

## Trust Fact Sheet

31 July 2020



### Trust Facts

#### Ordinary Shares

Share Price	243.00p
NAV per share	265.53p
Premium	-
Discount	-8.48%
Capital	121,270,000 shares of 25p

#### ZDP Shares

Share Price	107.50p
NAV per share	109.65p
Premium	-
Discount	-1.96%
Capital	32,128,437 shares of 1p

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

Total Gross Assets	£354.1m
Total Net Assets	£322.0m
AIC Gearing Ratio	6.93%
AIC Net Cash Ratio	0.00%

**Historic Yield (%) 0.86**

#### Dividends (p/share)

February 2020 (paid)	1.10
August 2019 (paid)	1.00
February 2019 (paid)	1.00
July 2018 (paid)	1.00

#### Benchmark

MSCI All Country World Index / Healthcare (Sterling)

#### Fees <sup>3</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

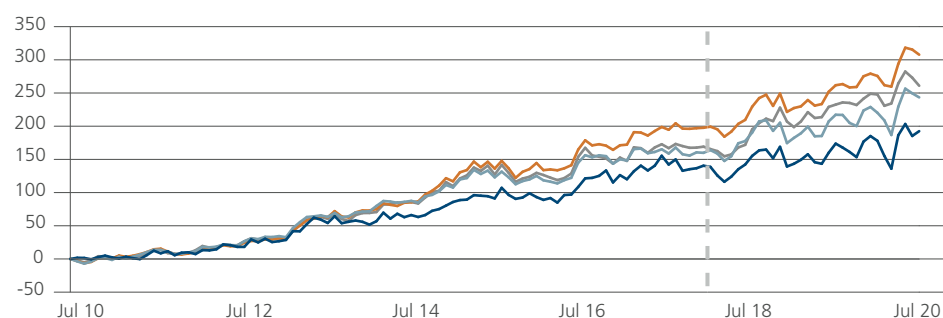
The Company will propose a special resolution for voluntary winding up at its 14th AGM expected to be held around 1 March 2025.

### 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 (%)<sup>5</sup>



	1 month	3 month	YTD	1 year	Since 20/06/17 <sup>5</sup>	Since Launch
■ Ordinary Share Price (TR) <sup>1</sup>	2.53	2.10	2.57	6.83	16.50	192.49
■ NAV per Share (TR) <sup>4</sup>	-1.77	4.26	4.39	8.24	25.77	243.50
■ MSCI ACWI / Healthcare TR	-1.86	3.51	7.53	12.73	32.76	307.75
■ NYSE Arca Pharmaceutical CR	-3.26	-0.99	3.44	8.68	28.89	261.53

### Financial Year Performance (%)<sup>6</sup>

	YTD	28.09.18 30.09.19	29.09.17 28.09.18	30.09.16 29.09.17	30.09.15 30.09.16
Ordinary Share Price (TR) <sup>1</sup>	11.98	-1.35	13.72	3.41	18.18
NAV per Share (TR) <sup>4</sup>	12.61	-1.26	19.83	0.60	20.54
MSCI ACWI / Healthcare TR	13.78	3.14	17.24	8.60	22.80
NYSE Arca Pharmaceutical CR	7.72	7.75	15.43	6.35	17.41

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.

1. The ordinary share price has been adjusted for dividends paid in the period in GBP and reinvested at the ex-dividend date.

2. Gearing calculations are exclusive of current year Revenue/Loss.

3. 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 relaunched 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.

4. 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.

5. The Company was restructured on 20 June 2017; represented by the grey dotted line on the performance graph.

1-5. For further detail please refer to the Annual Report.

