

## Trust Fact Sheet

31 May 2018



### Trust Facts

#### Ordinary Shares

Share Price	199.00p
NAV per share	215.72p
Premium	-
Discount	-7.75%
Capital	122,470,000 shares of 25p

#### ZDP Shares

Share Price	105.00p
NAV per share	102.84p
Premium	2.10%
Discount	-
Capital	32,128,437 shares of 1p

#### Assets & Gearing <sup>2</sup>

Total Gross Assets	£296.3m
Total Net Assets	£264.2m
AIC Gearing Ratio	11.60%
AIC Net Cash Ratio	0.00%

**Historic Yield (%) 0.50**

#### Dividends (p/share)

February 2018 (paid)	1.00
May 2017 (paid)	1.65
February 2017 (paid)	0.75
November 2016 (paid)	0.75

#### Benchmark

MSCI All Country World Index / Healthcare (Sterling)

#### Fees <sup>3, 4, 5, 6</sup>

Management	0.85%
Performance	10% over performance hurdle
Ongoing Charges	1.01%

#### Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information at the end of this document and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

#### Discount Warning

The shares of investment trusts may trade at a discount or a premium to Net Asset Value for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

## Company Profile

### Investment Objective

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

### Investment Policy

The Company seeks to achieve this 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 factors such as geography, industry sub-sector and investment size.

### Dividends

The Company pays two dividends a year.

### Life of Company

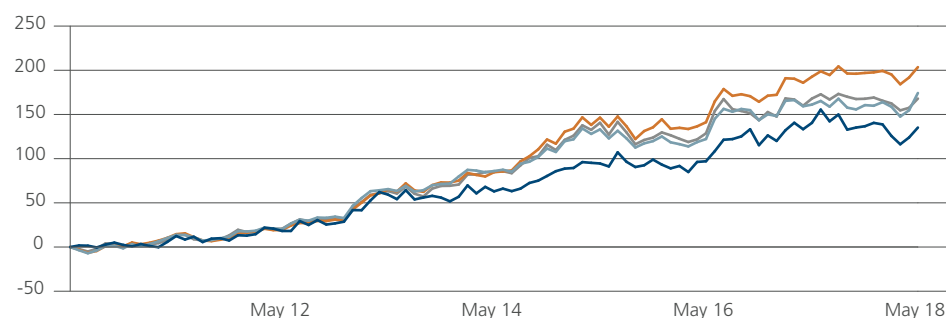
The Company will propose a special resolution for voluntary winding up at its 14th AGM expected to be held around 1 March 2025.

### Zero Dividend Preference Shares (ZDPs)

Through its wholly owned subsidiary, PCGH ZDP plc, the Company issued 32,128,437 ZDP shares, which entitles ZDP shareholders to a pre-determined redemption value of 122.99p per ZDP share on 19 June 2024.

## Performance

### Performance Since Launch (%)



	1 Month	3 Months	6 Months	1 Year	Since Launch
■ Ordinary Share Price (TR) <sup>1</sup>	5.01	4.19	-0.63	-2.21	135.16
■ NAV per Share (TR) <sup>7</sup>	7.68	6.02	5.26	5.02	174.35
■ MSCI ACWI / Healthcare TR	4.04	2.81	2.21	3.71	203.55
■ NYSE Arca Pharmaceutical CR	4.07	2.09	0.08	-0.01	166.00

### Discrete Performance (%)

	29/09/17 31/05/18	30/09/16 29/09/17	30/09/15 30/09/16	30/09/14 30/09/15	30/09/13 30/09/14
Ordinary Share Price (TR) <sup>1</sup>	1.00	3.41	18.18	10.46	10.56
NAV per Share (TR) <sup>7</sup>	6.42	0.60	20.54	8.12	19.69
MSCI ACWI / Healthcare TR	2.43	8.60	22.80	9.63	24.76
NYSE Arca Pharmaceutical CR	-0.77	6.34	17.41	7.65	26.80

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP terms. Past performance is not indicative or a guarantee of future results.

- The ordinary share price has been adjusted for dividends paid in the period in GBP.
  - Gearing calculations are exclusive of current year Revenue/Loss.
  - All fees, with the exception of performance fees, are allocated 80% to capital and 20% to income. Performance fees are allocated 100% to capital.
  - The management fee is based on the lower of the Group Market Capitalisation or Adjusted NAV (which includes all assets referable to the ZDP Shares).
  - The performance fee hurdle is equal to the relaunch NAV multiplied by the benchmark total return plus 1.5% compounded annually.
  - Ongoing charges are calculated at the latest published year end date, excluding any performance fees.
  - The NAV per share is adjusted to show dividends reinvested on the payment date in ordinary shares at their Net Asset Value; to remove the dilution of the exercise of the subscription rights and, to remove any effects from any issuance or repurchase of ordinary shares. This is the metric used by the company when assessing the investment manager's performance.
- 1-7. For further detail please refer to the Annual Report.

