

2020

Polar Capital Global Healthcare Trust plc

Report and Financial Statements for the year ended 30 September 2020



Report and Financial Statements for the year ended 30 September 2020

Contents

Strategic Report

Your Company at a Glance	1
Highlights	2
Performance	3
Chair's Statement	4
Board of Directors	6
Management Team	8
Investment Manager's Report	11
Ten Largest Investments	23
Full Investment Portfolio	24
Strategic Report	25
Section 172 Statement	34

Corporate Governance

Report of the Directors	38
Report on Corporate Governance	41
Directors' Remuneration Report	49
Audit Committee Report	54
Statement of Directors' Responsibilities	60
Independent Auditors' Report	61

Financial Statements and Notes

Statement of Comprehensive Income	72
Statement of Changes in Equity	73
Balance Sheets	74
Cash Flow Statement	75
Notes to the consolidated Financial Statements	76

Shareholder Information

Alternative Performance Measures (APMs)	98
Glossary of Terms	100
Investing	102
Warnings to Shareholders	103
Additional Information	105
Contact Information	107

Investment Objective

Our objective is to generate capital growth by investing in a global portfolio of healthcare stocks across all four healthcare sub-sectors, being pharmaceuticals, biotechnology, medical technology and healthcare services.

See more at: polarcapitalhealthcaretrust.co.uk

Polar Capital Global Healthcare Trust plc

Meet the Manager & Board

In light of current restrictions in connection with COVID-19 the Annual General Meeting of the Company to be held on 26 January 2021 will be a closed meeting.

In order to give you the opportunity to engage with the Management team and the Board you are invited to join us for an informal Q&A session.

Questions can be submitted directly during the session or in advance by email.

To register or to submit a question, please email your details to marketing@polarcapital.co.uk with the subject line 'PCGH Meet the Manager & Board'.



The session will be held via Zoom on 14 January 2021 at 2:00pm

Your Company at a glance

Who we are

The Group comprises the Company, Polar Capital Global Healthcare Trust Plc and the subsidiary, PCGH ZDP Plc. The Group was formed on 30 March 2017 as part of a reconstruction of the Company which included the change of the name on 20 June 2017 from Polar Capital Global Healthcare Growth and Income Trust plc. The Company was originally launched on 15 June 2010.

Management

The Company is an investment trust led by an experienced Board of independent non-executive Directors with a variety of expertise in investment and healthcare matters and with experience in the regulatory and legal framework within which the Group operates. The role of the Board is to provide oversight of the Company's activities and to seek to ensure that the appropriate controls are in place to manage the financial, risk and investment structure to enable delivery of the Investment Objective.

The Investment Manager is Polar Capital LLP ("Polar Capital") and, with effect from 1 August 2019, the appointed Co-Managers are Dr James Douglas and Mr Gareth Powell supported by the wider Polar Capital Healthcare Team. Polar Capital LLP is also the Alternative Investment Fund Manager for the purposes of AIFM Regulations.

Life

In the absence of any prior alternative proposals, the articles of association of the Company require the Directors to put forward at the first Annual General Meeting to be held after 1 March 2025 a resolution to place the Company into voluntary liquidation.

Benchmark

The benchmark since launch has been the MSCI ACWI Health Care Index (total return in sterling with dividends reinvested).

Capital structure

At 30 September 2020 the Company had in issue 124,149,256 Ordinary shares of 25 pence each of which 2,879,256 were held in treasury (2019: 124,149,256 Ordinary shares of which 2,379,256 were held in treasury). During the year ended 30 September 2020 the Company bought back 500,000 Ordinary shares into treasury and no shares were issued out of treasury.

Dividend policy

Following the Company's reconstruction, the adopted dividend policy is that the Company aims for dividends to be paid biannually in February and August. The policy results in lower dividends being paid than historically to recognise the focus on capital growth.

Gearing

Following the restructure of the Company in June 2017, the Company maintains long-term structural gearing in the form of a loan from the wholly owned subsidiary PCGH ZDP Plc. No short-term borrowings have been made and there are no arrangements made for any bank loans. The Articles of Association provide that the Company may borrow up to 15% of its Net Asset Value at the time of drawdown, for tactical deployment when the Board believes that gearing will enhance returns to shareholders. The Company will not normally hedge currency exposure but may do so exceptionally for the purposes of efficient portfolio management or when it is otherwise perceived to be in shareholders' interests.

Fees

With effect from 1 October 2020, the Investment Manager is entitled to a management fee at the rate of 0.75% (previously 0.85%) per annum of the lower of the Group market capitalisation and the Company's adjusted net asset value. 80% of the management fee is charged to the capital account and 20% is charged to income.

The Investment Manager is also entitled to a performance fee paid in cash. The fee is equal to 10% of the excess total return over the total return of the benchmark Index plus 1.5% per annum compounded annually. Any performance fee shall accrue but shall only become payable at the end of the Company's life or earlier termination of the management agreement. No performance fee has been accrued or is due to be paid for the year ended 30 September 2020 (2019: nil).

Further details are included in the Strategic Report.

Highlights

Financial Highlights

Net Asset Value per Ordinary Share (Total Return)*

2020	14.14%
2019	-1.24%

Net Asset Value per Ordinary Share

2020	268.11p
2019	236.88p

Benchmark Index

2020	15.95%
2019	3.14%

Price Per Ordinary Share

2020	233.00p
2019	218.00p

Total Net Assets (Group and Company)

2020	£325.1m
2019	£288.4m

Share Price Total Return*

2020	7.81%
2019	-1.35%

Highlights in detail for the year to 30 September 2020

Performance

Net asset value per Ordinary share (total return)*	14.14%
Benchmark Index (MSCI ACWI Health Care Index (total return in sterling with dividends reinvested))	15.95%

Since restructuring

Net asset value per Ordinary share (total return) since restructuring *~	27.48%
Benchmark index total return since restructuring	35.30%

Expenses

	2020	2019
Ongoing charges*	1.01%	1.01%

Financials

	As at 30 September 2020	As at 30 September 2019	Change
Total net assets (Group and Company)	£325,133,000	£288,447,000	+12.7%
Net asset value per Ordinary share	268.11p	236.88p	+13.2%
Net asset value per ZDP share^	110.20p	106.99p	+3.0%
Price per Ordinary share	233.00p	218.00p	+6.9%
Discount per Ordinary share*	13.1%	8.0%	-
Price per ZDP share^	107.50p	108.50p	-0.9%
Net gearing*	5.28%	7.21%	-
Ordinary shares in issue (excluding those held in treasury)	121,270,000	121,770,000	-0.4%
Ordinary shares held in treasury	2,879,256	2,379,256	+21.0%
ZDP shares in issue^	32,128,437	32,128,437	-

Dividends

The Company has paid or declared the following dividends relating to the financial year ended 30 September 2020:

Pay date	Amount per Ordinary share	Record Date	Ex-Date	Declared Date
First interim: 28 August 2020	1.00p	7 August 2020	6 August 2020	22 July 2020
Second interim: 26 February 2021	1.00p	5 February 2021	4 February 2021	15 December 2020
Total (2019: 2.10p)	2.00p			

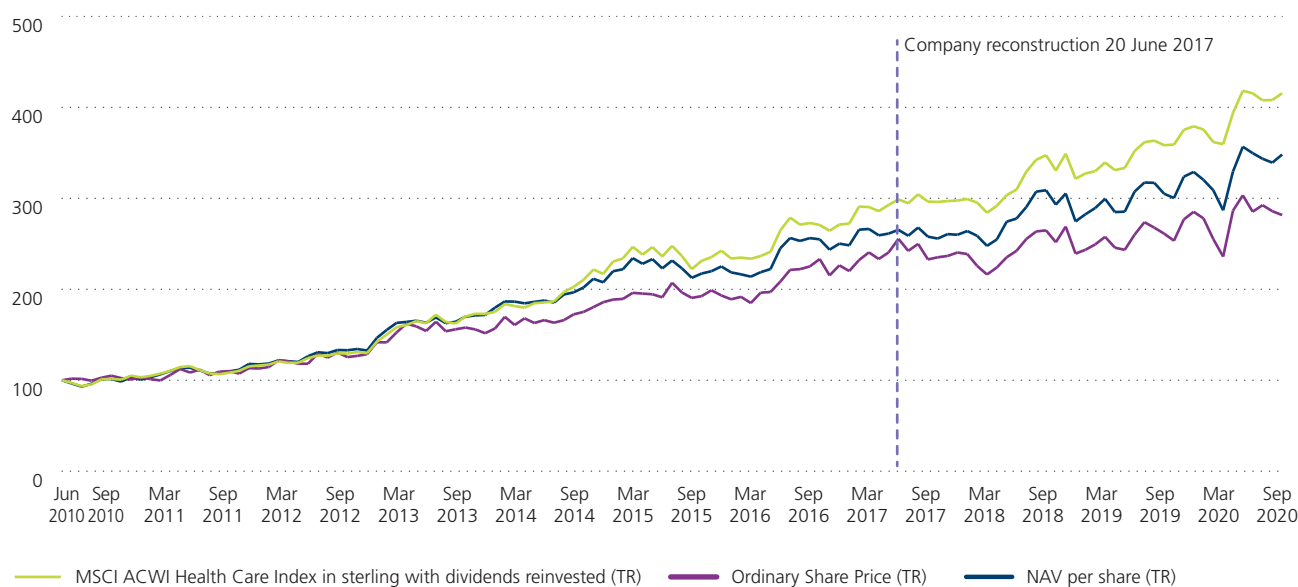
* See Alternative Performance Measures on pages 98 and 99.

