remuneration
 - › This covered the arrangements for Executive Directors, Executive Committee and senior management and central staff more broadly, and looked at the structure of pay, the balance between fixed and variable pay, key measures of performance and an assessment of risk associated with the existing policy.
 - › Following the review, a number of changes are being proposed to senior executive and workforce pay in 2022/23. These were discussed by the Committee and feedback was sought and received from significant shareholders. We are grateful for the broad support received as part of this consultation exercise. The proposed changes to Executive Directors' pay and the context within which these decisions have been taken are set out in detail below.
- Finalising and approving the annual bonus criteria for the year ended 31 March 2022 which were commercially sensitive but have been disclosed in this report.
- Finalising the LTIP targets for awards to be made in July 2022.

Executive Director remuneration payable for the year ended 31 March 2022

Business context

During the year average AuM increased 37% from £16.7bn in 2021 to £22.8bn. Core operating profits increased 35% from £51.5m in 2021 to £69.4m. These strong results are in the context of another challenging year as the world continued to learn to adapt to Covid-19 and there were further periods of restrictions and lockdowns over the course of the financial year. The Executive continued to ensure the safety and wellbeing of staff while maintaining all aspects of business operations. The Board is very grateful for the commitment and dedication of all our colleagues during what has been another extraordinary year.

2021/22 Annual bonus

The annual bonus for 2021/22 was based on core operating profit, the achievement of certain financial KPIs and the delivery of strategic objectives.

As set out earlier in the finance review section, Polar Capital performed strongly on the back of the 2021 recovery from the pandemic. Performance against the metrics and objectives has resulted in a payout of 75% of the maximum opportunity. A summary of the achievement of bonus measures and targets is as follows:

- **Financial KPI – Profit:** Core operating profit of £69.4m was above the market adjusted core profit threshold but below the stretch target. This resulted in an outcome of 22% out of 30%.
- **Financial KPI – Core Profit Margin:** A 37% profit margin was above the target and resulted in a full payout, being 10% of the total bonus.
- **Non-financial KPIs:** Adjusted net inflows (see page 81) of £1.4bn were above target and the investment performance objective was partially met, resulting in an aggregate payout of 23% out of 30%.
- **Strategic:** The Executive Directors made strong progress against their strategic KPIs, achieving 20% out of 30%.

The overall result is a bonus of 75% of the maximum possible.

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

The Remuneration Committee believes the bonus outcome for the year appropriately reflects the financial and operational performance of the Company during the year.

Long Term Incentive Arrangements (LTIP)

On 11 July 2019, Gavin Rochussen and John Mansell were granted awards under the LTIP. These awards vest in equal tranches on the third, fourth and fifth anniversaries of grant subject to continued employment and the achievement of an EPS condition by reference to adjusted diluted total EPS in the year ended 31 March 2022. As the adjusted diluted total EPS for the 2021/22 financial year of 56.0p was below the maximum target of 62.2p, these awards will vest at 85%. A holding period will apply to the first two tranches thereby creating a 5-year gap between grant and potential release or sale of awards.

Review of senior executive and workforce remuneration

The current remuneration policy was put in place at the time of Gavin Rochussen's appointment as CEO. Under the current arrangements, an executive variable pay pool is formed based on 12% of the pre-tax, and pre-executive variable compensation, profits. Over the last few years, as the business has grown and profits have increased, the size of the 12% executive variable pay pool has increased from £3m in 2018, when the incentive scheme was first put in place, to £7m in 2021. The potential to make significant LTIP awards to executive directors has therefore increased over time.

Following a period of strong growth in the business, the Committee has undertaken a review of the arrangements and plan to introduce a cap on the LTIP opportunity to bring this element of pay in line with market practice and shareholders' expectations.

The Committee believes this change, together with the other changes below, are needed to ensure that, as the business develops, the balance of executive pay continues to be suitable and in line with market practice.

Therefore, the following changes are being proposed to Executive Directors' remuneration for the year ending 31 March 2023:

- An increase in base salary to bring closer to, but still below, market levels;
- An increase in the maximum annual bonus opportunity to bring in line with market levels;
- A cap is being implemented on the LTIP opportunity to bring this element of pay in line with market practice.

Remuneration Committee Report continued

The overall impact of the above changes will be to reduce total target and total maximum pay for Executive Directors. A similar form of rebalancing will take place for other employees in the business.

We consulted shareholders and proxy advisory services on these proposed changes and thank those who responded. The responses were positive and supportive of the proposed changes. Full details of how the new policy will be implemented is provided in the section below.

Approach to Executive Directors' remuneration in 2022/23

- Base salaries, benefits and pension
 - › Gavin's base salary has been set at £385,000 (from £350,000) from 1 April 2022 to bring it more in line with, but still below, market rates when balanced with the other changes proposed. Gavin was appointed as CEO 5 years ago on the current base salary of £350,000 and this has remained unchanged since then.
 - › As announced on 11 November 2021, Samir Ayub joined the Board as Group Finance Director from 17 November 2021. Samir's salary will be increased from £200,000 to £250,000 in 2022/23 to reflect his promotion to the Board and his greater responsibilities.
 - › Reflecting the change in responsibilities, John Mansell's base salary as Executive Director was reduced from £275,000 to £175,000.
 - › 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.
- Variable pay
 - › The operation of a 12% of pre-incentive profit pool will no longer apply. The annual bonus and LTIP awards in 2023 relating to the financial year 2022/23, will instead be based on fixed percentages of salary, and the vesting profile of the LTIPs will be simplified in line with common practice in listed businesses.
 - › Annual bonus – the maximum opportunity for Executive Directors will increase from 200% to 250% of salary. The performance measures for 2022/23 will be Financial KPIs which include core operating profit (30%) and operating margin (10%), Non-financial KPIs incorporating net inflows and fund performance (30%) and the achievement of strategic KPIs (30%). The Committee believes the choice of measures and their relative weightings provides for a rounded assessment of performance for the benefit for stakeholders over the longer term.

Existing deferment arrangements will continue to apply with 60% of any bonus award being deferred and delivered in shares over a three-year vesting period. This level of deferral is higher than typical market levels.

- › LTIP awards will be capped at 250% of salary for the Chief Executive and 200% of salary other for Executive Directors. This is a significant change from the uncapped nature of the previous scheme where the average CEO grant during 2018 to 2021 was 480% of salary. The removal of the profit pool applies for 2022/23 and this impacts awards to be made from July 2023. While the July 2022 LTIP is a function of the profit pool derived from 2021/22 profits, the LTIP awards for the CEO is less than 250% and for other directors, less than 200% of salary. The performance measures have also been simplified for future awards and they will comprise adjusted diluted total EPS and relative total shareholder return, each with an equal weighting.

In line with typical market practice, the July 2022 LTIP awards will vest after three years and a holding period will apply so that Executive Directors will not receive shares until at least five years from grant.

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

The Committee was pleased with the strong support from shareholders on the remuneration report vote at the 2021 AGM, with 99.96% of votes in favour of the resolution.

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

I look forward to your support at the 2022 AGM.

Win Robbins
Chair of Remuneration Committee

24 June 2022

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 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 2022/23:

Executive Directors' remuneration

Element	Purpose and link to strategy	Operation
Fixed pay		
Base Salary	To attract and retain Executive Directors of a suitable calibre for the duties required by being market competitive.	<p>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.</p> <p>The Committee considers the impact of any basic salary increase on the total remuneration package.</p>
Benefits	To provide market competitive benefits.	<p>The Company typically provides the following:</p> <ul style="list-style-type: none"> • private medical cover; • life insurance; and • income protection scheme to cover long-term illness.
Pension	To provide market competitive benefits.	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.

Remuneration Committee Report continued

Element	Purpose and link to strategy	Operation
Variable pay	<p>Annual Bonus and Deferred Remuneration Plan (DRP)</p> <p>To drive and reward performance against annual objectives which are consistent with the strategy and aligns to shareholder interests.</p> <p>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.</p>	<p>The annual bonus opportunity is capped at 250% of base salary for Executive Directors.</p> <p>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.</p> <p>A significant portion 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.</p>
	<p>Long-term Incentives ('LTIP')</p> <p>To encourage and reward delivery of the Company's long-term strategic objectives and provide alignment with shareholders.</p> <p>Executive Directors may receive LTIP awards with a value of up to 250% of salary (for the CEO) and 200% of salary (for other Executive Directors). These are maximum award levels and may be subject to any potential downwards adjustment by the Remuneration Committee.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
Non-Executive Directors remuneration		
Element	Purpose and link to strategy	Operation
Variable pay		
	<p>Fee paid in cash</p> <p>To attract and retain a high-calibre Chair and Non-Executive Directors by offering a market competitive fee level.</p> <p>The level of these fees is reviewed periodically by the Committee with reference to market levels and agreed by Chief Executive in respect of the Chair and by the Chair and Chief Executive for the Non-Executive Directors.</p> <p>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.</p>	

Service contracts and payments for loss of office

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

Service contracts normally continue until the 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.

A 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.

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 from the date of appointment for 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 2022 and for comparison amounts received in the financial year ended 31 March 2021.

Single Figure of Total Remuneration (audited)

	Salary & fees		Annual Bonus ¹		Long Term Incentive and share options ⁵		Taxable benefits		Payment in lieu of pension		Total remuneration	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Executive Directors												
Gavin Rochussen	350	350	525	665	2,095	2,056	3	3	35	35	3,008	3,109
John Mansell	233	275	338	523	4,254	1,156	3	3	18	27	4,846	1,984
Samir Ayub ² (from 17 November 2021)	75	–	104	–	60	–	1	–	6	–	246	–
Non-Executive Directors at year end												
David Lamb (from 9 April 2020 and Chair from 28 July 2020)	150	120	–	–	–	–	–	–	–	–	150	120
Jamie Cayzer-Colvin ³	60	60	–	–	–	–	–	–	–	–	60	60
Alexa Coates	70	70	–	–	–	–	–	–	–	–	70	70
Win Robbins	70	70	–	–	–	–	–	–	–	–	70	70
Andrew Ross (from 9 April 2020)	60	59	–	–	–	–	–	–	–	–	60	59
Laura Ahto (from 17 November 2021)	15	–	–	–	–	–	–	–	–	–	15	–
Anand Aithal (from 17 January 2022)	13	–	–	–	–	–	–	–	–	–	13	–
Past Directors												
Brian Ashford-Russell ⁴ (until 8 September 2021)	24	55	–	–	–	–	–	3	–	–	24	58
Tom Bartlam (until 28 July 2020)	–	49	–	–	–	–	–	–	–	–	–	49
Total	1,120	1,108	967	1,188	6,409	3,212	7	9	59	62	8,562	5,579

Notes:

1. The short-term incentive is awarded as an annual cash bonus with deferment in accordance with the remuneration policy. The amount disclosed in the table include the cash and deferred elements.
2. Mr Ayub's total remuneration include amount received from appointment as an Executive Director.
3. Under the terms of their appointment the Director's fees may be paid to their principal employers. The fee for Mr Cayzer-Colvin was paid to Caledonia Investments plc.
4. Mr Ashford-Russell continued to receive taxable benefits which he had enjoyed as an executive prior to becoming non-executive and as such receive a lower fee.
5. The 2022 LTIP value in the table corresponds to the upcoming vesting of the LTIP award granted in July 2019. As the award will vest after this report is signed off, the vesting value has been estimated using the three-month average share price to 31 March 2022 of 604p. The 2021 LTIP value in the table relates to the 2018 LTIP grant and in line with reporting requirements, the 2021 LTIP figure has been restated to reflect the vesting value of the 2018 LTIP award which vested based on performance to 31 March 2021. The share price on the date of vesting (16 July 2021) was 879p. These awards will be released in three equal tranches, on the third, fourth and fifth anniversaries of the respective grant dates.

