Polar Capital Global Healthcare Growth and Income Trust plc

POLAR CAPITAL

31 July 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 (%)

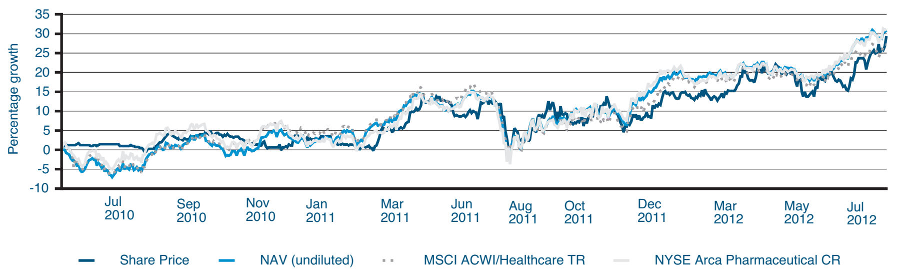
	1 Month	3 Months	6 Months	1 Year	Since Launch
Ordinary Share Price	9.49	7.11	14.58	15.88	29.39
NAV (undiluted) per Share	3.42	8.13	11.33	18.08	30.86
MSCI ACWI / Health Care	2.30	6.79	9.43	14.47	27.18
NYSE Arca Pharmaceutical	3.71	8.94	12.22	20.63	31.23

Discrete Annual Performance (%)

	30/06/11 29/06/12	30/06/10 30/06/11	30/06/09 30/06/10	30/06/08 30/06/09	29/06/07 30/06/08
Ordinary Share Price	8.92	6.61	-	-	-
NAV (undiluted) per Share	11.29	18.01	-	-	-
MSCI ACWI / Health Care	7.65	19.08	-	-	-
NYSE Arca Pharmaceutical	11.13	16.55	-	-	-

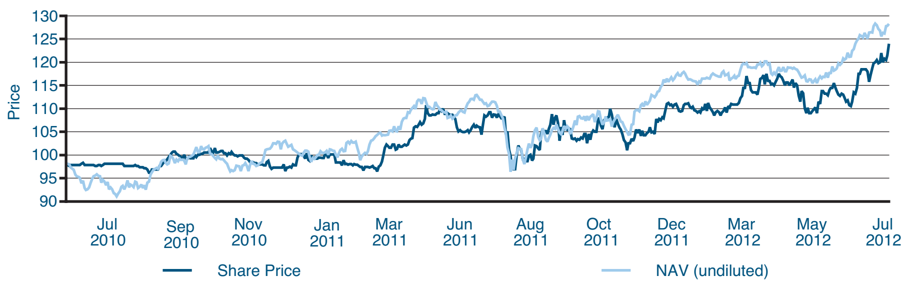
Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, NET total return in GBP. The Net Asset Value (NAV) as at 15 June 2010 was 98.0p per ordinary share based on the subscription price of 100.0p per ordinary share and launch costs of 2.0p per ordinary share.

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 Exposure	(%)
Pharmaceuticals	63.7
Healthcare Equipment	11.4
Specialised REITs	6.3
Healthcare Facilities	5.8
Biotechnology	3.3
Healthcare Supplies	2.3
Managed Healthcare	2.2
Healthcare Distributors	1.7
Healthcare Services	1.5
Multi-line Insurance	0.6
Life Sciences Tools & Services	0.4
Life & Health Insurance	0.1

Geographic Exposure	(%)
United States	52.3
Switzerland	15.7
United Kingdom	13.6
Japan	7.2
France	4.3
Australia	2.0
Ireland	1.8
Canada	1.7
Cash	0.7
Hong Kong	0.3
Norway	0.3
Brazil	0.1

Trust Facts

Ordinary Shares	
Share Price (p)	124.00
NAV (undiluted) per Share (p)	122.84
NAV (diluted) per Share (p)	117.57
Premium (%)	0.94
Discount (%)	-
Capital Structure	97,899,999 shares of 25p
Subscription Shares†	
Share Price (p)	19.00
Exercise Price† (p)	100.00
Capital Structure	17,800,000 shares of 1p
Total Net Assets (£m)	120
AIC Gross Gearing Ratio (%)*	100.00
AIC Net Gearing Ratio (%)*	100.00

*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	8.6
Merck & Co	8.2
Novartis	7.8
GlaxoSmithKline	6.3
Roche Holding	6.1
Abbott Labs	4.9
Eli Lilly	4.7
Astellas Pharma	4.3
Bristol Myers Squibb	4.0
Sanofi	3.9
Total	**58.8**

Market Capitalisation Exposure	(%)
Large (greater than US$ 5bn)	78.2
Medium (US$ 1bn to 5bn)	8.8
Small (less than US$ 1bn)	13.0

†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.