~ The Company's portfolio was restructured on 20 June 2017. The total return NAV performance since restructuring is calculated by reinvesting the dividends in the assets of the Company from the relevant payment date.

^ For information purposes.

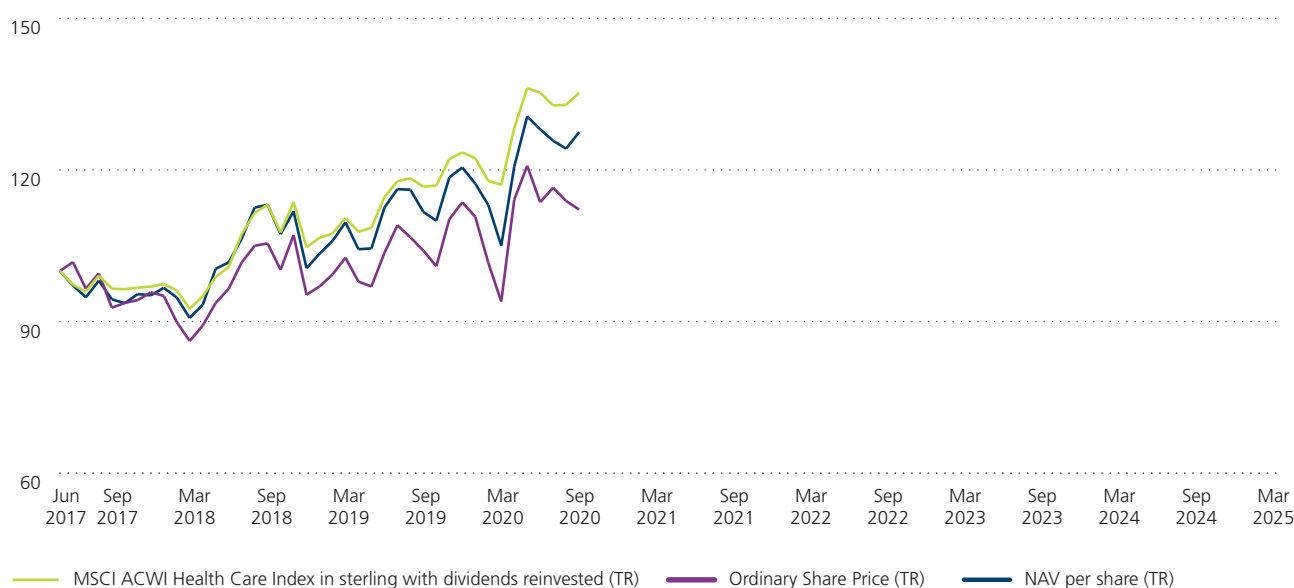
Performance

Performance since launch (15 June 2010)



(TR: Total Return, rebased to 100 at launch on 15 June 2010)

Performance since reconstruction (20 June 2017)



(TR: Total Return, rebased to 100 at reconstruction on 20 June 2017)

Chair's Statement

Lisa Arnold
Chair



Dear Shareholders

On behalf of the Board I am pleased to provide to you the Company's Annual Report for the year ended 30 September 2020.

I wrote my first statement to you as Chair of the Company within the half-year report in May 2020, during a time of national lock-down in connection with the government restrictions in place due to the COVID-19 pandemic. At that time there was much talk of easing the restrictions, but also fear of a second wave in the autumn. I am writing to you again during a period of widespread government restrictions, but also with cautious optimism for 2021, as vaccines begin to be approved across the globe. 2020 has been a year unlike any other in my lifetime, and your Board and I hope that you and your families continue to remain safe and well.

Performance

Performance of the portfolio has also been difficult over the financial year; the first six months saw some steady performance but this was dwarfed by the market crash in March, at the height of the first wave of the COVID-19 pandemic and the start of more widespread national lock-downs. In particular, our overweight exposure in healthcare equipment was the main negative as we entered the crisis. Elective procedures were effectively stopped overnight, to prioritise care for COVID-19 patients, with little visibility over when they would recommence, let alone when they would reach pre-pandemic levels.

As with any market defining crisis, it was important for the Managers to carry out a thorough re-evaluation of the portfolio, not only to assess the impact of the crisis on their holdings, but also to consider new and evolving opportunities. Despite a much stronger second half, the falls experienced in March proved difficult to pull back completely by the year end. Whilst showing strong absolute returns, we have finished the year slightly behind the benchmark. Full detail is given within the Managers' Report on pages 11 to 22.

Outlook

The Board have continued to monitor performance and have met virtually with the Managers several times to discuss the strategy and approach, both directly within the portfolio, but more generally to the sector. Whilst 2020 was a challenging year, we continue to be confident that healthcare remains a

sector offering superior growth opportunities. We believe these opportunities will persist, driven by demographics, innovation, and the need for greater efficiency in the delivery of healthcare. COVID-19 has caused challenges, but it has also provided some positives for healthcare, not only highlighting the need for efficiency, but also for innovation, particularly where it is driven by technological change. These are explained in more detail in the Managers' report.

Healthcare is a sector that has always been subject to high levels of news flow, often resulting in sharp movements at a stock level, causing valuations to become adrift from fundamentals. During 2020 COVID-19 and uncertainty over the outcome of the US Presidential election, have increased this volatility, some of which is likely to persist in the months ahead. We believe that having a specialist healthcare strategy, with a fund management team which has wide experience across the healthcare universe, is the right approach to identifying those companies that will benefit from long term trends and applying rigour in the assessment of how news or events will impact on individual company valuations.

To conclude, the Board believes investing in healthcare is an exciting growth opportunity, and that view has been strengthened by developments during 2020. The valuation of the S&P healthcare sector relative to the overall market looks very attractive, particularly now that the extreme outcomes of the US election have been removed. The Company offers a well diversified approach to gain access to growth and solid innovation ideas, without the need to take risk in less developed areas, or on single product outcomes.

Fees

On 14 October 2020, the Board announced that following discussions with Polar Capital in connection with the relative under-performance of the Company, we agreed a reduction in the management fee charged for managing the assets. The management fee was reduced with effect from 1 October 2020 to 0.75% per annum (previously 0.85% per annum) based on the lower of the market capitalisation and the adjusted net

asset value. All other terms within the Investment Management Agreement remain the same.

Dividends

The Company's focus remains on capital growth, and consequently dividends are expected to represent a relatively small part of Shareholders' total return.

In August 2020 the Company paid an interim dividend of 1.00p per ordinary share. At that time the Board notified shareholders that, having considered the level of revenue reserves available, it intended to continue paying dividends, but at a reduced rate, utilising the revenue reserves available. The Board has declared a further interim dividend of 1.00p per ordinary share payable to shareholders on the register as at 5 February 2021. This will bring the total dividend paid for the financial year under review to 2.00p per ordinary share, a small reduction to the previous financial year.

Share Capital

The persistent and relatively high level of share price discount continues to be a frustration and we as a Board proactively monitor the situation with the Brokers and Managers, considering any feedback received from Shareholders, market news, liquidity and flow, size and life of the Company. We do, and continue to, buy back shares on a selective basis when we consider it is in the interests of Shareholders to do so. During the year, the Company bought back 500,000 ordinary shares at a price of 207.00p per ordinary share. These shares were placed into the treasury account taking the balance held in treasury to 2,879,256 ordinary shares. The Company has 121,270,000 ordinary shares in issue (excluding those held in treasury) as at the date of writing.

The Company's share price on 30 September 2020 was 233.00p (2019: 218.00p). The Company's market capitalisation at the financial year end was £282.6m (2019: £265.5m). The Company's share price traded at a discount throughout the year, ending the year at a discount of 13.1% compared to 8.0% at the start of the year.