The 2022 figure in the above table for Mr Mansell also includes the value from the exercise of his share options as described on page 84.

Variable pay for the year ended 31 March 2022

For performance relating to the 2021/22 financial year, Executive Directors and selected senior management shared in a variable pay pool created by a 12 per cent share in the pre-tax and executive variable compensation profits. From this pool, bonuses for the Executive Directors of up to 200 per cent of salary may be awarded for performance against pre-set targets and the remainder could be awarded in the form of performance shares under the LTIP (to be granted in July 2022).

The bonus awards and LTIP allocations are set out below.

Annual Bonus Awards for the year ended 31 March 2022

The Committee considered the Executive Directors' performance against the under measure targets and objectives set at the start of the year and bonuses of 75% of maximum or 150% of salary will be payable to the Executive Directors.

40% of the bonus was based on profit performance against budget (split 30% against core operating profit and 10% against core profit margin), 30% was based on performance against two financial KPIs and the remaining 30% on the achievement of key strategic objectives.

Financial KPIs – Profit performance (40% weighting):

- 30%: Core operating profit for the year was £69.4m.
 - › 25% of this part of the bonus would be achievable for profit of £60.9m rising to full pay-out for £74.5m or higher. The targets were set by reference to the Group's budgeted core profit and the targets were adjusted upwards for market movements.
 - › Core operating profit of £69.4m resulted in a bonus of 22% out of the possible 30% for this element becoming payable.
- 10%: Core operating profit margin.
 - › Core operating profit margin (37%) was ahead of the 36% target agreed by the Board.
 - › This resulted in 10% (out of 10%) of the Financial KPI element becoming payable.

Non-financial KPIs performance (30% weighting):

- Net inflows.
 - › 25% of this part of the bonus would be achievable for adjusted net inflows (excluding Technology, UK Value and Biotechnology) of £0.7bn rising to a payout for £1.6bn or higher.
 - › Adjusted net inflows of £1.4bn resulted in a bonus of 13% (out of 15%) for this element becoming payable.
- Funds performance – based on six measures for fund performance on open ended UCITS.
 - › For the current performance period, 84% and 93% of UCITS AuM were in the top two quartiles over both 3 and 5 years respectively; and 70% and 80% of UCITS funds were in the top two quartiles over 3 and 5 years respectively.
 - › This resulted in 10% (out of 15%) of this element becoming payable.

Remuneration Committee Report continued

Strategic and personal objectives (30% weighting):

- The following objectives applied to the Executive Directors:

Strategy execution	Comment on achievement
(1) Distribution <ul style="list-style-type: none"> Investigate benefits of Singapore office and implement if appropriate. Asian AuM (excluding Tech funds) to increase by \$200m. Add \$100m net new money into 40Act fund range. 	(1) Distribution <ul style="list-style-type: none"> Singapore office is in advanced stage of set up. Government of Singapore mandate initially funded with \$140m.
(2) Complete integration of Dalton & Phaeacian.	(2) Operational integration only complete for Dalton.
(3) ESG <ul style="list-style-type: none"> Make further progress with ESG fund integration by referencing client assessments. Implement SFDR reporting. Set goals for Polar Capital's carbon footprint (Environment). Formalise Polar Capital's Societal program (social impact and diversity). 	(3) ESG <ul style="list-style-type: none"> 9 funds now classified as Article 8 under SFDR (30% of AuM). 2 further funds awaiting CBI approval. 7 funds have applications in progress. The two new Smart funds are Article 9 funds (<1% of AuM). Seeking to adopt Net Zero Asset Managers Initiative and produce our high level TCFD disclosure. Annual charity donation programme and Bursary programme both now established. Inaugural Investment 20/20 programme successfully run with 8 trainees having completed a 12-month contract with various departments across the Group.
(4) Establish a Global Sustainable Fund franchise.	(4) Sustainable team appointed and Smart funds launched during the year.
(5) Have action plans in place for those funds that fail the value for money assessment.	(5) A watchlist of funds established with review process to monitor progress.
(6) Broaden shareholder base by adding 10% to 15% new shareholders over a three-year period (commenced in 2021).	(6) Ongoing shareholder diversification progress made.
(7) Improve board reporting in relation to product development.	(7) Ongoing

The Remuneration Committee determined that the majority of the strategic and personal objectives had been met and that 20% (out of 30%) should be awarded.

Therefore the bonus awarded for the three Executive Directors is 75% of maximum (equivalent to 150% of base salary).

- Gavin Rochussen's bonus is £525,000 in respect of the financial year ended 31 March 2022.
- John Mansell's bonus is £337,500 in respect of the financial year ended 31 March 2022.
- Samir Ayub's bonus is £104,063 in respect of the financial year ended 31 March 2022 (for the period he was an Executive Director).

In accordance with the deferment arrangements 60% of the annual bonuses awarded to Executive Directors will be deferred, after payment of tax, into the 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 deferred shares. The deferments were made in May 2022.

LTIP awards vesting based on performance for the year ended 31 March 2022

Awards were granted to Executive Directors on 11 July 2019 under the Long Term Incentive Plan and these were based on three year adjusted diluted total EPS performance targets by reference to the year ended 31 March 2022.

50% of the awards would vest if the adjusted diluted total EPS was equal to 41.1 pence with full vesting for 62.2 pence or higher. The Group delivered an adjusted diluted total EPS of 56.0p which was lower than the maximum target set and therefore the performance target was only partially achieved.

The awards vest in three equal tranches, on the third, fourth and fifth anniversaries of grant date (11 July 2019).

	Date of grant	Number of awards	EPS targets	Actual adjusted diluted total EPS	% of awards capable of vesting
Gavin Rochussen	11 July 2019	408,034	41.1p (50% vesting)		
			62.2p (100% vesting)	56.0p	85%
John Mansell	11 July 2019	205,128	41.1p (50% vesting)		
			62.2p (100% vesting)	56.0p	85%
Samir Ayub ¹	11 July 2019	10,000	None	Not applicable	100%

1. Not an executive director at date of grant.

LTIP awards based on the year ended 31 March 2022, to be granted in 2022/23

The 12% variable pay pool after the deduction of senior executive annual bonuses was £5.9m. Of this pool, an award to Gavin Rochussen with a face value of £890,500 will be made. This is equal to an award over 231% of base salary which is lower than the newly introduced cap of 250% of salary. Samir Ayub will also receive an award with face value of £462,500. In line with previous years, the balance of the available pool will be used to make LTIP awards not only to the remaining senior executives but also to around 50 other employees in the Group.

The LTIP awards will be made as conditional share awards in July 2022 following the release of the Group's results for the financial year ended 31 March 2022. These awards will vest after three years' time. In line with good practice, the shares shall also be subject to a holding period which expires on the fifth anniversary of grant.

Performance measures

The Remuneration Committee considered carefully the choice of LTIP performance measures for 2022 and has decided to apply two measures, namely relative TSR and adjusted diluted total EPS, each with a 50% weighting. For the last two sets of LTIP grants, a third measure has featured – cumulative performance fees – but has been removed for 2022 as fees will now feature within the total EPS (which was previously based on core EPS i.e. excluding performance fees). Furthermore as the business continues to grow the proportion of funds that can attract performance fees will diminish which supports the phasing out of this measure.

Under the TSR measure, the Group's performance will be compared with the constituents of the FTSE 250 (excluding Investment Trusts) over the three-year period ending 31 March 2025. 25% of these awards will vest if the Company is ranked at median rising to full vesting for upper quartile ranking or higher. No awards shall vest if TSR is ranked below median.

For adjusted diluted total EPS, no awards shall vest if the adjusted diluted total EPS for the financial year ending 31 March 2025 is less than 65p; if adjusted diluted total EPS is equal to 65p, 25% of the awards will vest and vesting will increase on a straight line basis to full vesting if adjusted diluted total EPS is equal to or exceeds 75p. The Remuneration Committee believes the targets are appropriately stretching in light of market consensus and the internal plan.

Remuneration Committee Report continued

Directors' interests in the shares and options of the Company

Share Options

No options to acquire ordinary shares were held by the Directors at 31 March 2022.

As reported last year as a post year end event, John Mansell exercised two share options on 14 May 2021 which were satisfied in accordance with the rules of the Polar Capital Equity Incentive Plan, by the use of the provisions relating to Equity Settled Share Appreciation Rights ('ESARS'). The use of the ESARS provisions allows the Company to issue to the option holder only the number of shares that would equate to the number of shares over which the option becomes exercisable less the number of shares that would have needed to be sold to fund the purchase of that number of shares on the exercise date. 426,766 shares were issued in satisfaction of the exercise of the two options totalling 700,000 shares and all were sold on the day of exercise at £7.50 per share.

	Grant date	Number of options at 1 April 2021 or date of appointment	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 2022	Earliest exercise date	Latest exercise date	Market value of shares at grant date (£)	Exercise price (£)
John Mansell	26/07/2011	350,000	–	350,000	–	–	Not applicable		1.98	1.98
	04/07/2013	350,000	–	350,000	–	–	Not applicable		3.88	3.88
		700,000	–	700,000	–	–				
Samir Ayub	01/07/2013	100,000	–	–	–	100,000	01/07/2017	01/07/2023	3.86	3.86
	25/07/2016	75,000	–	–	–	75,000	25/07/2020	25/07/2026	3.15	3.15
	17/07/2017	60,000	–	–	–	60,000	17/07/2021	17/07/2027	4.27	4.27
	16/07/2018	40,000	–	–	–	40,000	16/07/2022	16/07/2028	6.84	6.84
	24/08/2020*	7,425	–	–	–	7,425	01/10/2025	01/04/2026	5.20	4.04
		282,425	–	–	–	282,425				

* Includes SAYE share option award.

