Polar Capital Global Healthcare Growth and Income Trust plc

POLAR CAPITAL

31 May 2012
Fact sheet

Trust Objective

The company's investment objective is to generate capital growth and income by investing in a global portfolio of healthcare stocks.

Dividends

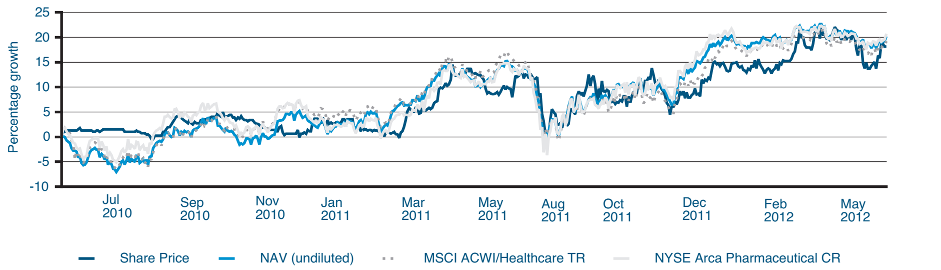
The Company pays four dividends a year and has a policy to increase the dividend on an annual basis progressively but there is no guarantee this will the achieved. The Company paid 3p per ordinary share in the period to 30 September 2011.

Monthly Returns (%)

	1 Month	3 Months	6 Months	1 Year	Since Launch
Ordinary Share Price	-2.18	3.15	10.07	5.11	18.17
NAV (undiluted) per Share	-0.70	1.46	7.67	5.65	20.17
MSCI ACWI / Health Care	0.12	1.76	8.05	4.11	19.24
NYSE Arca Pharmaceutical	0.19	2.46	6.64	6.29	20.69

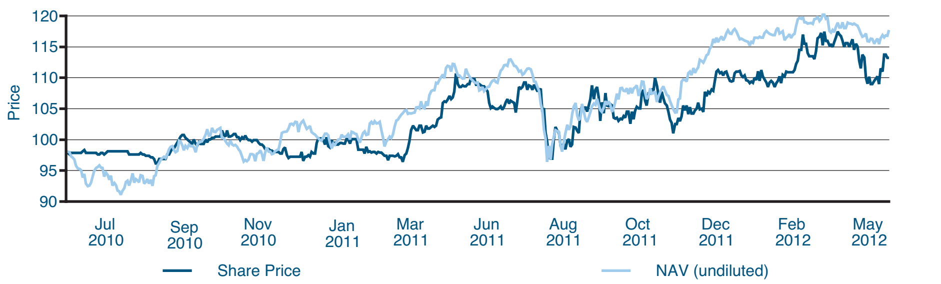
Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, NET total return in GBP. The Net Asset Value (NAV) as at 15 June 2010 was 98.0p per ordinary share based on the subscription price of 100.0p per ordinary share and launch costs of 2.0p per ordinary share.

Ordinary Share Performance Since Launch



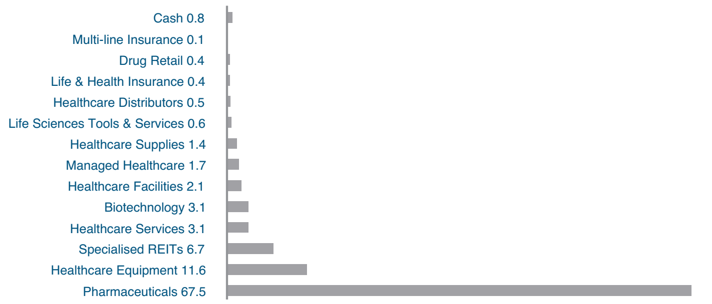
Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, NET total return in GBP. The Net Asset Value (NAV) as at 15 June 2010 was 98.0p per ordinary share based on the subscription price of 100.0p per ordinary share and launch costs of 2.0p per ordinary share.

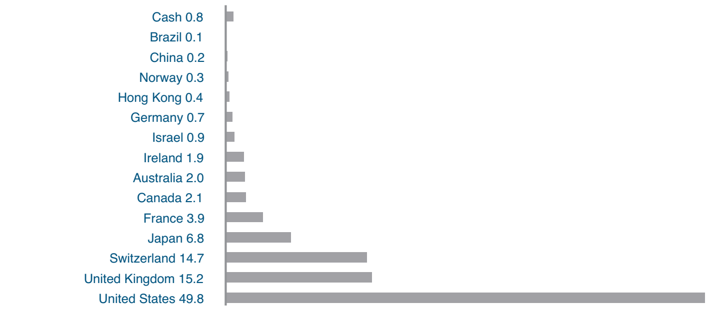
Ordinary Share Price & NAV per Share Since Launch



Source: Lipper & HSBC Securities Services (UK) Limited

Sector & Geographic Exposure (%)