Environmental, Social and Governance

The requirement to report on Environmental, Social and Governance (ESG) matters is ever increasing. We have been discussing ESG, and how it impacts the investment process and outcomes, with the Managers and with the wider Polar Capital team in relation to the Polar Capital policy and approach across the entire business. We recognise the importance of ESG but note that this is only one factor in the investment process and should not be the sole consideration when reviewing investments or actions. ESG is discussed further in the Managers' Report.

Board

I am very pleased to confirm that the fully refreshed Board has settled into a rhythm, despite having only managed to meet in person as a full Board twice before we entered the lockdown period. Since March we have successfully utilised video conferencing facilities and have met many times both as a full Board, with additional guests as required, but also

in a more ad hoc manner with private director-only meetings and also in one-to-one meetings.

We appreciate the efforts made by all of the service providers to the Company during the lockdown period, and are pleased to confirm that no service breaks or matters of concern have arisen in the year either due to the remote working environment or for any other reason.

Companies Act 2006, S172 – Directors' Duties

Directors have a duty to promote the success of the Company for the benefit of its members. Our section 172 statement is contained on pages 34 to 36. This details various actions taken and considerations made during the year.

Annual General Meeting

The Company's tenth Annual General Meeting (AGM) will be held at 2 pm on Tuesday, 26 January 2021. It is difficult to know where we will be in relation to COVID-19 in January however, the health and welfare of our shareholders, advisers and wider stakeholders is our primary concern. We have therefore followed the current government guidelines in relation to gatherings of individuals from multiple households. This means that the AGM this year will be a 'closed meeting' with only a quorum present. The quorum will be represented by board member and adviser shareholders; all resolutions will be voted on by a poll and we would therefore encourage you to submit your votes by proxy in accordance with the instructions included with the Notice of AGM.

We acknowledge that a closed meeting does not represent an opportunity for shareholders to engage with either the Board or the Managers and for this reason we are offering a 'Meet the Manager & Board' session by webinar. At this session you will have the opportunity to hear a brief introduction from the Managers and myself and there will be an opportunity to ask questions. We will also be happy to receive questions ahead of the session by email to marketing@polarcapital.co.uk, with the subject line **PCGH Meet the Manager & Board**. The Webinar will be held at 2 pm on Thursday, 14 January 2021, full details are provided at the front of this Annual Report and on the Company's website: www.polarcapitalglobalhealthcare.co.uk.

I look forward to welcoming you to the Meet the Manager & Board session at which we will very much value your questions and feedback.

Lisa Arnold

Chair

14 December 2020



Board of Directors

Lisa Arnold Independent Non-Executive Chair



Appointed to the Board on 1 February 2018 and as Chair of the Board with effect from 26 February 2020, a member of the Audit and Management Engagement Committees.

Skills and experience

Lisa was formerly a global pharmaceuticals and healthcare analyst for Natwest Markets from 1987 and continued her healthcare career in roles with UBS Warburg, Commerzbank and Lehman Brothers. Lisa has held a number of independent adviser and non-executive roles including nine years with the Medicines and Healthcare Products Regulatory Agency (MHRA) and eight years as a non-executive Director of Futura Medical plc.

Other appointments

Lisa holds a number of pension trustee directorships and is the chair of the Allied Domecq Pension Fund. She is also a non-executive Director and chair of the audit committee of PIMCO Europe Limited and chairs the investment committee of the Sainsbury's Pension Fund.

PCGH Share Interests

20,000 (0.02% of ISC)

Annual Remuneration

£39,000

Rationale for supporting re-election

In her earlier career, Lisa was a global pharmaceuticals and healthcare analyst and on joining in February 2018, Lisa brought a wealth of investment and strategic experience to the Board. Lisa's detailed and effective leadership skills made her the ideal candidate to succeed James Robinson on his retirement as Chairman in February 2020. Since assuming the role of the Chair, Lisa has actively sought to engage with shareholders to understand any concerns. Prior to the COVID-19 restrictions she met with some of the larger shareholders and has continued dialogue with them where appropriate. Since the COVID-19 restrictions have been in force, Lisa has actively participated in video conferences between the Managers and shareholders and has rallied the Board and Managers to meet multiple times outside of formal Board meetings to ensure communication was effective and current.

Neal Ransome Independent Non-Executive Director and Audit Committee Chairman



Appointed to the Board on 13 December 2017 and, with effect from 28 February 2018, as Chairman of the Audit and Management Engagement Committees.

Skills and experience

Neal is a chartered accountant with an MA in Modern History from Oxford University. Neal was a partner at PwC from 1996 to 2013. He led PwC's Pharmaceutical and Healthcare M&A practice for 17 years and was also chief operating officer of PwC's Advisory Services business.

Other appointments

Neal is currently chairman of ProVen VCT plc and a non-executive Director and chairman of the audit committee of Octopus AIM VCT Plc.

PCGH Share Interests

10,073 (0.01% of ISC)

Annual Remuneration

£33,500 (including Audit Committee Chairman supplement)

Rationale for supporting re-election

Neal has recent and relevant financial expertise with a strong accounting background which enables him to perform in-depth analyses of the Company's performance and financial statements. In addition to his financial expertise, Neal has a wealth of experience in evaluating pharmaceutical and healthcare companies having previously led PwC's Pharmaceutical and Healthcare M&A practice. Neal is Chairman of the Company's Audit Committee, a role in which he has had extensive experience on other boards.

Andrew Fleming Independent Non-Executive Director



Appointed to the Board on 1 December 2019, also a member of the Audit and Management Engagement Committees.

Skills and experience

Andrew was most recently chief executive of Waverton Investment Management. He started his career at Gartmore where he was a main board director and head of equities. Andrew went on to hold senior positions at ABN Amro and was chief executive of Kames Capital for nine years. He was a director and chairman of JP Morgan Japanese Investment Trust plc retiring in December 2018.

Other appointments

Andrew is a trustee of the Rank Foundation and chairs its Investment Committee.

PCGH Share Interests

10,000 (0.01% of ISC)

Annual Remuneration

£28,000

Rationale for supporting re-election

On appointment to the Board in December 2019, Andrew brought a wealth of investment and management experience having previously held the position of Head of Equities at Gartmore Investment Management and has held positions as a CEO and global CIO. Andrew has been a keen participant in meetings since joining the Board and has shown a clear alternative perspective to understanding processes and delivering shareholder communications.

Jeremy Whitley Independent Non-Executive Director



Appointed to the Board on 1 December 2019, also a member of the Audit and Management Engagement Committees.

Skills and experience

Jeremy was formerly Head of UK and European Equities at Aberdeen Asset Management, a position he held from 2009 to 2017. Previous roles there included being a senior investment manager on the Global equities team as well as the Asian equities team, based in Singapore, where he was lead manager of the Edinburgh Dragon Trust. He began his investment career at SG Warburg & Co in 1988.

Other appointments

Jeremy is currently a non-executive Director and chairman of the audit committee of The Scottish Oriental Smaller Companies Trust plc and a non-executive Director of JP Morgan Indian Investment Trust plc.

PCGH Share Interests

20,000 (0.02% of ISC)

Annual Remuneration

£28,000

Rationale for supporting re-election

Jeremy also joined the Board in December 2019. Jeremy previously held positions as Head of Equities for UK and Europe and was Senior Investment Manager for Global and Asian Equities based in Singapore. Jeremy's experience has brought a global perspective to the review of the portfolio and he has been a strong advocate for clear performance attribution analysis. Jeremy also brings to the Board experience of other investment trust management.

Management Team

James Douglas, PhD – Co-Manager

James joined Polar Capital in September 2015 as a senior analyst for the healthcare team. He has 21 years of industry experience and has been an integral part of the management team for the Company since restructure.

Skills and experience

Prior to joining Polar Capital, he was in equity sales specialising in global healthcare at Morgan Stanley, RBS and HSBC. James also has equity research experience garnered from his time at UBS, where he worked as an analyst in the European pharmaceutical and biotechnology team. Before moving across to the financial sector, he worked as a consultant for Evaluate Pharma. James received both his PhD and his first class honours degree in Medicinal Chemistry from Newcastle University and holds an ACCA diploma in Financial Management (DipFM).



COVID-19 has been a catalyst for positive change in the healthcare industry, accelerating the adoption of products and technologies that yield efficiencies and improve access to care.



Gareth Powell, CFA – Co-Manager

Gareth joined Polar Capital to set up the healthcare team in 2007, he has over 22 years' investment experience in the healthcare sector with 16 years as a Portfolio Manager.

Skills and experience

Prior to joining Polar Capital Gareth worked at Framlington, where he began his career in investment management in 1999; soon afterwards he joined the healthcare team in 2001 and helped launch the Framlington Biotech Fund, which he managed from 2004 until his departure.

Gareth studied Biochemistry at Oxford and is a CFA charterholder.