6. The end of the financial year for the Company is 30 September each year.

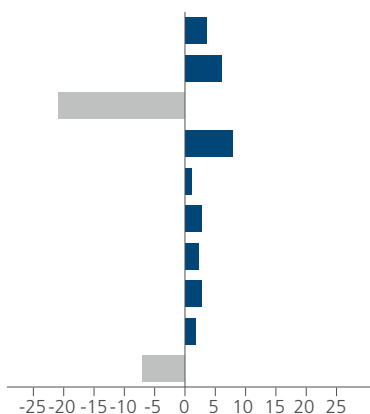
# Polar Capital Global Healthcare Trust plc

## Portfolio Exposure

As at 31 July 2020

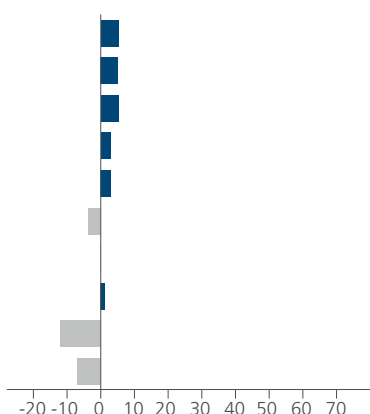
### Sector Exposure (%)

	Fund (%)	Relative (%)
Healthcare Equipment	23.3	3.5
Biotechnology	20.5	6.0
Pharmaceuticals	19.2	-20.9
Life Sciences Tools & Services	15.4	7.9
Managed Healthcare	8.4	1.1
Healthcare Services	6.5	2.7
Healthcare Supplies	4.5	2.2
Healthcare Distributors	4.1	2.8
Other	5.1	1.8
Cash	-7.0	-7.0



### Geographic Exposure (%)

	Fund (%)	Relative (%)
United States	68.7	5.2
Germany	7.4	5.1
Netherlands	6.2	5.3
Denmark	5.7	2.9
Ireland	5.2	3.0
Switzerland	4.6	-3.6
United Kingdom	4.0	-0.2
France	3.6	1.3
Other	1.5	-12.1
Cash	-7.0	-7.0



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

Becton Dickinson	5.0
Medtronic	4.7
Amgen	4.7
Roche	4.6
Fresenius Medical Care AG & Co	4.4
Avantor	3.6
Sanofi	3.6
Koninklijke Philips	3.4
INC Research Holdings	3.2
Horizon Pharma	3.1

**Total** **40.3**

**Total Number of Positions** **44**

### Market Capitalisation Exposure (%)

Large Cap (>\$5bn)	96.5
Mid Cap (\$1bn - \$5bn)	5.0
Small Cap (<\$1bn)	5.5
Cash	-7.0

**Active Share** **79.88%**

The column headed "Fund (%)" refers to the percentage of the Fund's net 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 (10th)	February 2021
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

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 July 2020

Equity markets were in modest positive territory in July, with the healthcare sector broadly in line. With regards to healthcare, facilities were especially strong, as were life sciences and tools, and healthcare equipment. Biotechnology struggled as did the managed care sector. The Company's NAV declined 1.8% in July ahead of the benchmark (MSCI AC World Daily Net TR Health Care Index) which was down 1.9% for the month.

News flow, once again, was pretty abundant in July with a busy earnings season, several COVID-19 updates and an Executive Order from Donald Trump with the primary purpose of reducing the cost of pharmaceuticals in the US. With respect to earnings, rather than going into specifics it perhaps makes sense to reflect on broader themes and observations. Of most interest, perhaps, was the relative strength seen in the healthcare equipment and facilities sectors with many companies managing to deliver ahead of what were dramatically reduced expectations. Life sciences and tools also delivered as a collective, with many companies benefitting not just from the COVID-19 pandemic but also from continued strength in bioproduction and bioprocessing. The managed care sector also delivered consensus-beating earnings but in the absence of upgrades to full-year guidance, the operational excellence was greeted with some apathy. Lastly, the biotech and pharma sectors were reasonably solid through earnings although were not immune to the COVID-19 pandemic. Q2 2020 did witness some de-stocking (logical following the Q1 stocking) and some patients remain reluctant to visit physicians and infusion centres to get their much-needed medication.

In terms of COVID-19, there were multiple updates during the reporting period, most of which we would argue are steps in the right direction. On the vaccines side, Moderna, AstraZeneca (in partnership with Oxford University) and Pfizer (in partnership with BioNTech) all disclosed encouraging early-stage data. The vaccines appear to be generating neutralizing antibodies with acceptable side-effect profiles. Importantly, Phase III trials have begun with the possibility of data as early as this autumn. It has been a hugely impressive effort by the industry but it is the Phase III data that is critical. Once available, the focus of attention will switch to manufacturing, distribution and pricing.