Trust Facts

Ordinary Shares	
Share Price (p)	113.25
NAV (undiluted) per Share (p)	112.80
NAV (diluted) per Share (p)	112.64
Discount / Premium (%)	0.40
Capital Structure	97,899,999 shares of 25p
Subscription Shares†	
Share Price (p)	13.50
Exercise Price† (p)	100.00
Capital Structure	17,800,000 shares of 1p
Total Net Assets (£m)	110
AIC Gross Gearing Ratio (%)*	100.00
AIC Net Gearing Ratio (%)*	99.00

*Gearing calcultaions are exclusive of current year Revenue/Loss

Trust Characteristics

Launch Date	15 June 2010
Co-Manager	Dan Mahony
Co-Manager	Gareth Powell
Portfolio Characteristics	80/20 (Income/Capital)
Year End	30 September
Results Announced	Mid December
Next AGM	January 2013
Trust Term	Fixed life to 7th AGM
Listed	London Stock Exchange

Benchmark

MSCI All Country World Index / Healthcare (Sterling)

Fees*

Management Fee	0.85% of Market Cap
Performance Fee**	10% over performance hurdle

* Further details can be found in the annual report. All fees are allocated 80% to capital and 20% to income.

** Subject to high watermark

Total Number of Holdings 74

Top Ten Holdings

	(%)
Pfizer	8.7
GlaxoSmithKline	8.1
Merck	7.7
Novartis	7.6
Roche	6.0
Eli Lilly	4.8
Bristol Myers Squibb	4.1
Astellas Pharma	3.9
Abbott Labs	3.7
Sanofi	3.6
Total	**58.2**

Market Capitalisation Exposure

	(%)
Large (greater than US$ 5bn)	76.7
Medium (US$ 1bn to 5bn)	10.2
Small (less than US$ 1bn)	13.1

†Subscription shares - each share confers the right to subscribe for 1 Ordinary share at 100p on 31st January 2014.

It should not be assumed that recommendations made in the future will be profitable or will equal performance of the securities in this list. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Fund Manager Comments

In what feels like a repeat of summer 2011, macroeconomic concerns have again resurfaced as the major driver of stock markets. Europe is again the focus with uncertainty on the outcome of the upcoming Greek elections coupled with the potential risk of contagion to other southern European countries if there is a Greek exit from the euro. Moreover, the US economic data remained soft during the month and other global leading economic indicators appear to be weakening.

With risk appetite diminishing, global markets moved lower in May and healthcare was a relative outperformer. The NAV for the Trust was down 0.7% for the month, behind the benchmark (Morgan Stanley Global Healthcare Index) that was up 0.1%. The relative underperformance was due in large part to the performance of the UK small-cap stocks in the portfolio. As we have discussed previously, we have built a small portfolio of relatively illiquid small-cap names, with market caps below £100 million, which comprises less than 4% of the entire portfolio. However, many of these names were down 20% or more in May as investors became more risk averse.

Given the change of mood in the markets, we think the large pharmaceutical names will perform well on a relative basis as investors start to look for defensive names with solid dividend yields. News flow for the sector has been reasonably positive over the last few weeks, including a number of positive clinical announcements at the American Society of Oncology (ASCO) and publication of abstracts for the upcoming American Diabetes Association (ADA). At ASCO, GSK presented new Phase 3 data on two new drug candidates for melanoma, while Bristol-Myers presented encouraging Phase 1 data for its new antibody drug for melanoma. In addition, Roche presented data on T-DM1, a potential follow-up to its blockbuster breast cancer drug Herceptin. The Phase III data showed superior survival rates for breast cancer patients treated with T-DM1 compared to standard therapies.

However, it has not been only good news for Roche. At the beginning of the month, the company announced that it had terminated development of dalcetrapib, its novel treatment for cardiovascular disease, due to a lack of efficacy. Expectations had begun to rise for this new agent and Roche was down nearly 10% over the course of the month. Despite this setback, and it is worth remembering that drug development is a risky business, we believe that the drug pipeline for the industry is on the whole continuing to improve. We continue to believe that we may be on the verge of a new era of productivity in the drug industry, largely driven by innovation from the biotechnology sector, but it is too early to either definitively confirm this or predict when we will see a wave of new drug launches. Unsurprisingly, current valuations suggest that expectations for drug pipelines remain low but if pipelines continue to improve, then we see the potential for some upside surprise.

We made only one adjustment to the income portfolio during the month – we lowered our weighting in Bayer, as the company's exposure to the chemicals sector makes this one of the more cyclical pharmaceutical names.

For the growth portfolio, we have made a few changes. We sold our position in Hologic following the company's announcement that it would acquire Gen-Probe, a molecular diagnostics company. We are not convinced by the management's justification for this acquisition or the price that Hologic will pay. We also sold our position in Health Management Associates, a US hospital group, as we believe that hospitals could become a target for reimbursement reductions when discussions on plans to tackle the US deficit begin. We added to our position in Edwards Lifesciences, we also added Actelion, a profitable Swiss biotechnology company, and Photocure, a Norwegian biotechnology company, to the portfolio.