The efforts of healthcare companies in the fight against COVID-19, whether it be those focused on diagnostic tests or vaccine development, have highlighted the importance of this industry to society at large.



Daniel Mahony, PhD

Daniel joined Polar Capital to set up the healthcare team in 2007. He has 29 years of industry experience, comprising more than 22 years' investment experience in the healthcare sector.

Skills and experience

Prior to joining Polar Capital, he was head of the European healthcare research team at Morgan Stanley. He also previously worked for ING Barings Furman Selz in New York following the US biotechnology sector. Before working in the investment field, Daniel worked as a research scientist for seven 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.



David Pinniger, CFA

David joined Polar Capital's healthcare team in August 2013 and is the Lead Manager of the Polar Capital Biotechnology Fund. He has over 20 years' investment experience in the healthcare sector.

Skills and experience

Prior to joining Polar Capital, David spent five years as a Portfolio Manager of the International Biotechnology Trust at SV Life Sciences. He also previously spent three years working at venture capital firm Abingworth as an analyst managing biotechnology investments held across the firm's venture and specialist funds, and four years at Morgan Stanley as an analyst covering the European pharmaceuticals and biotechnology sector. David received a first class honours degree in Human Sciences from Oxford University in 1999 and is a CFA charterholder.



Deane Donnigan, PHARM D

Deane joined Polar Capital in June 2013 as a senior analyst for the healthcare team. She has 35 years' industry experience of which over 20 are in healthcare asset management.

Skills and experience

She trained as a clinical pharmacist having graduated with a post baccalaureate Doctor of Pharmacy, from the University of Georgia. In 1990, she accepted a position with Emory University Hospital in Atlanta, Georgia as a clinical specialist in Drug Information and Adult Internal Medicine. In 1997, Deane left the US to begin her career in fund management at Framlington in the UK. Having started as an analyst, she spent 14 years at Framlington, eventually becoming Lead Portfolio Manager on both the Framlington Healthcare and Biotechnology funds.



Damiano Soardo, CFA

Damiano joined the healthcare team in October 2020 as an Investment Analyst. Damiano is responsible for supporting the fund managers by performing analysis of business models, industry trends and financials. Previously, Damiano worked in the Operations department when he joined Polar Capital in February 2016 and subsequently moved to the Risk team in January 2019.

Skills and experience

Prior to joining Polar Capital, he worked as a technical consultant at a FinTech company. Damiano has an MSc in Mathematics and Foundations of Computer Science from the University of Oxford and is a CFA charterholder.



Audrey Stynes

Audrey joined the healthcare team in April 2019 as the team assistant. Aside from organising the team's administration and communication workload both internally and externally, she coordinates presentations and marketing material in addition to generating bespoke reports that inform daily fund management activities for the team at large. Previously, Audrey worked in the Product and Operations department when she joined Polar Capital in March 2018.

Skills and experience

Audrey graduated with a BA (1st Class Hons) in Early Childhood Education from the Dublin Institute of Technology and a MA in Early Childhood Education and Care from the Dublin Institute of Technology, Oslo University College, University of Malta and the University of Gothenburg.



The background of the slide is a photograph of an operating room, tinted in a light blue color. It features several large, adjustable surgical lamps hanging from the ceiling. In the foreground, there is a stainless steel operating table with black padded sections. To the left, a medical cart with two monitors is visible. To the right, there are various pieces of medical equipment, including what appears to be an anesthesia machine and other monitoring devices. A large, dark purple hexagon is superimposed over the center of the image, containing the text.

Expert Knowledge

Track record and an experienced team

Investment Manager's Report

Gareth Powell
Co-Manager



Dr James Douglas
Co-Manager

The objective of Polar Capital Global Healthcare Trust plc is to generate long-term capital appreciation by investing in a globally diversified portfolio of healthcare companies, to include, but not limited to, pharmaceutical, biotechnology, medical device and healthcare services companies.

The Company's diversification strategy, coupled with its focus on large-capitalisation healthcare companies with resilient, medium-term growth profiles, helps drive the relatively lower risk-profile of the underlying assets, relative to the more volatile areas of healthcare. Further, the broad investment remit affords the opportunity to invest in growth areas regardless of the economic, political and regulatory environment. Importantly, the Company also has the opportunity to invest in earlier-stage, more innovative and disruptive companies, companies that tend to be lower down the market capitalisation and liquidity scale. This is a key advantage of a closed-end company like an investment trust. Regardless of size, sub-sector or geography, stock selection is central to the process, looking to identify companies where there is a disconnect between valuations and the near and medium-term growth drivers.

In terms of structure, the majority of the Company's assets (calculated on a gross basis and referred to as the growth portfolio) will be invested in companies with a market capitalisation >\$5bn at the time of investment, with the balance invested in companies with a market capitalisation <\$5bn (a maximum of 20% of gross assets and referred to as the innovation portfolio). At the end of the reporting period, 29 investments were in the growth portfolio, comprising some 94.0% of net assets, and 14 investments were in the innovation portfolio, comprising 11.3% of net assets. Structural debt, in the form of Zero Dividend Preference Shares, offers access to additional liquidity and the opportunity to enhance returns.

Market Cap

Market Cap at	30 September 2020	30 September 2019
Large (>US\$5bn)	94.0%	96.9%
Medium (US\$1bn - US\$5bn)	7.1%	3.3%
Small (<US\$1bn)	4.2%	6.9%
Other net liabilities	(5.3%)	(7.1%)
	100.0%	100.0%

Investment Manager's Report continued

The seven-strong specialist healthcare team at Polar Capital, set up in 2007, boasts 120+ years of industry experience. The team has a wide range of skills, tenure and approaches to fund management, but all are fundamental investors focused on stock selection. Further, the majority of the team have held roles within the healthcare industry, building complementary skill sets. The team fits well within the collegiate, positive, forward-looking culture at Polar Capital where the capacity of all investment strategies is managed to enhance and protect performance.

Reflecting on last year's annual report and investment themes, the focus was very much on how innovative technologies are being used by the healthcare industry to disrupt and improve the delivery of care. Continuous glucose monitoring in diabetes and minimally invasive technologies that reduce surgery time and improve patient outcomes are just two examples of how disrupting the *status quo* can translate into commercial success. Still in their infancy, momentum in those areas continues to be strong, but it is the COVID-19 crisis that has highlighted the need for further investment. Healthcare systems globally need to accelerate the adoption of products and services that drive efficiencies, broaden access to care and improve clinical outcomes. It is that shift in the healthcare landscape that we believe will yield a plethora of interesting investment opportunities not just over the next 12 months, but for many years to come.

Investment Manager's Review

Over the financial year to the end of September 2020, the healthcare sector comfortably outperformed global stock market major indices. The collapse in markets in March 2020, driven by the unprecedented COVID-19 crisis, defined the performance period under review, further details of which are provided below. Over the full period, the Company returned 14.14% but lagged its benchmark healthcare index by 1.81%.

The healthcare sector outperformed during March, but driven by defensive stocks, including large-capitalisation pharmaceutical and large-capitalisation biotechnology. Also, any companies attempting to develop or manufacture drugs or diagnostics in relation to COVID-19 saw their stocks outperform. By contrast, reallocation of resources away from standard hospital procedures to care for COVID-19 patients led to a dramatic decline in elective procedures, negatively impacting medical device companies and healthcare providers, which had a material negative impact on the portfolio.

The substantial fall in the markets in March was followed by an equally dramatic recovery, driven mainly by an unparalleled fiscal and monetary response, with \$10 trillion of global stimuli announced, a figure three times more than the response to the 2008-09 financial crisis.

Politics have also been prominent during the reporting period, with the US election a big driver of sentiment amongst investors. During 2019, when the more progressive Democratic nominees, Bernie Sanders and Elizabeth Warren, were still in the running for office, we witnessed periods of severe stress as the market focused on the risks associated with Medicare-for-All (in essence, a Government run and funded healthcare system not that dissimilar to the UK's National Health Service). 2020, however, saw Joe Biden grab the Democratic baton which we believe has removed the worst-case scenario for the healthcare industry given his intention to invest more dollars into the current system, as opposed to dismantling it. The affordability of pharmaceuticals is on the agenda of both political parties, but it will be the make-up of Congress that will determine the ultimate success or failure of the various policies.