For the year ended 31 March 2022 the taxable income on options exercised was £3.2m (2021: £nil).

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.

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 2021 or date of appointment	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 2022	Earliest exercise date	Latest exercise date
Gavin Rochussen ¹	2018	9,652	155,820	–	–	–	9,652	–	01-May-19	01-May-21
	2019	21,197	183,642	–	–	–	10,598	10,599	01-May-20	01-May-22
	2020	25,207	113,524	–	–	–	8,402	16,805	01-May-21	01-May-23
	2021	–	–	211,465	7.5	28,167	–	28,167	01-May-22	01-May-24
		56,056				28,167	28,652	55,571		
John Mansell ²	2018	9,848	159,000	–	–	–	9,848	–	01-May-19	01-May-21
	2019	17,664	153,036	–	–	–	8,832	8,832	01-May-20	01-May-22
	2020	19,805	89,195	–	–	–	6,602	13,203	01-May-21	01-May-23
	2021	–	–	166,150	7.5	22,131	–	22,131	01-May-22	01-May-24
		47,317				22,131	25,282	44,166		

	Year of deferral	Number of shares at 1 April 2021 or date of appointment	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 2022	Earliest exercise date	Latest exercise date
Samir Ayub ³	2019	2,447	14,134	–	–	–	1,223	1,224	01-May-20	01-May-22
	2020	4,033	16,957	–	–	–	1,344	2,689	01-May-21	01-May-23
	2021	–	–	31,795	7.5	4,235	–	4,235	01-May-22	01-May-24
		6,480				4,235	2,567	8,148		

1. £163,800 of Gavin Rochussen's annual bonus was deferred in respect of the financial year 31 March 2022 and as a result his deferred interest in the ordinary shares of the Company has increased by 29,260.
2. £105,300 of John Mansell's annual bonus was deferred in respect of the financial year 31 March 2022 and as a result his deferred interest in the ordinary shares of the Company has increased by 18,810.
3. £86,580 of Samir Ayub's annual bonus was deferred in respect of the financial year 31 March 2022 and as a result his deferred interest in the ordinary shares of the Company has increased by 15,466.

LTIP

LTIP Awards	Year of grant	Grant Date	Number of shares award held under 1 April 2021 or date of appointment	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 released in the year	Number of shares held award held at 31 March 2022	Earliest Vesting Date	Latest Vesting Date
Gavin Rochussen	2018	16/07/2018	233,918	1,600,000	6.84	–	233,918	77,972	155,946	16/07/2021	16/07/2023
	2019	11/07/2019	408,034	2,387,000	5.85	–	–	–	408,034	11/07/2022	11/07/2024
	2020	10/07/2020	211,475	1,032,000	4.88	–	–	–	211,475	10/07/2023	10/07/2025
	2021	16/07/2021	–	1,707,840	8.91	191,677	–	–	191,677	16/07/2024	16/07/2026
			853,427			191,677	233,918	77,972	967,132		
John Mansell	2018	16/07/2018	131,578	900,000	6.84	–	131,578	43,859	87,719	16/07/2021	16/07/2023
	2019	11/07/2019	205,128	1,200,000	5.85	–	–	–	205,128	11/07/2022	11/07/2024
	2020	10/07/2020	70,844	345,720	4.88	–	–	–	70,844	10/07/2023	10/07/2025
	2021	16/07/2021	–	–	–	–	–	–	–	Not applicable	
			407,550			–	131,578	43,859	363,691		
Samir Ayub	2019	11/07/2019	10,000	58,500	5.85	–	–	–	10,000	11/07/2022	11/07/2024
	2020	10/07/2020	24,566	119,884	4.88	–	–	–	24,566	10/07/2023	10/07/2025
	2021	16/07/2021	–	426,960	8.91	47,919	–	–	47,919	16/07/2024	16/07/2026
			34,566			47,919	–	–	82,485		

1. Performance vesting

- **Gavin Rochussen** – 16 July 2021 was the third anniversary and vesting date of Mr Rochussen's 2018 LTIP award. The adjusted diluted total EPS on 31 March 2021 was 62.2p, which meant the performance conditions had been met and the 233,918 shares from the 2018 award vested in full. 77,972 shares, being one third of the award, were released to Mr Rochussen, from which 42,885 shares were sold to cover his tax liability. The remaining 35,087 shares will remain in a nominated account subject to a holding period until the 5th anniversary of the LTIP Grant. The remaining two thirds of the award (155,946 shares) were converted to forfeitable share awards, and are scheduled to be released in equal tranches to Mr Rochussen on the fourth and fifth anniversaries of the LTIP grant.
- **John Mansell** – 16 July 2021 was the third anniversary and vesting date of Mr Mansell's 2018 LTIP award. The adjusted diluted total EPS on 31 March 2021 was 62.2p, which meant the performance conditions had been met and the 131,578 shares from the 2018 award vested in full. 43,859 shares, being one third of the award, were released to Mr Mansell, from which 24,122 shares were sold to cover his tax liability. The remaining 19,737 shares will remain in a nominated account subject to a holding period until the 5th anniversary of the LTIP Grant. The remaining two thirds of the award (87,719 shares) were converted to forfeitable share awards, and are scheduled to be released in equal tranches to Mr Mansell on the fourth and fifth anniversaries of the LTIP grant.

2. 2022 vesting

- The awards granted on 11 July 2019 will vest at 85% on 11 July 2022. An estimate of the value of these awards has been included in the single figure of total remuneration table on page 80.

Remuneration Committee Report continued

Shares

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 2022	31 March 2021 or date of appointment
Executive Directors		
Gavin Rochussen		
Beneficial	1,481,608	1,397,869
Deferred Interest ¹	84,831	84,223
LTIP ²	155,946	–
John Mansell		
Beneficial	1,835,547	1,740,528
Deferred Interest ¹	62,976	69,448
Non-beneficial	160,000	160,000
LTIP ²	87,719	–
Samir Ayub (appointed 17 November 2021)		
Beneficial	5,790	3,223
Deferred Interest ¹	19,379	6,480
LTIP ²	–	–
Non-Executive Directors		
David Lamb	70,000	25,000
Laura Ahto (appointed 17 November 2021)	–	–
Anand Aithal (appointed 17 January 2022)	–	–
James Cayzer-Colvin	34,250	4,250
Alexa Coates	2,000	2,000
Win Robbins	20,000	10,000
Andrew Ross	85,000	25,000

1. Deferment changes in ordinary share interests for the year are as follows:

- G M Rochussen**
 As part of his deferred remuneration in respect of the year ended 31 March 2022, his deferred interest in the ordinary shares of the company increased by 29,260 shares.
 Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2018, 2019 and 2020, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 28,652 shares. This resulted in a net increase of 608 shares.
- J B Mansell**
 As part of his deferred remuneration in respect of the year ended 31 March 2022, his deferred interest in the ordinary shares of the company increased by 18,810 shares.
 Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2018, 2019 and 2020, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 25,282 shares. This resulted in a net decrease of 6,472 shares.
- S Ayub**
 As part of his deferred remuneration in respect of the year ended 31 March 2022, his deferred interest in the ordinary shares of the company increased by 15,466 shares.
 Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2018, 2019 and 2020, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 2,569 shares. This resulted in a net increase of 12,899 shares.

2. Performance vested LTIP awards, where the shares are forfeitable subject to continued employment. Refer to LTIP table on page 85.

Changes post year end:

Changes in ordinary share interests post 31 March 2022 to 22 June 2022 are as follows:

- **G M Rochussen**
Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2019, 2020 and 2021, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 28,390 shares.
- **J B Mansell**
Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2019, 2020 and 2021, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 22,811 shares.
- **S Ayub**
Following the release of ordinary shares in respect of his deferred remuneration for the years ended 31 March 2019, 2020 and 2021, his deferred interest has reduced and beneficial interest in the ordinary shares in the Company increased by 3,980 shares.
- **A Coates**
Purchased 8,000 ordinary shares at 528p per share on 6 May 2022.

Payments to past directors

No payments were made to any past Directors during the year to 31 March 2022.

Share prices over the financial year

The shares have traded at prices between 915p (7 July 2021) and 522p (7 March 2022) per share. The share price on 31 March 2022, the last trading day of the financial year, was 621p per share.

Committee Composition

The Committee comprises Win Robbins, as Chair, Alexa Coates until 10 March 2022, David Lamb and Andrew Ross.

By invitation of the Committee, meetings are also attended by the CEO, the Executive Director, Finance Director and the 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.

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 2022 remuneration outcomes, the revisions to 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 Committee also consulted with the CEO and the Finance Director on group wide staff remuneration and incentive arrangements and participated in various salary data reviews and obtains market data from various sources. The Executives also received guidance from Decherts LLP on the remuneration requirements under IFPR. The external advisors did not have any other relationship with the Company.

Remuneration Committee Report continued

AGM vote

The votes cast at the AGM held on 8 September 2021 on the resolution on Directors' Remuneration Report were as follows:

	Number	% of cast votes
Votes in favour	72,282,533	99.9
Discretionary votes	–	–
Votes against	26,457	0.1
Total votes cast	72,308,990	100
Votes withheld	48,812	–

The total issued share capital at date of AGM was 100,113,855 ordinary shares.

Implementation of policy in 2022/23

Base salary

- The CEO's base salary will increase by 10% to £385,000. As explained earlier, Gavin Rochussen's base salary has not been increased since joining the Company in 2017 and the increase reflects the rebalancing of packages and the cap on future LTIP grants.
- Samir Ayub's salary will be increased from £200,000 to £250,000 in 2022/23 to reflect his promotion to the Board and his greater responsibilities.
- John Mansell's base salary was reduced from £275,000 to £175,000 reflecting a change in responsibilities following Samir Ayub's appointment.

Benefits and pension

- There will be no change to benefits and pension arrangements. Pension provision is in line with the workforce contribution rate.

Annual bonus

- The maximum bonus opportunity will be 250% of salary for Executive Directors.
- For 2022/23, the measures will be 40% on core profit and core profit margin, 30% on financial KPIs (net inflows and fund performance) and 30% on strategic objectives.

LTIP

- Gavin Rochussen will receive an award over £890,500 (being 231% of base salary) and Samir Ayub will receive an award with a face value of £462,500, being 185% of his base salary. The Committee considers the year on year change in share price when determining the number of awards to grant. Based on grant prices over the last 3 years, the Committee concluded that no adjustment was required to the grant level.
- 50% of the award will be based on relative TSR (measured against the FTSE 250 excluding investment trusts) and the other 50% on adjusted diluted total EPS. The adjusted diluted total EPS target range is 65p (25% vesting) to 75p (100% vesting).