On the therapeutics front, Roche offered a disappointing update with re-purposed rheumatoid arthritis drug Actemra failing to meet its primary endpoint of improved clinical status in patients with COVID-19-associated pneumonia. On a more positive note, UK company Synairgen announced positive results for its inhaled interferon beta drug known as SNG001. In summary, patients who received SNG001 had a 79% lower risk of developing severe disease compared to placebo and were more than twice as likely to recover from COVID-19 as those on placebo.

As we head into the November elections in the US, Donald Trump issued an Executive Order that could impact the biopharma industry. There were essentially four executive plans:

- The requirement for Federal programs to pass on insulin and EpiPen rebates. With insulin already a very heavily discounted class of therapeutics, we see the order as having a modest impact on the manufacturers.
- Allowing wholesalers and pharmacies the ability to parallel import drugs from other countries. This is an idea that has been around for some time but one where it may be a challenge for the FDA with regards to safety and quality assurance.
- Point of care rebates in Medicare with the aim of reducing the out of pocket expense for US seniors. The order could well improve volumes for the biopharma industry, with the impact on the pharmacy benefit managers modest given government-run programs already require transparent rebate economics and full pass-through.
- An international pricing index where the US will look to use lower international prices as a benchmark for pricing of therapeutics. Interestingly, while headline grabbing and potentially very impactful, the order is subject to negotiation. In essence, it feels like a vehicle for negotiation.

Positive relative contributors from active positions in July were Avantor, Becton Dickinson and Bio-Rad Laboratories. Life sciences and tools company Avantor not only produced robust Q2 revenues but also impressed on margins and cashflow, with the latter especially pleasing given the company's relatively high level of balance sheet leverage. Becton Dickinson has had a difficult start to the year, impacted by regulatory challenges in the US with its pump business. However, the company could be a major beneficiary of the COVID-19 testing dynamics – it is that opportunity that is reigniting enthusiasm for the equity story. Bio-Rad Laboratories continues to execute, both at the revenue line and operationally, plus has the benefit of the increased value in the company's stake in life sciences and tools company, Sartorius AG.

Detractors to performance in the reporting period were Acadia Pharmaceuticals, eHealth and Medley. During the reporting period Acadia disclosed that pimavanserin (approved for the treatment of Parkinson's-related psychosis under the brand name Nuplazid) did not achieve statistical significance in its Phase III study for major depressive disorder. The company also revealed the FDA has accepted Nuplazid's filing for the treatment of dementia-related psychosis but under a standard review, with a decision expected on 3 April 2021, a disappointment for those expecting an expedited review.

eHealth struggled during the period for two reasons. Firstly, the market started to worry about the high level of membership churn, which could simply be a timing issue. Secondly, management did upgrade FY20 guidance but not to a large enough degree to satisfy the market. Medley underperformed but offered no updates that would alter one's fundamental view; we believe it to be profit-taking after a very strong, post-IPO performance.

In terms of portfolio changes, there was nothing of note in the growth portfolio during July. On the innovation side, we exited Tactile Systems, reflecting our concerns surrounding the company's operating environment, and added AdaptHealth, a provider of home health medical equipment, which is an area that could materially benefit in a post-COVID-19 world.

We have been consistently referencing positive momentum for the healthcare sector in recent communications, and continue to believe the demand for healthcare products and services could accelerate, not just through the COVID-19 pandemic, but also once coronavirus is under control. However, it would be remiss to ignore the political landscape in the US and consider the ramifications of a Democratic sweep. We aim to be appropriately positioned in the near term, but with the view that undue stress and volatility could create some compelling longer-term opportunities. To quote Mark Twain: "Whenever you find yourself on the side of the majority, it is time to pause and reflect."

**James Douglas & Gareth Powell**

6 August 2020

### Fund Managers



**James Douglas**  
Fund Manager

James has co-managed the Trust since 2018, he joined Polar Capital in 2015 and has 28 years of industry experience.



**Gareth Powell**  
Partner

Gareth has co-managed the Trust since launch, he joined Polar Capital in 2007 and has 21 years of industry experience.

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

# Polar Capital Global Healthcare Trust plc

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