As one would expect, this dramatic shift in the healthcare landscape presented an opportunity to markedly change the positioning of the Company's portfolio. As at the 30 September 2019, the biggest sub-sector relative over-weight was healthcare equipment, a decision driven by innovation-fuelled revenue acceleration, with pharmaceuticals the biggest relative under-weight. As at the 30 September 2020, healthcare equipment's weighting was reduced to a modest relative over-weight driven by uncertainty surrounding a potential second COVID-19 wave. The biotechnology sub-sector exposure was increased materially, with the relative over-weight reflecting our positive view on the high levels of innovation in areas such as gene therapy, precision oncology and rare diseases. Attractive valuations, healthy balance sheets and supportive regulators helped underpin the decision further. To the latter point, regulators are accelerating access to medicines that meet high unmet medical needs. For example, the US FDA has approved a comparable number of new medicines this year as it did in 2019, this despite the challenges presented by COVID-19. We continue to have an under-weight position in pharmaceuticals, given the sub-sector's lack of top-line growth and mature operating margins.

“The drive for efficiency, on a global scale, is a theme that particularly excites us and should yield compelling investment opportunities in the medium to long-term across the healthcare universe.”

2020 has been an extremely challenging year, but one that under-pins the value of the healthcare industry. This is corroborated not just by the high levels of innovation that have accelerated development of COVID-19 therapeutics and vaccines, but also by the mass coordination and mobilisation of resources to ensure wide-spread access to effective testing. The crisis has also, however, highlighted the need for healthcare systems globally to become more efficient as the demand for products and services continues to rise.

Performance review

Over the financial year to the end of September 2020, the healthcare sector comfortably outperformed global stock markets. Over the full period, the Company delivered strong absolute returns 14.14% but disappointingly lagged its benchmark index by 1.81%, with the index returning 15.95%. The stock market crash in March, driven by the COVID-19 crisis, defined the performance period under review, with significant relative underperformance in the first half of the financial year (-6.1%), followed by considerable outperformance in the second half of the year (5.6%), but still not quite enough to counter the impact of March on the portfolio.

As we have already mentioned, the defining period for the financial year was March which in the first half of the month, witnessed extreme fear and a rush for liquidity. The healthcare sector outperformed, driven by defensive stocks, including large-capitalisation pharmaceutical and large-capitalisation biotechnology. Also, a number of companies attempting to develop or manufacture drugs or diagnostics in relation to COVID-19 saw their stocks outperform, often with extreme moves on scant newsflow.

Whilst stock-picking is central to the team's process, we do invest time on assessing macro-factors and, unfortunately, the Company entered the month with positioning driven by an optimistic top-down view of the economic growth outlook for developed markets with COVID-19 at the time deemed a problem isolated to China. With leading economic indicators rising, the top-down part of the investment process drove increased exposure to healthcare equipment at 29.6% of the Company, overweight versus the benchmark by 10.7%, and healthcare facilities at 3.6% of the portfolio, overweight by 2.3%. To fund this, defensive positioning was muted with the weighting in pharmaceuticals at 23.5%, underweight versus the benchmark by 20.3%. Hence the Company was not well positioned for the market correction, carrying an overweight position in areas of healthcare that were hit the hardest, namely healthcare equipment and facilities, and carrying an under-weight position in the sub-sectors that out-performed, i.e. large-capitalisation pharmaceuticals. In an attempt to

shift more defensively in reaction to COVID-19 spreading from China, across Europe and into the US, the exposure to pharmaceuticals was increased to 35.5% of the Company and healthcare equipment was reduced to 18.2%. However, this shift was too late to limit the damage from the COVID-19 outbreak, with the Company lagging its benchmark by 6.5%, for the month of March.

Going into further detail, asset allocation was a negative driver in March with the Company being over-weight in mid-capitalisation stocks on a relative basis, as was stock selection in large-capitalisation securities. On a geographical basis, over-weight positioning in Europe and the US on a relative basis was negative driven mainly by stock selection. On a sub-sector basis, being over-weight in biotechnology was a positive in terms of allocation, with negatives being the over-weight positions in managed care, healthcare facilities and healthcare equipment. Also, stocks with gearing were punished indiscriminately. The challenge in large-capitalisation stock selection was the impact on healthcare equipment and healthcare facilities sub-sectors. The COVID-19 pandemic led to a collapse in elective care procedures at hospitals, hence the dramatic fall in the share prices of many companies in these sub-sectors. On the drug development side, clinical trials for non-COVID-19 drug development were delayed or paused, negatively impacting the outsourcing providers (Clinical Research Organisations or CROs).

The peak in risk aversion by investors appeared to occur in the latter part of March, as markets started to digest the sheer size of the stimulus packages. After the sharp collapse in stocks, we saw this was as a compelling opportunity for the Company to shift to a more aggressive approach and take advantage of the extreme weakness. The view was taken that the worst was over and that the worst of the data, whether it be economic activity or healthcare utilisation, would hit a low in April and move aggressively higher, at a rate much faster than generally expected. The belief here stemmed in large part from efforts being made by the healthcare industry, whether it be diagnostics or drug development against COVID-19, to facilitate "living" with the pandemic pending the successful development of vaccines. For the Company this view was translated into increased exposure to life sciences tools and services at 15.7% of the portfolio, managed care at 10.7% and healthcare supplies at 6.6%, representing a more than doubling of relative over-weighting of these sub-sectors in comparison to positioning at the end of February. This shift enabled significant outperformance over the second half of the financial year.

Over the full financial period, the strong second half was still not enough to compensate for the March period. Stock selection was the biggest negative driver for the Company,

Investment Manager's Report continued

with large-capitalisation securities the biggest drag on performance. Both allocation and stock selection were positive for mid-capitalisation stocks, whereas the picture was more mixed at the small-capitalisation end with positive allocation and negative selection. On a geographical basis, Japan was a positive contributor, with the out-performance driven by a single stock, Medley, held in the innovation portfolio. Europe and the US & Canada were negative driven by a mixture of allocation and stock selection. The under-weight position in Asia-Pac (ex- Japan) also hurt performance.

In terms of sub-sectors, pharmaceuticals was the biggest positive contributor, with the material under-weight stance driving positive allocation in conjunction with positive stock selection. Healthcare technology was also a positive contributor, with both allocation and stock selection contributing to performance. The biggest drag on performance was healthcare equipment, with the sector hit hardest during the peak of the COVID-19 crisis in March. Life sciences tools and services were also a drag, with poor stock selection off-setting the positive allocation effect.

Top 10 Relative Contributors (%)

Top 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attribution
Horizon Pharma	2.89	2.89	171.55	155.60	2.88
Medley	0.94	0.94	308.53	292.58	1.86
Bio-Rad Laboratories	3.18	3.05	47.46	31.51	0.90
Align Technology	1.04	0.71	72.24	56.29	0.90
ArgenX	1.09	1.07	121.20	105.25	0.77
Catalent	1.08	1.01	71.09	55.14	0.75
Incyte	2.52	2.25	15.08	-0.87	0.61
Cigna	2.07	0.89	6.24	-9.71	0.60
Axonics Modulation Technologie	0.78	0.78	80.48	64.53	0.60
Pfizer	0.00	-3.44	-2.77	-18.72	0.59

Source: Polar Capital, as at 30 September 2020. Past performance is not indicative or a guarantee of future results.

Positive contributors to performance for the financial year included Horizon Pharma, Medley, Bio-Rad Laboratories, Align Technology and ArgenX. Horizon Pharma's performance reflects a very strong launch for one of the company's lead

assets, Tepezza for Thyroid Eye Disease, a condition in which the eye muscles, eyelids, tear glands and fatty tissues behind the eye become inflamed. Despite the COVID-19 pandemic, Tepezza has consistently out-stripped consensus expectations driving material revenue and earnings upgrades. Indeed, Tepezza's impressive launch moved the management team to increase the drug's peak sale potential to >\$3bn from >\$1bn previously. Medley has been a significant, positive contributor and has been held since the company's IPO in December 2019. Medley runs one of Japan's largest human resource recruitment systems in the medical and healthcare field but, perhaps more interesting, is the medical platform business which houses the largest telemedicine system in Japan known as CLINICS Telemedicine. Very much in its infancy, and accelerated by COVID-19, it is our view that the demand for telemedicine services in Japan will continue to grow substantially. Life sciences tools and services company, Bio-Rad Laboratories, has continued to execute operationally, driven by top-line momentum in the Life Science segment and steady operating margin progress. The stock also benefited from exposure to COVID-19 testing and from its 34.3% stake in German life sciences tools and services company, Sartorius, which has performed strongly in 2020. Sartorius' success has stemmed from exposure to the bio-processing market which not only has strong, underlying fundamentals but has also received a short-term boost from demand for COVID-19 related projects.

Align Technology's strong performance can be attributed to a better-than-expected post COVID-19 recovery as dental practices re-opened, with demand for the company's clear aligners revitalised. Looking further forward, Align's digital approach to dental treatment could be a catalyst for market share gains, offering customers the advantage of fewer in-practice visits with their dentist. This is something that has appeal in a COVID-19 world and should be sustainable once COVID-19 related restrictions ease. Belgian biotechnology company ArgenX also had a good year, with the biggest inflection coming after the company disclosed positive data for its lead pipeline asset, efgartigimod. Being investigated for the treatment of generalised Myasthenia Gravis (a chronic and debilitating autoimmune disease that causes severe muscle weakness), the product showed statistical significance with the primary endpoint and delivered fast and deep responses. We expect the company to submit its BLA (Biologics License Application) to the FDA in H2'20 followed by a Japanese filing in early 2021.