Non-Executive Director fees

- Chair and Non-Executive Directors fees were reviewed and will be increased by 8%, which is in line with the general increase in compensation across the Group, reflecting responsibilities associated with the roles and the level of time commitment.
- Chair: £162,000p.a. from £150,000p.a.
- Non-Executive: £65,000p.a. from £60,000p.a.
- Additional payment for the Chair of the Audit and Risk and Remuneration Committees: £11,000p.a. from £10,000p.a.

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 period. 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 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 auditors are aware of that information.

Samir Ayub
Finance Director

24 June 2022

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 2022 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;
- the Company financial statements have been properly prepared 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); 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 and Accounts 2022 (the 'Annual Report'), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2022; the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Cash Flow Statements for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 95% of Group revenue and more than 90% of profit for the year before tax. Our audit scope provided sufficient 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)

Materiality

- Overall Group materiality: £3,104,000 (2021: £3,794,000) based on 5% of profit for the year before tax.
- Overall Company materiality: £709,000 (2021: £672,000) based on 1% of total assets.
- Performance materiality: £2,328,000 (2021: £2,845,000) (Group) and £530,000 (2021: £504,000) (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.

Impairment of goodwill and intangible assets is a new key audit matter this year. Share-based payments is no longer included as a key audit matter as there were no new share-based payment schemes during the year that inherently involve complex assumptions or new models. Additionally Acquisitions is no longer relevant as there were no new acquisitions in the year, and impact of Covid-19 has been removed given the reduced uncertainty of the pandemic in the current year. Otherwise, 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) <i>Refer to Note 3.1: Revenue</i>	
<p>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 £210.0m and investment performance fees of £14.1m, which result from the business activities of the Group.</p> <p>Investment management and research fees</p> <p>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 calculated as a percentage of Assets Under Management ('AUM') and the percentage applied varies across different funds and products.</p> <p>Research fees are calculated by management.</p> <p>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.</p> <p>Investment Performance Fees</p> <p>Investment performance fees are often infrequent and involve manual and complex calculations and this increases the risk of error.</p> <p>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.</p>	<p>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 providers.</p> <p>To obtain audit evidence over the key controls supporting the calculation and recognition of revenue, we:</p> <ul style="list-style-type: none"> Performed testing of key in-house controls to obtain evidence of operational effectiveness of those key controls, such as controls over client cash and stockholding position reconciliations and valuation of the AUM 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 2022, we assessed the gap period and obtained bridging letters where necessary. <p>We obtained substantive audit evidence as set out below:</p> <p>Investment management and research fees</p> <ul style="list-style-type: none"> Using data auditing tools, we recalculated 100% of management fees for the UCITS funds, Hedge 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; For revenues generated from SICAVs, Mutual Funds and Segregated Mandates, on a sample basis, we recalculated 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, we checked that investment management fees were recognised for all funds; To test cut-off, we have 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 investment management fees per the financial statements to bank statements for subsequent receipt. For research income, on a sample basis, we substantively tested the underlying research expenses to supporting documentation and drawdowns from the funds to bank statements to reimburse the research expenses incurred. <p>Investment performance fees</p> <ul style="list-style-type: none"> We 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 organisation and to applicable index data; We have checked performance fees relate to the full year and confirmed no revenue was recorded for any period outside the financial year. Agreed 100% of performance fees per Group financial statements to bank statements. <p>No material issues were identified.</p>

Key audit matter

How our audit addressed the key audit matter

Impairment of goodwill and intangible assets (Group)

Refer to the Audit and Risk Committee Report and Note 4.2: Goodwill and intangible assets

Goodwill and intangible assets of £17.1m 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 and consider if there are any impairment indicators in respect of the carrying value of goodwill and intangible assets. Management performed their annual impairment review which demonstrated that there was sufficient headroom and no impairment was required for either goodwill or intangible assets 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 growth rates and the discount rate.

The intangible asset recognised on the acquisition of the International Value and World Value equity funds from the Los Angeles based asset manager First Pacific Advisors, LP. ('Phaeacian') in the prior year was fully impaired during the year with an impairment charge of £6.0m.

We obtained management's impairment review and performed the following procedures:

- Tested management's goodwill and intangible asset impairment calculations for compliance with IAS 36 including validating the inputs to the calculation and assessing and challenging the reasonableness of the assumptions.
- Challenged management's projected cash flows used in the discounted cash flow model to determine whether they are reasonable and supportable given the current macroeconomic situation and expected future performance of the CGU. This included benchmarking the growth rates applied against third party and independently established rates, where possible.
- Compared the discount rate used by management in the discounted cash flow model to the range obtained from our auditors' valuation experts.
- Performed sensitivity analysis on 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 models.
- With regards to the intangible asset impairment in relation to Phaeacian, we understood the reasons why there will be no further revenue being generated from these assets. We obtained and reviewed management's calculation and traced the impairment to the amount recognised in the Group financial statements.
- Assessed the disclosures made in the Group financial statements.

No material issues were identified.

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.

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.

Independent Auditors' Report continued

to the members of Polar Capital Holdings plc

We conducted a full scope audit over the financial information of Polar Capital Holdings plc, Polar Capital Partners Limited and Polar Capital LLP, 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 consolidation adjustments as a component and performed audit testing.

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

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	£3,104,000 (2021: £3,794,000).	£709,000 (2021: £672,000).
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 £709,000 to £3,104,000. Certain components were audited to a local statutory audit materiality that was 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% (2021: 75%) of overall materiality, amounting to £2,328,000 (2021: £2,845,000) for the Group financial statements and £530,000 (2021: £504,000) 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 £155,000 (Group audit) (2021: £189,000) and £35,000 (Company audit) (2021: £33,000) 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.
- Evaluating management's base case forecast and downside scenarios, challenging the underlying data and 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.

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.

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 2022 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.

Independent Auditors' Report continued

to the members of Polar Capital Holdings plc

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 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 UK 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 or reduce expenditure, 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 from the Financial Conduct Authority;
- Designing audit procedures to incorporate unpredictability around the nature, timing or 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 and entries posted containing unusual account descriptions, 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

24 June 2022

Consolidated Statement of Profit or Loss

For the year ended 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Revenue	3.1	224,107	201,508
Other income	3.3	1,561	8,306
Gross income		225,668	209,814
Commissions and fees payable	3.1	(22,642)	(15,389)
Net income		203,026	194,425
Operating costs	3.4	(140,936)	(118,510)
Profit for the year before tax		62,090	75,915
Taxation	3.7	(13,166)	(13,197)
Profit for the year attributable to ordinary shareholders		48,924	62,718
Earnings per share			
Basic	3.8	50.8p	67.2p
Diluted	3.8	48.7p	64.0p
Adjusted basic (Non-GAAP measure)	3.8	58.4p	65.2p
Adjusted diluted (Non-GAAP measure)	3.8	56.0p	62.2p

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Profit for the year attributable to ordinary shareholders		48,924	62,718
Other comprehensive income/(loss) – items that will be reclassified to profit or loss statement in subsequent periods			
Net movement on fair valuation of cash flow hedges	3.3	–	1,173
Deferred tax effect		–	(223)
		–	950
Exchange differences on translation of foreign operations	3.3	1,140	(1,264)
Other comprehensive income/(loss) for the year		1,140	(314)
Total comprehensive income for the year, net of tax, attributable to ordinary shareholders		50,064	62,404

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

The notes on pages 102 to 136 form part of these financial statements.

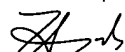
Consolidated Balance Sheet

As at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Goodwill and intangible assets	4.2	17,100	24,998
Property and equipment	4.3	4,113	5,104
Deferred tax assets	4.5	3,475	5,783
		24,688	35,885
Current assets			
Assets at fair value through profit or loss	4.6	77,783	57,151
Trade and other receivables	4.9	25,430	23,924
Other financial assets	4.6	2,695	84
Cash and cash equivalents	4.10	121,128	136,718
Current tax assets		1,563	1,966
		228,599	219,843
Total assets		253,287	255,728
Non-current liabilities			
Provisions and other liabilities	4.11	2,871	4,123
Liabilities at fair value through profit or loss	4.6	637	4,258
Deferred tax liabilities	4.5	3,435	4,116
		6,943	12,497
Current liabilities			
Liabilities at fair value through profit or loss	4.6	10,023	16,124
Trade and other payables	4.12	80,054	71,598
Other financial liabilities	4.6	20	4,069
		90,097	91,791
Total liabilities		97,040	104,288
Net assets		156,247	151,440
Capital and reserves			
Issued share capital	4.13	2,506	2,468
Share premium	4.13	19,364	19,364
Investment in own shares	4.13	(24,915)	(26,579)
Capital and other reserves	4.13	12,417	11,030
Retained earnings		146,875	145,157
Total equity – attributable to ordinary shareholders		156,247	151,440

The notes on pages 102 to 136 form part of these financial statements.

The Group financial statements were approved and authorised for issue by the Board on 24 June 2022:



Samir Ayub

Finance Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	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 2020		2,417	19,101	(24,139)	695	7,646	110,358	116,078
Profit for the year		–	–	–	–	–	62,718	62,718
Other comprehensive loss		–	–	–	–	(314)	–	(314)
Total comprehensive income		–	–	–	–	(314)	62,718	62,404
Dividends paid to shareholders	4.14	–	–	–	–	–	(31,907)	(31,907)
Issue of shares	4.13	51	263	–	–	–	(487)	(173)
Own shares acquired		–	–	(6,473)	–	–	–	(6,473)
Release of own shares		–	–	4,033	–	–	(1,150)	2,883
Share-based payment	3.6	–	–	–	–	–	5,625	5,625
Current tax in respect of employee share options		–	–	–	–	377	–	377
Deferred tax in respect of employee share options	4.5	–	–	–	–	2,626	–	2,626
As at 1 April 2021		2,468	19,364	(26,579)	695	10,335	145,157	151,440
Profit for the year		–	–	–	–	–	48,924	48,924
Other comprehensive income		–	–	–	–	1,140	–	1,140
Total comprehensive income		–	–	–	–	1,140	48,924	50,064
Dividends paid to shareholders	4.14	–	–	–	–	–	(43,400)	(43,400)
Dividends paid to third-party interests		–	–	–	–	–	(3)	(3)
Issue of shares	4.13	38	–	–	–	–	143	181
Own shares acquired		–	–	(12,773)	–	–	–	(12,773)
Release of own shares		–	–	14,437	–	–	(11,297)	3,140
Share-based payment	3.6	–	–	–	–	–	7,351	7,351
Current tax in respect of employee share options		–	–	–	–	2,682	–	2,682
Deferred tax in respect of employee share options	4.5	–	–	–	–	(2,435)	–	(2,435)
As at 31 March 2022		2,506	19,364	(24,915)	695	11,722	146,875	156,247