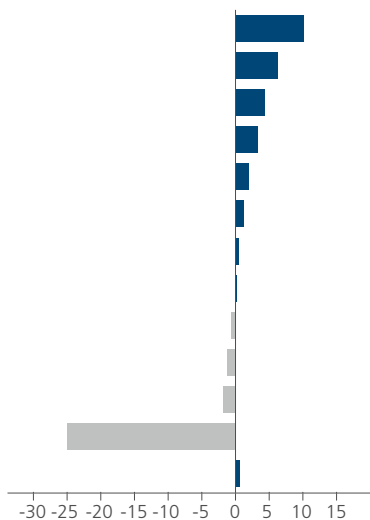
# Polar Capital Global Healthcare Trust plc

## Portfolio Exposure

As at 31 May 2018

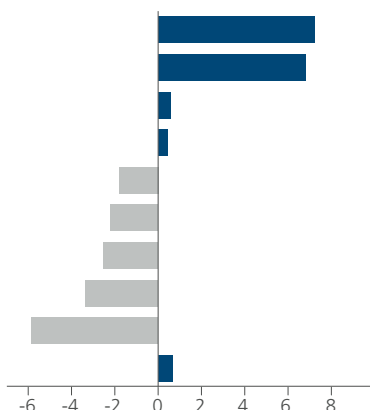
### Sector Exposure - Top Overweights & Underweights Relative to Index (%)

	Fund (%)	Relative (%)
Healthcare Equipment	26.4	10.2
Life Sciences Tools & Services	10.9	6.3
Managed Healthcare	13.6	4.3
Biotechnology	19.5	3.4
Healthcare Facilities	3.4	2.0
Healthcare Technology	2.0	1.3
Education Services	0.5	0.5
Healthcare Services	3.3	0.3
Healthcare Supplies	1.6	-0.7
Drug Retail	0.0	-1.3
Healthcare Distributors	0.0	-1.9
Pharmaceuticals	18.0	-25.1
Cash	0.7	0.7



### Geographic Exposure - Top Overweights & Underweights Relative to Index (%)

	Fund (%)	Relative (%)
United States	70.7	7.2
United Kingdom	11.1	6.8
Italy	0.7	0.6
Sweden	0.5	0.4
Australia	0.0	-1.8
Ireland	1.7	-2.2
France	0.0	-2.5
Switzerland	3.9	-3.4
Other	10.8	-5.8
Cash	0.7	0.7



The column headed "Fund (%)" refers to the percentage of the Fund's assets invested in each sector. The column headed "Relative (%)" refers to the extent to which the Fund is overweight or underweight in each sector compared (relative) to the index.

## Investing in the Trust and Shareholder Information

### Trust Characteristics

Launch Date	15 June 2010
Year End	30 September
Results Announced	Mid December
Next AGM (8th)	February 2019
Listed	London Stock Exchange

### Market Purchases

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

### Corporate Contacts

#### Registered Office and Website

16 Palace Street, London SW1E 5JD  
www.polarcapitalhealthcaretrust.co.uk

#### Custodian

HSBC Plc is the Depositary and provides global custody of all the company's investments

#### Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA  
www.shareview.co.uk

### Codes

#### Ordinary Shares

ISIN	GB00B6832P16
SEDOL	B6832P1
London Stock Exchange	PCGH

#### ZDP Shares

ISIN	GB00BDHXP963
SEDOL	BDHXP96
London Stock Exchange	PGHZ

### Top 10 Holdings (% of net assets)

UnitedHealth Group	4.6
Novartis	4.4
Abbott Laboratories	4.2
Becton Dickinson	4.0
Eli Lilly & Co	3.9
Danaher	3.8
AstraZeneca	3.7
HCA Holdings	3.4
Fresenius Medical Care AG & Co	3.3
Humana Inc	3.3

**Total 38.6**

**Total Number of Positions 50**

### Market Capitalisation Exposure (%)

Large Cap (>\$5bn)	84.1
Mid Cap (\$1bn - \$5bn)	5.0
Small Cap (<\$1bn)	10.2
Cash	0.7

The entire investment portfolio is published in the annual and semi annual reports and as part of the interim management statement. It should not be assumed that recommendations made in 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.

Note: Totals may not sum due to rounding.

## Fund Manager Comments

As at 31 May 2018

Momentum for healthcare continued into May, following on from a reasonably constructive April. The Company's NAV was up 7.7% in May and outperformed the benchmark (Morgan Stanley Global Healthcare Index), which was up 4.0% for the month – the weakness in sterling helped the absolute performance. The relative outperformance was driven by strength in positions in the life sciences tools, healthcare services and biotechnology sub-sectors.

US drug pricing has been a concern for some time and is one of the factors behind our material under-weight positioning in pharmaceuticals. Early in the month, there was an update on potential changes from the US Administration. Having postponed his speech in April, President Trump released the White House's drug pricing plan alongside a blueprint document called "American Patients First".

While the plan contained a large number of potential initiatives, there was little detail on how and when these various proposals might be implemented. Top priorities for the Administration appear to be increased competition, improved negotiating power and a variety of incentives to reduce out-of-pocket expenses for patients. Importantly, there is a focus on transparency on various players in the value-chain and especially the role of Pharmacy Benefit Managers (PBMs). Noticeable in their absence from the plan, were measures to allow drug imports from Canada or any proposals to allow direct price negotiation by the Government for prescription drugs for the over 65's, the so-called Medicare Part D plans.