Bottom 10 Relative Contributors (%)

Bottom 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attribution
Quotient	1.73	1.73	-37.03	-52.98	-1.05
UnitedHealth	2.02	-2.51	36.56	20.61	-0.99
Intuitive Surgical	1.41	0.28	25.09	9.14	-0.91
Bristol Myers Squibb	2.87	0.63	13.17	-2.77	-0.83
Smith & Nephew	0.89	0.58	-22.59	-38.54	-0.75
HCA Healthcare	2.85	2.28	-1.44	-17.39	-0.70
PRA Health Sciences	1.22	1.22	-2.69	-18.64	-0.69
Becton Dickinson	3.50	2.34	-12.44	-28.39	-0.68
eHealth	0.43	0.43	12.59	-3.36	-0.63
Lundbeck	1.49	1.45	-5.31	-21.26	-0.61

Source: Polar Capital, as at 30 September 2020. Past performance is not indicative or a guarantee of future results.

Negative contributors to performance for the financial year 2020 included Quotient, UnitedHealth Group, Intuitive Surgical, Bristol Myers Squibb and Smith & Nephew. Before the COVID-19 crisis the Quotient management team had consistently delivered on stated timelines and objectives, but two factors have adversely impacted performance in the last 12 months. Firstly, there have been financing overhangs which have been resolved for the time being. Secondly, COVID-19 related shutdowns delayed field trials for the company's MosaiQ IH microarray, delays that have now been rectified as sites have re-opened and trials re-started. The Company's under-weight position in UnitedHealth Group detracted from performance following the stock's strong recovery during the first financial quarter of the reporting period. The managed healthcare sector was volatile during calendar 2019, with the sector's fortunes very much tied to the campaign momentum of the more progressive Democratic nominees, namely Elizabeth Warren and Bernie Sanders. As a reminder, that positive campaign momentum compressed the valuation multiples of the managed healthcare sector as it raised the spectre of Medicare-For-All, a Government funded and run insurance programme that would potentially disintermediate the healthcare insurance industry. Once the more moderate Joe Biden started to gain momentum, that valuation pressure eased and the sector started to recover.

Medical device companies Intuitive Surgical and Smith & Nephew also detracted from performance during the reporting period, with both stocks suffering quite markedly during the March sell-off. One of the big challenges the healthcare industry faced during the first wave of the COVID-19 crisis was

the cancellation of elective or non-urgent procedures, freeing up much-needed hospital capacity to care for COVID-19 patients. These cancellations impacted the medical device companies, with demand for their products and services materially impacted. Smith & Nephew manufactures hips and knees and was therefore directly exposed. Intuitive Surgical, a leading protagonist in the field of robotic surgery, was similarly affected by the downturn in patient volumes. Intuitive Surgical's challenges were further compounded as the market started to question the strength of hospitals' balance sheets and hence their appetite to purchase capital equipment such as Intuitive's surgical robots. The portfolio was also under-weight in Bristol Myers Squibb during the first half of the 2020 financial year, at a time when the company delivered a steady stream of positive newsflow, primarily from its oncology division, that positively re-rated the stock.

Compelling opportunities lie-ahead

There are a number of key themes and opportunities in healthcare that are exciting and that we believe offer the potential for significant returns in the years ahead. In brief, the major investment themes, which we discuss further below, are:

- **Employing technology to disrupt healthcare delivery and shift utilisation to lower cost settings;** This will be by far the most important structural shift in healthcare for the next 10-20 years and the enablers of this shift should enjoy significant growth
- **Product and service innovation;** Long-term product or service development success dependent on ability to lower healthcare costs
- **Consolidation on the rise again;** Leaders that can acquire high quality assets in fragmented markets at attractive valuations can enjoy significant outperformance
- **Growth in emerging market healthcare demand;** Due to move significantly higher over the next 15-20 years – investing in the long-term structural growth stories should deliver handsome returns
- **Outsourcing;** Not a new theme but growth is robust across clinical trial outsourcing, manufacturing and early stage research
- **Prevention;** References diagnostics and vaccines, both of which provide tremendous value to healthcare systems as prevention is the most cost-effective way of delivering care. The impact of COVID-19 has highlighted the value of diagnostics and vaccines.

Investment Manager's Report continued

Healthcare delivery disruption: Shifting utilisation to lower cost settings



Source: Polar Capital.
*Ambulatory Service Centre

Healthcare systems globally are embracing new products and technologies to drive efficiencies without compromising quality of care, and this mega-trend should yield compelling investment opportunities that should generate attractive, medium-term returns. Whilst one would never trivialise the human suffering and practical implications of the COVID-19 crisis, it has been a real catalyst for positive change in the healthcare industry. Telehealth and virtual interactions with physicians and specialists are here to stay, as is the shift of patient volumes from traditional in-patient hospital settings to lower-cost out-patient facilities. All this at a time when the biotechnology, pharmaceutical and medical device industries are investing heavily in innovative medicines and devices to target unmet medical needs. The structural growth drivers for healthcare are reasonably well understood, i.e. we are all getting older and we are all consuming more and more healthcare products and services, it is the hidden opportunities within structural change that are really exciting and possibly under-appreciated.

The marriage between healthcare and technology has been a consistent theme for Polar Capital's healthcare team and one that has significantly accelerated during the COVID-19 crisis. The ability to virtually interact with physicians and other healthcare professionals has proved to be invaluable. US-based virtual care provider, Teladoc, for example, posted a 92% increase in total visits in Q1'20. Importantly, whilst volume growth eased over the course of April and May,

utilisation stabilised in late May and throughout most of June at a level of roughly 40% higher than prior to COVID-19. Further, the US Department of Health & Human Services (HHS) took steps to make it easier to access telehealth services during the crisis, encouraging providers to adopt and use the latest technologies. This was followed by the Centres for Medicare & Medicaid Services (CMS) who have proposed to permanently allow Medicare providers to use telehealth to carry out home-visits. To quote Seema Verma, the CMS administrator; *"I think the genie's out of the bottle on this one," "I think it's fair to say that the advent of telehealth has been just completely accelerated, that it's taken this crisis to push us to a new frontier, but there's absolutely no going back."* And it is not just the US that is embracing telehealth services, with the Japanese company Medley* the owner of the largest telemedicine system in the country known as CLINICS Telemedicine. Very much in its infancy, and accelerated by COVID-19, it is our view that the demand for telemedicine services in Japan will continue to grow substantially. COVID-19 is also expected to accelerate the transition of care delivery out of hospital in-patient facilities to alternative sites of care, such as Ambulatory Surgery Centres (ASCs) or the home. Patients wanting to avoid hospitals due to COVID-19 risks is short term, but it is the convenience of shorter stays, and the cost advantages of ASCs, that will drive a longer-term trend. Clearly not all procedures can be performed in an ASC, but there could be an acceleration of those that can. With reimbursement aligned, orthopaedics

* Denotes a portfolio holding at the time of writing

is an area that could see an inflection, especially now that the use of robots can reduce the number of instrument trays needed to perform the procedures. Ophthalmology is another area that could see an acceleration, with the efficiency of an ASC appealing as the system attempts to clear its backlog.

The drive to generate efficiencies and reduce costs should also encourage more patient volume into the home, with the industry bracing itself for a strong rebound in demand for its services. AdaptHealth* appears to be especially well-positioned as a leading provider of Home Medical Equipment (HME), diabetes management products and medical supplies to the home. Clearly home health can encompass a wide variety of chronic illnesses but home dialysis is worth highlighting following President Trump's Executive Order (EO) the goals of which include; 1) Reducing the number of Americans developing end-stage renal disease by 25% by 2030; 2) Having 80% of new end-stage renal disease patients in 2025 either receiving dialysis at home or receiving a transplant; and 3) Doubling the number of kidneys available for transplant by 2030. A clear positive for patients, the EO has positive implications for medical device providers such as Baxter International* and Fresenius Medical Care*, and for dialysis providers themselves, such as DaVita and Fresenius Medical Care*.