The notes on pages 102 to 136 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2022

	Notes	31 March 2022 £'000	31 March 2021 £'000
Cash flows generated from operating activities			
Cash generated from operations	4.10	85,323	90,854
Tax paid		(10,861)	(13,606)
Interest received		307	53
Interest on lease		(95)	(107)
Net cash inflow generated from operating activities		74,674	77,194
Cash flows generated from investing activities			
Investment income		227	193
Sale of assets at fair value through profit or loss		41,240	33,292
Purchase of assets at fair value through profit or loss		(70,335)	(45,188)
Purchase of property and equipment	4.3	(552)	(156)
Cash introduced through business combination		–	1,060
Payments in respect of business combination		(8,120)	(8,472)
Payments in respect of asset acquisition		(1,257)	(325)
Net cash proceeds from disposal of consolidated seed investment		–	(264)
Net cash outflow from investing activities		(38,797)	(19,860)
Cash flows generated from financing activities			
Dividends paid to shareholders	4.14	(43,400)	(31,907)
Lease payments		(1,306)	(1,296)
Issue of shares		1	257
Purchase of own shares		(12,383)	(6,118)
Third-party subscriptions into consolidated funds		9,857	12,037
Third-party redemptions from consolidated funds		(4,552)	(1,289)
Net cash outflow from financing activities		(51,783)	(28,316)
Net (decrease)/ increase in cash and cash equivalents		(15,906)	29,018
Cash and cash equivalents at start of the year		136,718	107,753
Effect of exchange rate changes on cash and cash equivalents		316	(53)
Cash and cash equivalents at end of the year	4.10	121,128	136,718

The notes on pages 102 to 136 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

The Notes to the Consolidated Financial Statements of Polar Capital Holdings plc and its subsidiaries (collectively, the Group) for the year ended 31 March 2022 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 registered 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 4.7.

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 on the Group's outlook. As part of this assessment the Directors have used information available to the date of issue of these financial statements and considered the following key areas:

- Analysis of the Group's budget for the year ending 31 March 2023, longer term financial projections and its regulatory capital position and forecasts. The stress testing scenarios applied as part of the Group's ICAAP have also been revisited to ensure they remain appropriate.
- Cash flow forecasts and an analysis of the Group's liquid assets, which include cash and cash equivalents and seed investments.
- The operational resilience of the Group and its ability to meet client servicing demands across all areas of the Group's business, including outsourced functions, whilst ensuring the wellbeing and health of its staff.

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 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 SIGNIFICANT ACCOUNTING POLICIES

This section provides additional information about the overall basis of preparation that the Directors consider is useful and relevant in understanding these consolidated financial statements:

- Summary of significant 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 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 as at 31 March 2022. 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.

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 2022 are disclosed in Note 4.7.

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 2022 are disclosed in Note 4.8.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

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.

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 4.6).

Significant assumptions and estimates:

- Share-based payments (Note 3.6); and
- Impairment of goodwill and intangible assets (Note 4.2).

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.

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 statement of profit or loss and 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 calendar month or quarter 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 4.9.

Commissions and fees payable

Commissions and fees payable to third parties are in respect of rebates on investment management fees, distribution and research fees payable to third parties, and are recognised over the period for which the service is provided.

Revenue:	31 March 2022 £'000	31 March 2021 £'000
Investment management and research fees	209,988	157,326
Investment performance fees	14,119	43,584
Gain on forward currency contracts	–	598
	224,107	201,508

The Group used forward currency contracts to hedge management fees derived from non-Sterling based funds in previous years. Effective 1 April 2021, the Group has discontinued its revenue hedging programme.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

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 the State of Delaware with small offices in Jersey, Connecticut, Shanghai, Paris, Spain, Germany and Zurich that do not generate any revenue.

Geographical analysis of revenue (based on the residency of source) is as follows:

	31 March 2022 £'000	31 March 2021 £'000
United Kingdom	35,138	28,431
Ireland	166,752	166,588
Cayman Islands	4,232	1,910
United States of America	5,698	2,002
Rest of Europe	11,675	1,979
Rest of the world	612	–
Gain on forward currency contracts	–	598
	224,107	201,508

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 gain 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 4.6 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.

(a) Components of other income

	31 March 2022 £'000	31 March 2021 £'000
Interest income on cash and cash equivalents	60	53
Net gain/(loss) on other financial liabilities – short positions and futures	4,416	(6,631)
Net (loss)/gain on forward currency contracts	(1,396)	1,864
Net (loss)/gain on financial assets and liabilities at FVTPL	(7,678)	14,270
Investment income	247	239
Net gain on derecognition of deferred consideration liabilities	3,749	–
Other loss/(gain) – attributed to third party holdings	2,163	(1,489)
	1,561	8,306

Net gain on derecognition of deferred consideration liabilities comprised of an unrealised gain of £4.8m in relation to the liability to First Pacific Advisors LP (see Note 4.2(b)) offset by an additional charge for deferred consideration of £1.0m in relation to the business acquisition of Dalton Capital (Holdings) Limited (see Note 4.1). These have been treated as exceptional items (see Note 3.8).

(b) Components of other comprehensive income

	31 March 2022 £'000	31 March 2021 £'000
Cash flow hedges – forward currency contracts:		
Gains arising during the year	–	1,771
Reclassification adjustments for gains included in the consolidated statement of profit or loss	–	(598)
	–	1,173

	31 March 2022 £'000	31 March 2021 £'000
Exchange differences on translation of foreign operations:		
Gain/(loss) arising during the year	1,140	(1,536)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	–	272
	1,140	(1,264)

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

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 2022 £'000	31 March 2021 £'000
Staff costs including partnership profit allocations (Note 3.5)	107,989	94,925
Depreciation (Note 4.3)	1,404	1,399
Amortisation and impairment of intangible assets (Note 4.2)	7,860	419
Auditors' remuneration (Note 3.4b)	383	418

Included within operating costs is a net amount of £3.5m in relation to termination and reorganisation costs treated as exceptional items.

(b) Auditors' remuneration:

	31 March 2022 £'000	31 March 2021 £'000
Audit of Group and Company financial statements	125	135
Local statutory audits of subsidiaries	151	128
Audit-related assurance services	6	10
Other assurance services – internal controls report	101	77
Other advisory services – regulatory review	–	28
Tax advisory services	–	40
	383	418

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 2022 £'000	31 March 2021 £'000
Salaries and wages ¹	41,525	33,181
Social security costs	5,806	4,428
Pension costs	1,256	791
Partnership profit allocations	52,574	54,769
Share-based payments (Note 3.6)	7,352	5,625
Net gain on financial assets at FVTPL – Investments in Group funds held under deferred remuneration arrangements	(524)	(3,869)
	107,989	94,925

1. Salaries and wages include termination costs of £1.6m relating to the acquisition of Dalton Capital (Holdings Limited) which has been treated as exceptional items (see Note 3.8).

Pension costs outstanding at year-end amounted to nil (2021: 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 £9.1m (2021: £4.0m) relating to bonuses deferred into fund units.

(b) Average number of employees

	31 March 2022	31 March 2021
Monthly average number of staff including Executive Directors:		
Fund Management	73	61
Distribution	25	25
Operations	96	81
	194	167

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 page 80). During the year three directors (2021: two directors) received defined pension contributions or payments in lieu of contributions. There are no defined benefit arrangements.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

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 (£0.5m)/£0.6m 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 2022 £'000	31 March 2021 £'000
Preference shares	1,095	(333)
LTIP and initial share awards	3,808	3,312
Equity incentive plan	740	794
Deferred remuneration plan	1,708	1,852
	7,351	5,625

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 2022 and 31 March 2021.

	31 March 2022	31 March 2021
Dividend yield (%)	4.5	5.1 – 6.4
Expected share price volatility (%)	45.5	41.0 – 41.3
Risk free interest rate (%)	0.2	-0.04 – 0.19
Weighted average share price (£)	8.8	6.5
Expected life of option – Preference Shares (years)	6	6
Expected life of option – LTIP awards (years)	6	6
Expected life of option – Equity Incentive Plans	Vesting period	Vesting period

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.

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.

In the year to 31 March 2022, the Biotechnology team called for a full conversion and the Convertible team called for a partial conversion of preference shares into Polar Capital Holdings plc equity (2021: none).

At 31 March 2022 five sets of preference shares (2021: four 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 2022 Number of shares	31 March 2021 Number of shares
At 1 April	4,426,528	4,676,882
Conversion/crystallisation	(1,350,514)	–
Movement in the year	(335,410)	(250,354)
At 31 March	2,740,604	4,426,528

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

	31 March 2022 Number of shares	31 March 2021 Number of shares
Outstanding at 1 April	1,766,541	3,733,904
Conversion/crystallisation	1,350,514	–
Adjustment on re-calculation	(295,954)	(344,982)
Issued in the year	(1,468,973)	(1,622,381)
Outstanding at 31 March	1,352,128	1,766,541

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

3.6 Share-based payments continued

b) LTIP and initial share awards

Initial share award

On appointment in July 2017 the CEO, Gavin Rochussen, was granted an award over 802,967 ordinary shares of the Company. The value of the shares at the date of grant was £4.3m and the award vests, for accounting purposes, over a four year period. The fair value of these awards is equal to the market value of the shares at grant date.

No charge was recognised during the current financial year (2021: £0.1m) as the award was fully vested at 31 March 2021.

LTIP awards

Various staff members including the Executive Directors, are entitled to participate in the LTIP plan. This plan allows for an executive variable pay pool based on 12% of pre-tax profits and executive variable compensation to be delivered, after accounting for annual bonus awards, in the form of conditional share awards over shares in the Company. These awards vest over a four year period subject to performance and employment conditions. 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 £3.8m (2021: £3.2m) was recognised during the current financial year.

(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 to seven 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 £30,000. 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 all company share options, except for those issued under the SAYE scheme, is 10 years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, EIP share options during the year.

	2022		2021	
	Number	WAEP	Number	WAEP
Outstanding at beginning of the year	7,239,526	£4.2	7,467,297	£3.8
Granted during the year	54,221	£7.0	775,107	£6.2
Exercised during the year ¹	(3,742,594)	£3.4	(955,035)	£3.1
Lapsed during the year	(60,270)	£5.2	(47,843)	£4.8
Outstanding at end of the year	3,490,883	£5.0	7,239,526	£4.2
Exercisable at end of the year	2,072,477	£4.1	3,801,419	£3.4

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 £8.8 (2021: £6.5).