We now expect President Trump to release more specific and detailed proposals during June. It seems as though some of the more draconian measures have been avoided and we would not be surprised to see the Administration focus on the "problem of the middle-men" in the system, which could continue to dampen enthusiasm for various parts of the healthcare eco-system, especially the PBMs. Importantly, this could help to lift the political overhang on the healthcare sector – we think the market would respond well to some clarity on the direction of potential legislative changes.

In terms of clinical newsflow, the month was dominated by the major cancer conference that is run by the American Society of Clinical Oncology (ASCO). There was a flurry of new clinical results, which mainly affected some smaller biotechnology companies – both positively and negatively. In our view, the most important conclusion from the conference is that Merck & Co is cementing its leadership in the immune-oncology space with its drug Keytruda.

ASCO abstracts aside, there were important clinical updates from AstraZeneca, Novo Nordisk and Roche. Starting with AstraZeneca, the company released more positive headline data for its lead immuno-oncology asset, Imfinzi. Having already reported positive Progression Free Survival data in early-stage lung cancer (PFS is the length of time during and after treatment that a patient lives with a disease without it deteriorating), AstraZeneca announced Imfinzi also significantly improves overall survival (OS) in these lung cancer patients. Whilst broadly expected, the update under-pins the commercial potential of the asset and raises the bar for competitors.

Novo Nordisk also released some positive headline data, although the reception from the market was somewhat mixed. Novo is developing an oral version of a commercialised, injectable drug called semaglutide, and it was data from this asset that was released. The update, which compared oral semaglutide to another oral drug already on the market (Eli Lilly's Jardiance), indicated Novo's product to be superior at controlling both blood sugar levels and weight loss. The controversy centred on two things; (a) the magnitude and timing of the weight loss, and (b) the tolerability profile of oral semaglutide. We remain positively disposed to the asset but do acknowledge that further details and data read-outs may be required to move the debate forward.

Last, but not least, Roche published the full dataset for its novel haemophilia asset, Hemlibra, at a conference. The data confirmed the drug's potential to disrupt the market place, once again raising question marks over the long-term sustainability of more traditional haemophilia therapies.

Significant contributors in the month were Bio-Rad Laboratories (Bio-Rad), Loxo Oncology and Quotient. US life sciences company Bio-Rad produced another strong set of quarterly results, with both the top-line and operating leverage out-stripping market views. Despite relatively high expectations, Loxo presented compelling data at ASCO for its targeted cancer asset, a drug known as LOXO-292. Quotient shares reacted positively to news that the company has commenced European field trials for its novel blood-screening technology, MosaicQ.

Detractors in the period were Becton Dickinson, Anthem and Viveve Medical. It is our belief that Becton Dickinson struggled ahead of the Q1'18 earnings release in early June due to market concerns about the integration of the recent CR Bard acquisition. In terms of Anthem, May's weakness may well be related to two things; 1) a greater focus by the US Administration on PBMs, savings from which are a potential upside for Anthem, and 2) concerns around competitive pricing in certain markets that Anthem operates in. Finally, Viveve Medical reported an under-whelming set of Q1'18 financial results, with revenues missing consensus expectations.

We made a few changes to the portfolio in May, reducing the number of positions in the life sciences and Tools and Biotechnology sub-sectors and re-investing the proceeds into the medical devices space. We remain constructive on the life sciences and tools sub-sector, and continue to be optimistic about the end-markets, but felt a reduced weighting prudent and therefore exited our position in Agilent Technologies ahead of the company's Q2'18 financial results. The decision to exit Exelixis was based on a view that the competitive landscape for its lead asset, Cabometyx for advanced kidney cancer, is intensifying. On the investment side, we continue to believe that Medical Devices is an area with positive momentum and added fast-growing US devices company, Boston Scientific Corp, to the portfolio. We also added Nevro Corp to the innovation portfolio.

In terms of the near-term outlook for healthcare, we think the political overhang may dissipate but acknowledge that healthcare may still be an issue as we run into the US mid-term elections. Looking further out, however, we believe the strong, underlying fundamentals for healthcare should be rewarded, especially given the relatively attractive valuations. Healthcare continues to feel un-loved and under-owned, but we think the growth opportunities in the sector present an interesting and contrarian investment opportunity.

### Dan Mahony & Gareth Powell

8 June 2018

### Fund Managers



#### Daniel Mahony

##### Fund Manager

Daniel has managed the Trust since launch, he joined Polar Capital in 2007 and has 26 years of industry experience.



#### Gareth Powell

##### Fund Manager

Gareth has managed the Trust since launch, he joined Polar Capital in 2007 and has 19 years of industry experience.



#### James Douglas

##### Deputy Fund Manager

James joined Polar Capital in 2015 and has 19 years of industry experience.

# Polar Capital Global Healthcare Trust plc

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