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Fund Manager Comments

Stock markets continued to make positive progress in July. Healthcare was a strong outperformer in the month, driven in large part by the performance of the large pharmaceutical companies – the NYSE Pharmaceutical Index was up 3.7% in July. With economic data continuing to look disappointing, it seems as though we are seeing a similar theme to last year with investors looking for solid dividend growth stocks. The NAV for the Trust was up 3.4% for the month and was ahead of the benchmark (Morgan Stanley Global Healthcare Index) which was up 2.3%.

Most of the major pharmaceutical companies delivered pretty solid earnings reports for the second quarter although both AstraZeneca and GlaxoSmithKline delivered results that were slightly below expectations. Nevertheless, even these two stocks have held up well following initial weakness as enthusiasm for pharmaceutical stocks seems to have been re-kindled. As we have discussed previously, this year is the peak of the patent cliff and it seems as though investors are finally beginning to look beyond the impact on 2012 earnings.

The major clinical news event in the month was the first clinical trial data for a novel Alzheimer's treatment, called bapineuzumab, being developed by Elan, Johnson & Johnson and Pfizer. This first study looked at a particular sub-set of patients, who have a particular form of a gene called ApoE4. The agent filed to show a benefit in this population of patients, which was not altogether surprising given the results of the Phase II trials. We expect further data from a second study looking at non-ApoE4 carriers in the coming weeks – a positive result here could be a significant step forward in the treatment of Alzheimer's disease. This trial is high-risk but a meaningful improvement on current treatment could create a multi-billion dollar opportunity, in our view. Moreover, success in this trial would support our opinion that drug pipelines are beginning to improve. To this end, we note that Merck reported that the Phase III trial for its new osteoporosis agent, odanacatib, had to be halted early due to robust efficacy, which was a second piece of good clinical news for Merck following last month's positive Phase III data for suvorexant, its novel insomnia treatment.

In the broader healthcare sector, we have already seen companies beginning to react to last month's decision by the Supreme Court to uphold healthcare reform. WellPoint announced its intention to acquire Amerigroup – a health insurance company that specialises in Medicaid, the State run programme for the poor. With healthcare reform now set to continue as planned, we expect a significant expansion in the Medicaid programme in 2014 and this looks to be a significant growth opportunity for insurers over the next 2-3 years. Fortunately, we had added Amerigroup to the portfolio in June on the back of the Supreme Court decision.

We made only one minor adjustment to the income portfolio during the month – we took some profits in GlaxoSmithKline ahead of its Q2 earnings report. For the growth portfolio, we made a few changes. We sold our position in Amerigroup, following WellPoint's announcement and switched into another Medicaid health insurer, Wellcare Health. We also sold our position in Onyx Pharmaceuticals following last month's surprise FDA panel recommendation for Kyprolis, its experimental treatment for relapsed and refractory multiple myeloma – the stock had appreciated nearly 50% following our purchase last month. We also sold our positions in Watson Pharmaceuticals and ArQule and replaced them with positions in Affymax, a US biotechnology company, and AmerisourceBergen, a US drug distributor.

We continue to be reasonably cautious on the broader market, largely due to macroeconomic concerns. In particular, the fiscal cliff in the US, which could create a 3.5% drag on GDP in 2013, is beginning to loom as we approach year-end with a political solution unlikely to come until after the Presidential election. As we noted last month, we continue to believe that earnings projections for 2013 may still be too optimistic and the market is unlikely to make new highs if there is a downward re-setting of expectations. In many ways, this environment is similar to last summer and we would not be surprised to see another period of relative out-performance for the pharmaceutical sector. Our key investment thesis is based on our view that the pharmaceutical sector is poised for a re-rating. We find it intriguing that investors appear to be looking for defensive growth at the same time as the fundamentals for the sector are improving more visibly.

The second quarter earnings picture for the broader healthcare sector has been fairly mixed so far. We still have not seen a strong recovery in utilisation and this has caused many medical supply and device companies to temper expectations for the second half. At the same time, a number of health insurers have guided to higher medical costs in the latter part of the year. Our conclusion is that in an uncertain environment, management teams are trying to guide conservatively and have limited visibility. Interestingly, we are beginning to see a much broader dispersion of returns between stocks in different sub-sectors – a return to a more normal state of affairs for the healthcare sector. Historically, healthcare has been a stock pickers sector with a large part of stock returns dervied from idiosyncratic risk. In this respect, our focus remains on trying to identify companies that provide products and services that deliver better healthcare for less money – we think this will translate into a sustainable competitive advantage, superior earnings growth and, ultimately, good investment returns – even in a difficult economic environment.

Daniel Mahony

7th August 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 year's 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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