For options exercised during the year the weighted average share price at the date of exercise was £7.8 (2021: £6.2).

The weighted average remaining contractual life of the share options outstanding as at 31 March 2022 was 5.8 years (2021: 4.7 years).

The range of exercise prices for options outstanding at the end of the year were:

Earliest exercise date of options	2022		2021	
	Number of options	Exercise price	Number of options	Exercise price
Year ending 31 March 2021	–	–	3,801,419	£0.9 – £4.9
Year ending 31 March 2022	2,072,477	£0.9 – £4.9	2,031,796	£2.4 – £4.8
Year ending 31 March 2023	532,910	£2.4 – £4.8	562,643	£3.4 – £6.8
Year ending 31 March 2024	29,262	£3.4 – £6.8	29,262	£4.9
Year ending 31 March 2025	686,784	£4.9	689,299	£4.8 – £6.6
Year ending 31 March 2026	115,827	£4.8 – £6.6	125,107	£4.0
Year ending 31 March 2027	53,623	£4.0	–	–
Outstanding at end of the year	3,490,883		7,239,526	

(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 accounts. 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 £1.7m (2021: £1.8m) was recognised during the current financial year in relation to deferred awards. The weighted average fair value of shares granted was £7.6 (2021: £7.0).

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 4.5.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

3.7 Taxation continued

The major components of corporation tax for the years ended 31 March 2022 and 2021 are:

(a) Tax recognised in the consolidated statement of profit or loss

	31 March 2022 £'000	31 March 2021 £'000
UK corporation tax		
UK Corporation tax on profits of the year	13,836	13,126
Adjustments in respect of prior periods	(103)	(289)
Total current tax	13,733	12,837
Foreign Tax		
Current year	240	188
	240	188
Deferred tax		
Originating and reversal of temporary differences	(1,029)	172
Rate change adjustment	222	–
Adjustments in respect of prior periods	–	–
	(807)	172
Total tax recognised in consolidated statement of profit or loss	13,166	13,197

(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 19% (2021: 19%). The differences are reconciled below:

	31 March 2022 £'000	31 March 2021 £'000
Profit on ordinary activities before taxation	62,090	75,915
Tax on profit on ordinary activities at standard rate of 19% (2021: 19%)	11,797	14,424
Adjustments in respect of prior periods	(103)	(289)
Rate change adjustment	222	–
Disallowed expense/(income)	654	(218)
Other – share based payments	596	(720)
Total tax at the effective rate of 21% (2021: 17%)	13,166	13,197

3.8 Earnings per share

A reconciliation of the figures used in calculating the basic, diluted and adjusted earnings per share (EPS) is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Earnings		
Profit after tax for purpose of basic and diluted EPS	48,924	62,718
Adjustments (post tax):		
Add exceptional items – acquisition related costs	2,896	1,908
Add exceptional items – amortisation of intangible assets	1,865	419
Add exceptional items – impairment of intangible assets	5,995	–
Less exceptional items – net gain on derecognition of deferred consideration liabilities	(3,749)	–
Add/(less) back cost of share-based payments on preference shares	1,095	(333)
Less net amount of deferred staff remuneration	(793)	(3,728)
Profit after tax for purpose of adjusted basic and adjusted diluted total EPS	56,233	60,984

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 to get a useful supplemental understanding of the Group's results and their comparability year on year.

Exceptional items were excluded from the adjusted EPS calculations as they included costs such as non-recurring acquisition related transition and termination costs as well as net gains arising on the derecognition of deferred consideration liabilities and the amortisation and impairment of certain acquired intangible assets (see Note 3.3(a)).

	31 March 2022 Number of shares '000	31 March 2021 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	96,300	93,396
Effect of dilutive potential shares – LTIPs, share options and preference shares crystallised but not yet issued	4,190	4,552
Weighted average number of ordinary shares, for purpose of diluted and adjusted diluted EPS	100,490	97,948

	31 March 2022 Pence	31 March 2021 Pence
Earnings per share		
Basic	50.8	67.2
Diluted	48.7	64.0
Adjusted basic	58.4	65.2
Adjusted diluted	56.0	62.2

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

SECTION 4: DETAILED INFORMATION ON CONSOLIDATED BALANCE SHEET ITEMS

This section provides additional information about individual line items in the balance sheet, including the relevant accounting policies.

4.1 Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the acquisition date fair value, as are the identifiable net assets acquired and liabilities incurred including any asset or liability resulting from a contingent or deferred consideration arrangement and equity instruments issued by the Group. The acquisition date is the date on which the Group effectively obtains control of the acquiree.

Acquisition-related costs are expensed as incurred and included within administrative costs in the consolidated statement of profit or loss.

The Group applies the optional concentration test to assess whether an acquired set of activities is not a business. If the concentration test is not met, the Group then determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

In 2021, the Group carried out the following transactions:

- Acquired the investment management contracts of the International Value and World Value equity team from the Los Angeles-based asset manager First Pacific Advisors LP (FPA). The assets acquired were accounted for as intangible assets (see Note 4.2).
- Acquired 100% of the issued share capital of Dalton Capital (Holdings) Limited and the investment management contracts of funds managed by Dalton Strategic Partnership LLP. This was accounted for as a business combination transaction in line with IFRS 3 – Business Combination.

Summary of the business combination

On 26 February 2021 ('the completion date'), the Group completed the acquisition of 100% of the issued share capital of Dalton Capital (Holdings) Limited, the parent company of Dalton Strategic Partnership LLP ('Dalton'), a UK based boutique asset manager for a total consideration of £15.6m which includes an estimated deferred consideration amount of £7.1m payable 12 months after completion and calculated based on the AuM at the time the deferred consideration is payable.

The transaction added £1.3bn to the Group's overall AuM and a leading European investment team with established funds and a long-standing track record. It also provides Polar Capital with broader wholesale and institutional distribution into Europe, particularly in the German market.

As part of this acquisition, the Group recognised goodwill of £6.8m and intangible assets relating to the investment management contracts of £11.6m.

The goodwill was attributable to the expected synergies from combining the operations of Dalton Strategic Partnership LLP with the Group's operations.

The useful life of the investment management related intangible asset was estimated as 10 years.

4.2 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 2021	6,770	18,647	25,417
Re-measurement of goodwill ¹	(38)	–	(38)
As at 31 March 2022	6,732	18,647	25,379
Accumulated amortisation and impairment			
As at 1 April 2021	–	419	419
Amortisation for the year	–	1,865	1,865
Impairment for the year	–	5,995	5,995
As at 31 March 2022	–	8,279	8,279
Net book value as at 31 March 2022	6,732	10,368	17,100
Cost			
As at 1 April 2020	–	–	–
Acquisition during the year	6,770	18,647	25,417
As at 31 March 2021	6,770	18,647	25,417
Accumulated amortisation and impairment			
As at 1 April 2020	–	–	–
Amortisation for the year	–	419	419
Impairment for the year	–	–	–
As at 31 March 2021	–	419	419
Net book value as at 31 March 2021	6,770	18,228	24,998

1. The re-measurement of goodwill relates to the purchase price adjustment recognised in the current year.

The amortisation and impairment of intangible assets have been treated as exceptional items (see Note 3.8).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.2 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. 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 2022		31 March 2021	
	Carrying value £'000	Remaining amortisation period	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Dalton Capital (Holdings) Limited (Note 4.1)	10,368	8.9 years	11,531	9.9 years
Investment management contracts acquired from First Pacific Advisors LP	–	–	6,697	9.5 years
	10,368		18,228	

The Group has fully impaired the carrying value of the intangible asset at the reporting date relating to the investment management contracts of the International Value and World Value equity funds acquired from First Pacific Advisors LP in 2021 (Note 4.1). This was due to the closure of the funds managed by the team in May 2022. As a result, an impairment loss of £6.0m was recognised within operating costs in the consolidated statement of profit or loss, an unrealised gain was recorded on the derecognition of the corresponding liability of £4.8m and £0.4m of further reorganisation costs in relation to the closure of the mutual funds have been recorded with a net impact to profit before tax of £1.6m.

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 (Note 4.1), 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 2022. The key estimates used in this assessment are as follows:

- The market growth rate used to extrapolate the cash flows of the CGU beyond the five year period was 3%, obtained by using historic growth information specific to the industry of the CGU;
- A pre-tax discount rate of 12% based on the Group's weighted average cost of capital.

As a result of this analysis, significant headroom was noted, and therefore no impairment was recognised.

A sensitivity analysis was carried out and a rise in the pre-tax discount rate to 20% or applying a nil growth rate would not give rise to an impairment charge.

4.3 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 4.4).

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
2022					
Cost					
As at 1 April 2021	10,749	1,756	957	426	13,888
Additions	–	330	151	71	552
Disposal	–	–	(139)	–	(139)
As at 31 March 2022	10,749	2,086	969	497	14,301
Accumulated Depreciation					
As at 1 April 2021	6,654	1,066	649	415	8,784
Charge for the year	1,109	190	94	11	1,404
As at 31 March 2022	7,763	1,256	743	426	10,188
Net book value as at 31 March 2022	2,986	830	226	71	4,113

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.3 Property and equipment continued

	Right-of-use assets £'000	Leasehold Improvements £'000	Computer Equipment £'000	Office Furniture £'000	Total £'000
2021					
Cost					
As at 1 April 2020	10,812	1,756	676	412	13,656
Additions	–	–	142	14	156
Assets acquired through business combination	–	–	139	–	139
Re-measurement of ROU assets	(63)	–	–	–	(63)
As at 31 March 2021	10,749	1,756	957	426	13,888
Accumulated Depreciation					
As at 1 April 2020	5,545	886	553	401	7,385
Charge for the year	1,109	180	96	14	1,399
As at 31 March 2021	6,654	1,066	649	415	8,784
Net book value as at 31 March 2021	4,095	690	308	11	5,104

4.4 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 4.3). 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.

A maturity analysis of the Group's lease liabilities is as follows:

Lease liabilities	31 March 2022 £'000	31 March 2021 £'000
Current (See Note 4.12)	1,246	1,211
Non-current (See Note 4.11)	1,896	3,148
	3,142	4,359

The lease relates to the rental of the Group's premises at 16 Palace Street in London, and expires in December 2024. The movement in lease balances during the year was £1.2m, of which £1.3m were lease payments, and £0.1m was the interest expense (2021: The movement in lease balances was £1.3m, of which £1.3m were lease payments, £0.1m was the interest expense and £(0.1)m was the re-measurement of lease liabilities).