Another area of healthcare that could see a period of sustained investment is diagnostics and high-throughput screening. Companies within the diagnostics and life sciences tools and services arena have been very quick to mobilise their resources to develop and disseminate COVID-19 tests, not just for the antigen, but also for the antibody. The sub-sectors that have really driven this effort include a number of large capitalisation life sciences tools and services and diagnostics companies such as Abbott Laboratories, Thermo Fisher Scientific, PerkinElmer and Hologic, as well as Quidel and Quotient* which are further down the market capitalisation scale. One of the early bottlenecks in some healthcare systems, however, was access to the capital equipment and systems to perform the tests quickly and at scale. Those jurisdictions that have invested in testing infrastructure appeared to have a sizeable advantage over those that have neglected to invest, including the UK. Looking further out, once the infrastructure is in place, it is reasonable to surmise that diagnostic testing rates will increase in many different areas of medicine. Companies that could potentially benefit from significant and sustained investment in infrastructure include Roche Holdings* via its Diagnostics division, Becton Dickinson* and European peers Biomerieux and Diasorin.

Politics and COVID-19 cannot be ignored

If one assumes that ballot recounts in Georgia fail to change the course of the US election, then democrat Joe Biden will have won the race, an outcome that prima facie sets a cautionary tone for the healthcare industry. Importantly, however, the balance of power in the Senate will be key to determining

how far-reaching Biden's healthcare reform can go. At the time of writing, the Republicans hold 50 seats in the Senate, the Democrats effectively hold 48 seats, with 2 seats yet to be decided. Those 2 seats are in Georgia and are heading to run-off elections to be held on the 5th January 2021. The outcome of those run-offs will determine the make-up of the Senate, a critical factor given it holds sway over judicial nominations and legislative agenda. A 51:49 outcome favouring the Republicans would make it very difficult for the Democratic party to pass its more progressive healthcare policies, especially with senator Mitch McConnell leading the Republicans in the Senate. Even if the Senate gets split 50:50, with the President carrying the tie-breaking vote, disruptive changes to law are unlikely given the reliance on bi-partisan coordination and agreement.

Heading into the election Joe Biden's focus was on building on and investing in the current healthcare system, known as the Affordable Care Act (ACA), and addressing the high cost of prescription drugs. With regards the former, Joe Biden has signalled he will consider a public insurance option and will also consider lowering the eligibility age for Medicare from the current 65 years of age. Investing in the ACA, and lowering the eligibility age for Medicare, are both tailwinds for the insurance industry given the positive volume implications. A public insurance option, however, could present a challenge but only if administered and under-written by the Federal government. Head-line grabbing perhaps, but unlikely to present a material challenge to the managed care industry.

With bi-partisan support, addressing the high out-of-pocket costs for prescription drugs, especially for US seniors, is a directive that will have traction. A divided Senate is unlikely to support the more draconian policies such as direct negotiation of drug prices by the Government, but we do believe that the Administration will look at a number of plans including, but not exhaustively; Using international pricing mechanisms to value drugs ahead of US launch; Prohibiting drug manufacturers from increasing prices above the general rate of inflation; Allowing for drug reimportation; Supporting the development of lower-cost generics. Regardless of the potential changes, the message to the bio-pharmaceutical industry is very clear – innovate and target unmet medical needs because pricing pressure is here to stay.

On a more positive note, the first Phase III COVID-19 vaccine update was extremely encouraging. Early in November, Pfizer and BioNTech announced positive results from the first interim analysis of the Phase III study for their vaccine candidate, BNT162b2. The vaccine was found to be >90% effective in preventing COVID-19 in participants without evidence of prior SARS-CoV-2 infection. Importantly, no serious adverse concerns had been observed. A hugely uplifting update, and one that should be widely applauded, it is important to check euphoria by reflecting on some of the yet unanswered questions. Whilst there were no serious adverse events reported, we are yet to fully understand the tolerability profile of the vaccine (fever,

* Denotes a portfolio holding at the time of writing

Investment Manager's Report continued

chills, nausea etc), nor do we know if the vaccine is effective in the elderly or in high-risk groups. The vaccine's ability to prevent re-infection is also an unknown. When trying to assess access and availability, capacity and distribution should also be considered. A two-dose course, Pfizer/BioNTech will have approximately 50 million doses of BNT162b2 available by the end of 2020, and up to 1.3 billion available in 2021. It is also worth noting that the vaccine needs to be stored at -70 degrees Celsius, so wide-spread distribution is not a trivial matter and will require substantial investment. With multiple COVID-19 vaccines in late-stage development, using a variety of mechanisms and approaches, we firmly believe an optimistic stance is the right one to adopt.

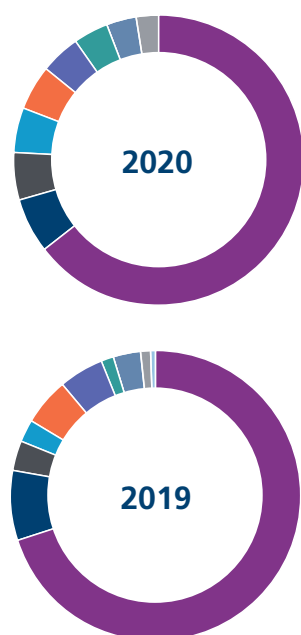
Positioning and process; Constructive on biotechnology and life sciences tools and services

As at 30 September 2020, the portfolio's biggest relative over-weight sub-sector was biotechnology, focusing on companies that are developing and commercialising drugs that target high, unmet medical needs. The constructive stance also reflects views on valuations, balance sheet strength and a supportive regulatory backdrop. Lastly, and clearly impossible to predict the timing and market participants, M&A is a theme that feels especially relevant in the biotechnology sector as companies look to bolster either their pipelines or financial profiles or both. We are increasingly positive on the life sciences tools

and services sector given it is an area of the market that has the benefit of being insulated from political rhetoric, has fast-growing end-markets such as bio-processing, and has potential COVID-19 upside driven by the testing market and by supplying consumables needed to manufacture COVID-19 therapeutics and vaccines. Contract Research Organisations (CROs) are also insulated from political pressure and have the added benefit of operating in an extremely well-funded environment, with biotechnology financing hitting record highs. For context, as at the end of August 2020 biotechnology companies had raised \$100bn in 2020, a broad measure of the health of the industry and the end-markets.

The portfolio continues to be under-weight pharmaceuticals, reflecting not just our concerns on drug pricing, but also the lack of growth that the sub-sector offers versus other parts of the healthcare ecosystem. To be clear, we do believe that we can find attractive stock specific opportunities within pharmaceuticals, often driven by under-appreciated pipeline assets or earnings upside from better-than-expected drug launches. With regards to the managed healthcare sector, we have a modest over-weight as we balance a constructive view on industry fundamentals versus the near-term challenges of a volatile US political environment as described previously. We do not believe that the healthcare insurance industry will be disintermediated, rather taking the view that the participants will play a critical role in managing costs and driving efficiencies across the healthcare ecosystem.

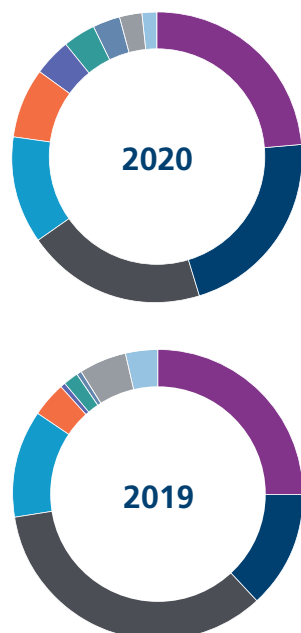
Geographical Exposure



Geographical Exposure at	30 September 2020	30 September 2019
United States	68.0%	75.0%
Denmark	6.5%	8.5%
Ireland	5.5%	-
Netherlands	5.3%	3.6%
Germany	5.2%	-
Switzerland	4.8%	2.5%
France	3.9%	5.8%
United Kingdom	3.7%	5.4%
Japan	2.4%	1.5%
Spain	-	3.3%
Italy	-	1.1%
Canada	-	0.4%
Other net liabilities	(5.3%)	(7.1%)
Total	100.0%	100.0%

Source: Polar Capital, portfolio as at 30 September 2020.

Sector Exposure



Sector Exposure at	30 September 2020	30 September 2019
Pharmaceuticals	25.1%	27.0%
Biotechnology	22.6%	13.9%
Healthcare Equipment	21.3%	36.8%
Life Sciences Tools & Services	12.5%	12.9%
Managed Healthcare	8.2%	4.1%
Healthcare Distributors	4.2%	0.7%
Healthcare Supplies	3.8%	1.7%
Healthcare Technology	3.4%	0.7%
Healthcare Services	2.7%	5.7%
Healthcare Facilities	1.5%	3.6%
Other net liabilities	(5.3%)	(7.1%)
Total	100.0%	100.0%

Source: Polar Capital, portfolio as at 30 September 2020.