Actelion recently announced positive Phase 3 data for macitentan, a follow-up treatment for its blockbuster drug Tracleer – both are treatments for Pulmonary Arterial Hypertension (PAH), a severe and chronic condition where patients have an average life expectancy of 5 years. Our discussions with doctors at the recent American Thoracic Society (ATS) meeting in San Francisco have led us to conclude that macitentan could be a major advance in PAH and that the market has not factored in the positive financial impact for Actelion – we will see further data presented at the American College of Chest Physicians meeting later this year.

Photocure is one of the world-leaders in photodynamic therapy – a technique where drugs are activated at the site of disease by illumination with a specific wavelength of light. The company has recently launched a new diagnostic test for bladder cancer in the US and in May announced positive Phase 2b data for a new treatment for acne. Later this year, we expect Phase 2b data for a novel treatment for early-stage cervical dysplasia – a treatment for women who have early-stage disease diagnosed after a pap smear test but where there is no current treatment recommended aside from "watchful waiting". We think both of these drug candidates have sales potential in excess of $500 million.

Our outlook for the broader stock market is now reasonably bearish – the risk now seems to be on the downside over the summer. We think it is unlikely that global markets will return to a positive trajectory while the turmoil in Europe continues and the direction of the US economy remains uncertain. In particular, the focus will soon shift to 2013 earnings and how these may be affected if Congress allows the Bush tax cuts to expire.

Given this backdrop, while we remain positive on the long-term potential for companies in our growth portfolio, we may look to become more cautious over the next month and reduce the beta of the growth portfolio as appetite for risk is unlikely to resurface any time soon. However, we think large pharmaceuticals stocks will hold up well and may be seen as a safe haven for investors – as they were in the second half of last year.

Daniel Mahony

7th June 2012

Polar Capital Healthcare Investment Management Team

Dan Mahony - Co-Manager

Daniel joined Polar Capital to set up the healthcare team in 2007. He has more than 13 years' investment experience in the healthcare sector, with over 4 years as a Portfolio Manager and 9 years as a sell-side analyst. Prior to joining Polar Capital, he was head of the European healthcare research team at Morgan Stanley, covering the European biotechnology, medical technology and healthcare services sectors. He also previously worked in New York for ING Barings Furman Selz following the US biotechnology sector. Before working in the investment field, Daniel worked as a research scientist for 7 years with the majority of his time at Schering Plough Corporation in California. Daniel received his PhD from Cambridge University in 1995 and a first class honours degree in biochemistry from Oxford University in 1991.

Gareth Powell - Co-Manager

Gareth joined Polar Capital in 2007 to set up the healthcare team. He has over 12 years' investment experience in the healthcare sector, with 10 years as a Portfolio Manager. He joined Framlington in 1999 becoming a portfolio manager on the Framlington Health fund. In 2002, he helped launch and then run the Framlington Biotech fund. Gareth became a CFA charter holder in 2003. Gareth studied biochemistry at Oxford from 1995 to 1999 and during that time worked at Astellas, the Sir William Dunn School of Pathology, the Wolfson Institute for Biomedical Research and the Oxford Business School.

Anna Sizova - Analyst

Anna joined Polar Capital in February 2008 as an analyst for the healthcare team. She has over 5 years' investment experience in the healthcare sector that started with her time at Morgan Stanley as a healthcare analyst covering the European medical technology sector. Prior to working in investment, she spent 5 years at Johnson & Johnson, working in both the marketing and finance departments. Anna holds an MBA degree from the London Business School and a degree in theoretical and applied linguistics from Moscow State University.

Trust Overview

Investment Rationale

The Managers believe there are significant growth opportunities which apply not only to pharmaceutical companies but across the whole healthcare sector.

Approach

The Company will seek to achieve its objective by investing in a diversified global portfolio consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology. The portfolio is expected to be diversified by the geographic location and size of the constituent companies and achieve growth by focusing on three themes: inefficiency reduction, innovation and infrastructure. For operational purposes the Manager will maintain an income portfolio and a growth portfolio, with the initial allocation expected to be in the order of 80:20.

How to Invest

Market Purchases

The ordinary and subscription shares are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Registered Office

4 Matthew Parker Street, London SW1H 9NP

Custodian

HSBC PLC acts as global custodian for all the company's investments.

Registrar

Equiniti
The Causeway, Worthing, West Sussex BN99 6DA
www.shareview.co.uk

Codes

Ordinary Shares

ISIN	GB00B6832P16
SEDOL	B6832P1
Ticker	PCGH

Subcription Shares

ISIN	GB00B68VXC96
SEDOL	B68VXC9
Ticker	PCGS

House View

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Holdings

The top 10 positions were selected based on percentage of AUM. This portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fund's best interest to do so. A complete list of the portfolio holdings may be made available upon request. It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

Benchmarks

The following benchmark index is used: MSCI All Country World Index/Healthcare. These benchmarks are generally considered to be representative of the Healthcare equity universe and of the global emerging market universe. These benchmarks are broad-based indices which are used for comparative/illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Please refer to www.mscibarra.com for further information on these indices. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the fund. For example, investments made for the fund may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the fund may differ from those of the benchmark. Also, the indices noted in this presentation are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. The information regarding the indices are included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to any of the indices in composition or risk.

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