The consolidated statement of profit or loss includes the following amounts relating to leases recorded within operating costs:

	31 March 2022 £'000	31 March 2021 £'000
Interest expense on lease liabilities	95	107
Depreciation on ROU assets	1,109	1,109
	1,204	1,216

There are no lease expenses incurred in relation to low-value assets or short-term leases.

4.5 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. This will increase the Group's future current tax charge accordingly. The deferred tax asset at 31 March 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (March 2021: 19%).

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4.5 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 2022 £'000	31 March 2021 £'000
Share-based payments	2,835	4,620
Change in basis adjustment	279	307
Arising on leases	84	76
Other financial assets and liabilities	277	780
	3,475	5,783

Deferred tax liability	31 March 2022 £'000	31 March 2021 £'000
Capital allowances	(135)	(98)
Assets at FVTPL	(123)	(1,693)
Other financial assets and liabilities	(655)	(134)
Intangible assets	(2,522)	(2,191)
	(3,435)	(4,116)

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 2022 £'000	31 March 2021 £'000
Deferred tax income/(expense) during the year recognised in profit or loss		
Share-based payments	650	988
Capital allowances	(37)	(35)
Change in basis adjustment	(28)	(77)
Assets and liabilities at FVTPL	1,570	(1,705)
Other financial assets and liabilities	(1,025)	728
Leases	8	6
Amortisation of intangible assets	(331)	18
Unutilised capital losses	–	(95)
	807	(172)

	31 March 2022 £'000	31 March 2021 £'000
Deferred tax expense during the year recognised in other comprehensive income		
Other financial assets and liabilities	–	(223)
Deferred tax (income)/expense during the year recognised in equity		
Share-based payments	(2,435)	2,626
Deferred tax expense during the year recognised through business combination		
Intangible assets	(331)	(2,209)

4.6 Financial assets and liabilities held at fair value

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, investment securities, trade and other receivables, cash and equivalents and derivative financial instruments. 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.

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, derivative financial instruments, deferred consideration payable and third-party interests in funds 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.6 Financial assets and liabilities held at fair value continued

(a) Financial assets at fair value through profit or loss

	31 March 2022 £'000	31 March 2021 £'000
Direct seed investments	27,045	20,200
Investment securities (See Note 4.6 (a)(ii))	27,856	21,679
Fund units held against deferred remuneration	22,882	15,272
Assets at fair value through profit or loss	77,783	57,151

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 2022 the Group held £48.3m (2021: £39.1m) of seed investments comprising direct seed investments of £27.0m (2021: £20.2m) and consolidated seed investments of £21.3m (2021: £18.9m).

(i) Direct seed capital investments

These represent seed investments where the Group is determined 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 2022 there was one fund classed as associate (2021: two funds) whose details are disclosed in Note 4.8.

During the year the Group has partially redeemed its seed capital investments classed as assets at FVTPL from two funds for a total cash consideration of £8.2m (2021: one fund for a total cash consideration of £9.4m). 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 2022 the Group has consolidated four funds (2021: three funds) over which it is deemed to have control (see Note 4.7). 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 2022 £'000	31 March 2021 £'000
Investment securities – long positions	27,856	21,679
Securities – short positions	(407)	(571)
Cash and cash equivalents	3,226	3,407
Other	(20)	93
Third-party interests in consolidated funds	(9,398)	(5,757)
Consolidated seed capital investments	21,257	18,851

Investment securities include listed equities held by consolidated funds. Other includes trade receivables, trade payables and accruals.

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.

(b) 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 2022 £'000	31 March 2021 £'000
Current:		
Securities – short positions (Note 4.6 (a)(ii))	407	571
Third-party interests in consolidated funds (Note 4.6 (a)(ii))	9,398	5,757
Deferred consideration	125	8,910
Other financial liability	93	886
	10,023	16,124
Non-current:		
Other financial liability	637	–
Deferred consideration	–	4,258
Liabilities at fair value through profit or loss	10,660	20,382

Deferred consideration payable with respect to the acquisition of Dalton Capital (Holdings) Limited (Note 4.1) is nil at 31 March 2022 (2021: £7.1m). The deferred consideration was settled on 28 February 2022 for an amount of £8.1m resulting in an additional charge of £1.0m recognised in the statement of profit or loss (Note 3.3(a)).

The deferred consideration amount relating to the asset acquisition from First Pacific Advisors LP in 2021 (Note 4.1) was £0.1m at 31 March 2022 (2021: £6.1m). The movement represents a payment of £1.2m to First Pacific Advisors LP and an unrealised gain of £4.8m on derecognition of the remaining liability was recognised in the statement of profit or loss (Note 4.2(b)).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.6 Financial assets and liabilities held at fair value continued

(c) Other financial assets and liabilities (Derivatives)

Derivative financial instruments and hedge accounting

The Group uses forward currency contracts to hedge the risks associated with foreign currency fluctuations. Such derivative financial 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 2022 £'000	31 March 2021 £'000
Other financial assets		
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	–	84
Securities – short positions	2,695	–
	2,695	84
Other financial liabilities		
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	20	–
Securities – short positions	–	4,069
	20	4,069

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 4.15.

4.7 Subsidiary undertakings

The consolidated financial statements of the Group include the operating subsidiaries listed below. At 31 March 2022 and 2021 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 23% (2021: 25%) 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	Investment management
Polar Capital (America) Corporation	USA	2711 Centreville Road, Wilmington, USA	Investment advisory
Polar Capital (Europe) SAS	France	18 Rue de Londres, 75009 Paris, France	Investment management
Polar Capital (Shanghai) Consulting Co Limited	China	Bund Finance Centre S2, No.600 Zhongshan East 2 Road, Shanghai, 200010	Services company
Polar Capital Holdings LLC	USA	1209 Orange Street, Wilmington, USA	Investment holding company
Dalton Capital (Holdings) Limited	UK	16 Palace Street, London, UK	Investment holding company
Dalton Strategic Partnership LLP	UK	16 Palace Street, London, UK	Investment management
Polar Funds Marketing (Switzerland) AG	Switzerland	Klausstrasse 4, 8008 Zurich, Switzerland	Investment management
Polar Capital (Singapore) Private Limited	Singapore	77 Robinson Road, #13-00, Robinson 77, Singapore (068896)	Services company

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 2022:

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	67%
Polar Capital China Mercury Fund	Cayman Islands	PO Box 309 Uglund House Grand Cayman KY1-1104 Cayman Islands	Alternative Fund	65%
Polar Capital Emerging Market Stars Fund	USA	50 S. LaSalle Street, Chicago, USA	Mutual Fund	98%
Polar Capital Smart Mobility Fund	Ireland	4 Georges Court, 54–62 Townsend Street, Dublin, Ireland	UCITS sub-fund	50%
Phaeacian Partners Holdings LP	USA	1209 Orange Street, Wilmington, USA	Investment management	55%
Phaeacian Partners LLC	USA	1209 Orange Street, Wilmington, USA	Investment management	55%

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4.8 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 2022 £'bn	31 March 2021 £'bn
AuM within consolidated funds	0.03	0.02
AuM within unconsolidated funds	22.09	20.84
Total AuM	22.12	20.86

(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 balance sheet, which are equal to the Group's maximum exposure to loss from those interests.

	31 March 2022 £'000	31 March 2021 £'000
Investments in unconsolidated structured entities	49,927	35,472
Management fees receivable at year end	18,929	17,708

Investment in unconsolidated structured entities comprise of direct seed investments and fund units held against deferred remuneration and are included within assets at fair value through profit or loss. Management fees receivable are included within trade and other receivables in the balance sheet.

(c) Associates

Information about seed investments judged to be associates as at 31 March 2022 and 2021 is given below:

	Country of incorporation	Principal activities	Financial assets at FVTPL £'000m		Percentage of total AuM held	
			31 March 2022	31 March 2021	31 March 2022	31 March 2021
Polar Capital Fund Plc – Global Absolute Return Fund*	Ireland	UCITS sub-fund	–	10,050	–	37%
Polar Capital Fund Plc – Smart Energy Fund	Ireland	UCITS sub-fund	10,037	–	25%	–
Polar Capital Fund Plc – Asian Stars Fund*	Ireland	UCITS sub-fund	–	7,446	–	21%

* Asian Stars Fund and Global Absolute Return Fund have ceased to be an associate during the year.

The registered office of the above associates is 4 Georges Court, 54–62 Townsend Street, Dublin, Ireland.

4.9 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 (2021: 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 statement of profit or loss.

	31 March 2022 £'000	31 March 2021 £'000
Trade receivables	18,929	17,708
Other receivables	3,962	4,102
Prepayments	2,539	2,114
	25,430	23,924

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 (2021: nil).

4.10 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 2022 £'000	31 March 2021 £'000
Cash at bank	104,578	120,802
Cash invested in money market funds	9,001	10,000
Cash held by EBT and consolidated funds	7,549	5,916
	121,128	136,718

Cash at bank earns interest at floating rates based on daily bank deposit rates.

As at 31 March 2022 the Group had placed £5.2m (2021: £6m) of its cash at bank with counterparties to fulfil the collateral requirements for derivative contracts related to short positions (see Note 4.6c).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.10 Cash and cash equivalents continued

Cash generated from operations

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

	31 March 2022 £'000	31 March 2021 £'000
Profit on ordinary activities before taxation	62,090	75,915
Interest receivable and similar income	(60)	(53)
Investment income	(247)	(239)
Interest on lease	95	107
Depreciation of non-current property and equipment	1,404	1,399
Revaluation of liability at FVTPL	–	(443)
Amortisation and impairment of intangible assets	7,860	419
Decrease/ (increase) in assets at FVTPL	7,710	(14,270)
(Decrease)/increase in other financial liabilities	(10,402)	5,109
Increase in receivables	(1,506)	(9,109)
Increase in trade and other payables	8,421	26,491
Share-based payment	7,351	5,625
Increase in liabilities at FVTPL ¹	(3,931)	(6,134)
Release of fund units held against deferred remuneration	6,538	5,633
Other non-cash item	–	404
Cash generated from operations	85,323	90,854

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

4.11 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.

	31 March 2022 £'000	31 March 2021 £'000
Dilapidations provisions	975	975
Lease liabilities (Note 4.4)	1,896	3,148
	2,871	4,123

As part of its operating lease agreement for the premises at 16 Palace Street, the Group has an obligation to pay for dilapidation costs at the end of the lease term. There have been no movements in the provision balance during the year.

4.12 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 deferred remuneration liability, refer to Note 3.5 for the accounting policy. Refer to Note 4.4 for the lease accounting policy.

	31 March 2022 £'000	31 March 2021 £'000
Other creditors	54,383	48,567
Lease liabilities (Note 4.4)	1,246	1,211
Accruals	24,425	21,820
	80,054	71,598

4.13 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 2022 £'000	31 March 2021 £'000
100,248,907 ordinary shares of 2.5p each (2021: 98,745,668 ordinary shares of 2.5p each)	2,506	2,468

The increase in share capital arises from the issue of 1,468,973 (2021: 1,622,380) shares in connection with previously crystallised manager preference shares as described in Note 3.6 and 34,266 (2021: 424,150) shares issued on exercise of employee share options.

(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 2022 there were 4,037,346 shares of 2.5p each (2021: 5,198,590 shares of 2.5p each) held by the Employee Benefit Trust (EBT), for the purpose of satisfying share option obligations to employees and 426,208 (2021: 594,378) shares of 2.5p each held by Group entities as part of the Group Deferred Remuneration Plan. During the year, 2,557,446 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;
- exchange differences arising on translation of foreign operations.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.14 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 2022 £'000	31 March 2021 £'000
First interim dividend for 2022: 14.0p per share (2021: 9.0p per share)	13,564	8,413
Second interim dividend for 2021: 31.0p per share (2020: 25.0p per share)	29,836	23,494
Total dividend paid and charged to equity	43,400	31,907

Dividends on ordinary shares proposed for approval by the board of directors (not recognised as a liability at 31 March 2022):

	31 March 2022 £'000	31 March 2021 £'000
Second interim dividend for 2022: 32.0p per share (2021: 31.0p per share)	30,954	29,771

The Board has declared a second interim dividend per share of 32.0p (2021: 31.0p) to be paid in July 2022.

Together with the first interim dividend per share of 14.0p paid in January 2022 the total dividend per share for the year amounts to 46.0p (2021: 40.0p).

4.15 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 £121.1m (2021: £136.7m) 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 £18.9m (2021: £17.7m) represents the Group's maximum credit risk exposure.

(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 or cash deposits 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. At year end no deposit was placed for a period of more than 35 days.

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 2022 and 31 March 2021 based on contractual undiscounted payments.

As at 31 March 2022	Within 1 year or repayable on demand £'000	1-5 years £'000	Total £'000
Financial liabilities			
Lease liabilities	1,306	1,933	3,239
Trade and other payables	78,808	–	78,808
Financial liabilities at FVTPL	10,032	1,096	11,128
Other liabilities	20	–	20
Total	90,166	3,029	93,195

As at 31 March 2021	Within 1 year or repayable on demand £'000	1-5 years £'000	Total £'000
Financial liabilities			
Lease liabilities	1,306	3,239	4,545
Trade and other payables	70,387	–	70,387
Financial liabilities at FVTPL	17,607	6,526	24,133
Other liabilities	4,069	–	4,069
Total	93,369	9,765	103,134

(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 2022 was £54.9m (2021: £41.9m).

The Group's policy is to hedge the market price risk of its seed investments as explained in Note 4.6c.

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 +/- £5.5m (2021: £4.2m).

This movement would be recognised in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.15 Financial instruments risk management objectives and policies continued

(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 and short-term deposits 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 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.

As at the year-end there were six (2021: 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 (2021: US Dollar) assets within these funds. The Group had six (2021: five) forward currency contracts, with a notional amount of US\$40.4m (2021: US\$32.6m) to sell for £30.7m (2021: £23.7m). 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 2022 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 as part of the acquisitions made during the year, 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 4.13.

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 Pillar III disclosures 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.
- deferred consideration payable and other financial liability are 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:

	2022				2021			
	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	77,783	–	–	77,783	57,151	–	–	57,151
Other financial assets	2,695	–	–	2,695	–	84	–	84
	80,478	–	–	80,478	57,151	84	–	57,235
Financial liabilities								
Liabilities at FVTPL	9,805	–	855	10,660	6,328	–	14,054	20,382
Other financial liabilities	–	20	–	20	4,069	–	–	4,069
	9,805	20	855	10,680	10,397	–	14,054	24,451

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

	31 March 2022 £'000	31 March 2021 £'000
At 1 April	14,054	–
Additions ¹	–	15,014
Repayment	(9,416)	(517)
Net gain recognised in the statement of profit or loss	(3,783)	(443)
At 31 March	855	14,054

1. Additions during the year relate to deferred consideration in relation to the business acquisition of Dalton Capital (Holdings) Limited and intangible asset acquisition from FPA in 2021.

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.

4.16 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.

In the normal course of the Group's business, it may be subject to legal and regulatory proceedings arising out of current and past operations, which in some cases may result in contingent liabilities.

No such proceedings or related claims have been issued as at 31 March 2022.

As disclosed in these financial statements, the Phaeacian Accent International Value and Phaeacian Global Value funds were closed by the Board of the funds in May 2022. Post year end, the Group has initiated legal action against counterparties involved in the Phaeacian transaction. This action remains at a relatively early stage and while it is not possible to predict the outcome, the Group believes that it has a valid basis, and it intends to pursue such action robustly.

It is possible that one or more of these parties might issue counterclaims against the Group but no such claims have been issued at the date of approval of these financial statements. As a result, it is not possible to estimate the potential outcome of any such claims or to assess the quantum of any liability with any certainty at this stage.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2022

4.17 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 4.6(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 4.8(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 2022 £'000	31 March 2021 £'000
Short-term employee benefits	3,370	3,101
Defined contribution pensions	132	63
Share-based payment benefits	2,494	2,039
	5,996	5,203

At the end of the year the Group had balances owing to or in regards to key personnel of £nil (2021: £nil). Options to acquire ordinary shares held by the directors during the year ended 31 March 2022 are disclosed in the Remuneration Committee's Report.

4.18 Events after the reporting date

In April 2022, the Board of the Phaeacian mutual funds determined that it was in the best interests of the investors for the Phaeacian Accent International Value Fund and the Phaeacian Global Value Fund to be closed down.

Therefore, as an adjusting event after the reporting date, the related intangible asset (see Note 4.2(b)) and corresponding deferred liability (see Note 4.6(b)) have been derecognised.

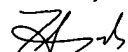
Company Balance Sheet

As at 31 March 2022

	Notes	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Investments	5.2	23,737	24,576
Current assets			
Trade and other receivables	5.3	45,135	35,040
Cash and cash equivalents		1,452	7,701
		46,587	42,741
Current liabilities		1	3
Net assets		70,323	67,314
Capital and reserves			
Issued share capital		2,506	2,468
Share premium		19,364	19,364
Retained earnings			
At 1 April		45,482	43,295
Profit for the year		42,817	31,919
Other movements		(39,846)	(29,732)
		48,453	45,482
Total Equity		70,323	67,314

The notes on page 139 form part of these financial statements.

The Company financial statements were approved and authorised for issue by the Board on 24 June 2022 and signed on its behalf by:



Samir Ayub

Finance Director

Registered number: 4235369

Company Statement of Changes in Equity

For the year ended 31 March 2022

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2020	2,417	19,101	43,295	64,813
Profit for the year	–	–	31,919	31,919
Dividends paid to shareholders	–	–	(31,907)	(31,907)
Share-based payment	–	–	3,773	3,773
Issue of share capital (Note 4.13)	51	263	(1,598)	(1,284)
As at 1 April 2021	2,468	19,364	45,482	67,314
Profit for the year	–	–	42,817	42,817
Dividends paid to shareholders	–	–	(43,400)	(43,400)
Share-based payment	–	–	5,643	5,643
Issue of share capital (Note 4.13)	38	–	(2,089)	(2,051)
As at 31 March 2022	2,506	19,364	48,453	70,323

The notes on page 139 form part of these financial statements.

Company Cash Flow Statement

For the year ended 31 March 2022

	Notes	31 March 2022 £'000	31 March 2021 £'000
Cash flows generated from operating activities			
Cash generated from operations	5.4	33,302	31,869
Net cash inflow generated from operating activities		33,302	31,869
Cash flows generated from investing activities			
Return of contribution		3,811	3,048
Net cash inflow from investing activities		3,811	3,048
Cash flows generated from financing activities			
Equity dividends paid		(43,400)	(31,907)
Issue of share capital		38	314
Net cash outflow from financing activities		(43,362)	(31,593)
Net (decrease)/increase in cash and cash equivalents		(6,249)	3,324
Cash and cash equivalents at start of the year		7,701	4,377
Cash and cash equivalents at end of the year		1,452	7,701

The notes on page 139 form part of these financial statements.

Notes to the Company Financial Statements

For the year ended 31 March 2022

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 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. 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 4.7.

	31 March 2022 £'000	31 March 2021 £'000
As at 1 April	24,576	25,449
Impairment	(582)	–
Share-based payments	5,643	3,773
Return of contribution	(5,900)	(4,646)
As at 31 March	23,737	24,576

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. The investment in Polar Capital US Holdings Limited was fully impaired as at 31 March 2022.

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 generated from operations

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

	31 March 2022 £'000	31 March 2021 £'000
Profit on ordinary activities before taxation	42,817	31,919
Impairment	582	–
Increase in receivables	(10,095)	(50)
Decrease in payables	(2)	–
Cash generated from operations	33,302	31,869

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 £45.1m (2021: £35.0m) relates to cash movements by the subsidiary on behalf of the Company.

5.6 Other disclosures

The Company does not have any employee as they are employed by other Group entities. See Note 3.4(b) for the statutory audit fee for the Company and Note 4.17 for key management personnel remuneration disclosure.

Glossary

AGM	Annual General Meeting
AMF	Autorité des Marchés Financiers of France
APM	Alternative Performance Measures
AuM	Assets under management
Board	The Board of Directors of the Company
Company	Polar Capital Holdings plc
DBP	Deferred Bonus Plan
EBT	An Employee Benefit Trust is 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
ICAAP	Internal Capital Adequacy Assessment Process
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
Net management fee	Gross management fee income less commissions and fees payable
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
tCO₂e	Tonnes of carbon 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

Neil Taylor

Website

www.polarcapital.co.uk

Annual General Meeting

7 September 2022

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.
You may give instruction via the
registrar's website or in writing.

First interim dividend

For the financial year ended
31 March 2022

Amount

14.0p per ordinary share

Ex-dividend date

23 December 2021

Record date

24 December 2021

Payment date

14 January 2022

Second interim dividend

For the financial year ended
31 March 2022

Amount

32.0p per ordinary share

Ex-dividend date

7 July 2022

Record date

8 July 2022

Payment date

29 July 2022

Registrars

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London, SE1 2RT

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London, SW1V 1EJ

Nominated Adviser and Corporate Broker

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London, EC2V 7BF

Joint Corporate Broker

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London, EC2M 2AT

Solicitors

Herbert Smith Freehills LLP
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