Whilst the above does focus on sub-sector weightings, bottom-up stock selection is central to the team's investment process, adopting an agnostic approach to sub-sector and geographic allocation. The healthcare industry is extremely complicated and dynamic, and subject to varied newsflow, often hyped, which lends itself to active management. We look to take advantage of dislocations between near-term valuations and medium-term returns. Our own in-house idea generation is complemented with input from external research, with conviction built through company meetings, investor conferences and expert physician and consultant networks. The team also has strong valuation discipline looking at a number of metrics including sales and earnings revisions, price-to-earnings, enterprise values, free-cash flow and returns on invested capital.

Environmental, Social and Governance (ESG)

ESG considerations are increasingly an integral part of the Company's investment process. Material ESG controversies that have been identified by the team, or through use of third-party research, are addressed and adjudicated on a case-by-case basis. The team uses MSCI ESG data to monitor the status of portfolio companies to identify outliers, or those with positive or negative ratings momentum. Any company that is rated CCC by MSCI ESG, for example, is carefully reviewed by the team to assess the merits of holding, investing or selling. Most importantly, the team will use MSCI ESG ratings and research, where available, when assessing the merits of potential new investments. Regular contact with companies allows for ongoing dialogue with respect to challenges that could impact long-term returns. The team also reviews corporate governance frequently, using professional third-party proxy voting services to complement direct actions.

Investment Manager's Report continued

ESG Process

Environmental

- **Climate change**
 - Emissions, carbon footprint, raw material sourcing
- **Natural resources**
 - Water stress, biodiversity
- **Pollution and waste**
 - Packaging material & waste
- **Environmental opportunities**
 - Renewable energy, green construction

Social

- **Human capital**
 - Health & Safety, Labour management
- **Product liability**
 - Safety & Quality, data security
- **Stakeholder opposition**
 - Controversial sourcing
- **Social opportunities**
 - Access to healthcare, support networks

Key Points

Fund rating vs the benchmark → "soft" target to be ahead of the benchmark (MSCI ESG Fund Ratings)

CCC ratings → investment justification

Rating downgrades → analyse negative rating momentum

Ratings assessment ahead of investment → component of due diligence

Sources

Annual reports
SEC filings
Company websites
Investor relations
Management meetings



Governance

- **Governance**
 - Board, compensation, accounting
- **Corporate behaviour**
 - Ethics, corruption, transparency
- **Shareholder rights**

Source: Polar Capital and MSCI ESG Reporting.
For illustrative purposes only

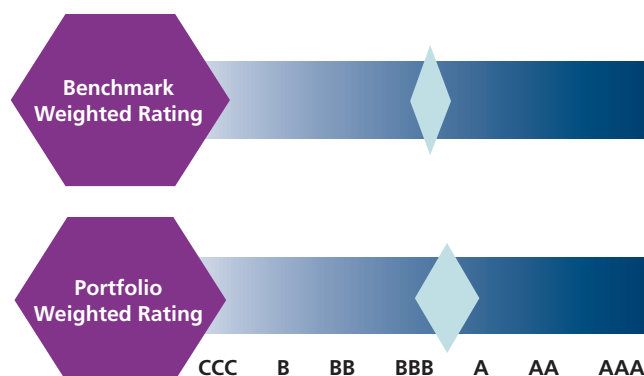
MSCI Issuer Rating

	Portfolio %	Portfolio % Cumulative	Bench %	Bench % Cumulative
AAA	2.8%	2.8%	3.8%	3.8%
AA	11.3%	14.1%	17.6%	21.4%
A	31.8%	45.9%	30.7%	52.1%
BBB	28.3%	74.3%	24.2%	76.3%
BB	7.3%	81.5%	15%	91.3%
B	13.2%	94.8%	7.9%	99.2%
CCC			0.7%	100%
Unrated	5.2%	100%	0%	100%

MSCI ESG Coverage

	Portfolio	Benchmark
Number of Securities	44	268
Number Rated	36	267
Number Unrated	8	1
Coverage %	81.8	99.6

Source: Polar Capital and MSCI ESG Reporting, as at 30 September 2020.
For illustrative purposes only



Healthcare delivery disruption: Shifting utilisation to lower cost settings

The portfolio is richly populated with companies that are directly exposed to the delivery disruption investment theme, i.e. companies that are developing products, technologies and services to drive efficiencies and reduce costs without compromising quality of care. Within the growth portfolio Fresenius Medical Care, Phillips, Roche Holdings and UnitedHealth Group are all good examples of companies looking to be part of the solution. AdaptHealth, Quotient and Renalytix in the Innovation portfolio are also looking to disrupt the status quo and deliver value to the system. It is important to remember, however, that we do not divorce valuation and potential returns from our process, rather we actively seek out opportunities where we find dislocation from underlying value. That dynamism will inevitably lead to opportunities outside of the core investment themes of the Company.

Fresenius Medical Care (FMC) is a vertically integrated company involved in the delivery of products and services to patients that need dialysis treatment. With more than 4,000 dialysis centres globally, FMC treats approximately 350,000 patients and performs more than 50 million dialysis treatments every year. Whilst FMC's extensive network and scale is clearly an advantage when it comes to an efficiency drive, the company is also actively engaging in value-based contracts, working with payors to generate savings. If successful, the contracts are mutually beneficial given that any savings generated are shared between the company and the payors. FMC is also very well-positioned to benefit from the shift of patient volume from traditional settings, i.e. dialysis clinics, to the home. With aligned incentives and backing from the US Government, the direction of travel is clear. FMC has invested heavily in both products (dialysers) and information technologies (connected care) to take advantage of the growth opportunity. Potential advantages to the patients of home dialysis are clear, but the payors are also set to benefit from reduced costs of care and FMC should benefit given potential savings in labour, i.e. reduced staffing requirements, and capital investment, i.e. reduced investment in new dialysis centres.

Healthcare equipment company Phillips has three divisions; Diagnosis and Treatment, Connected Care and Personal Health. The benefits of precise diagnosis and co-ordinated treatment planning are clear, but it is Phillips' Connected Care division that is best positioned to benefit from the efficiency mega-trend. Phillips has invested in telehealth, patient monitoring and analytics as they look to manage patient workflow and coordinate the treatment of chronic diseases. A near-term beneficiary from the COVID-19 pandemic via its ventilators business, it is on-going investment in hospital and clinical informatics platforms that we believe has greater

durability. Swiss pharmaceutical giant Roche Holdings is not only innovating in R&D but it is also innovating on pricing and affordability. Hemlibra, for the treatment of haemophilia, and lung cancer drug Rozlytrek, were both launched at ~50% discounts to incumbent treatments that they were trying to displace, despite having highly competitive clinical profiles. Ocrevus, Roche's novel treatment for multiple sclerosis, was also launched at a material discount (~25%) to the list price of existing treatments on the market. The company is pursuing a similar strategy with Evrysdi for the treatment of Spinal Muscular Atrophy, a rare disorder that primarily affects boys. Roche is pricing the drug at <\$100,000 / year in infants and a maximum price of \$340,000 / year in older children. This is a ~25% discount over a 5-year treatment plan versus the current treatment, Biogen's Spinraza. Roche also has the largest diagnostics business globally, offering a comprehensive suite of platforms, software solutions and consumables. More interestingly, perhaps, in close collaboration with its pharmaceuticals division, Roche is a leader in personalised healthcare. According to Roche, 60% of late-stage products in development have an accompanying companion diagnostic test as the industry looks to produce targeted therapeutics. These targeted medicines are not only more efficacious but also reduce waste as they are administered in only those patients that will respond to treatment.

Perhaps the best example of a business driving down costs is UnitedHealth Group. The Group has a healthcare insurance business, UnitedHealthcare, providing benefits to individuals, employers, Medicare (for the over 65's) and Medicaid (for low income US citizens). The Group also has three ancillary businesses that have one shared mission; to improve performance, generate efficiencies and bend healthcare's cost-curve. OptumHealth provides care directly through localised networks of medical groups and ambulatory care systems, including primary, specialty, urgent and surgical care. The unit also provides products and services that help consumers control their health needs and manage chronic conditions. OptumInsight provides data, analytics, consulting services, research and technologies that help healthcare systems reduce costs, meet compliance mandates and improve clinical outcomes. OptumRx is the Group's PBM that uses its scale to negotiate the best possible deals for its members – low cost medications benefit not just consumers but also the sponsors and, ultimately, shareholders.

AdaptHealth is a leading provider of Home Medical Equipment (HME) and is a direct play on home health. Operating across most of the US, AdaptHealth offers a broad range of products and services to help patients adapt to life in the home. These include diabetes management,

Investment Manager's Report continued

sleep and respiratory therapies, mobility products, wound care, non-invasive ventilation and nutrition supplies. A heavy user of technology, AdaptHealth is very focused on tailored solutions that empower patients to live and lead better lives. AdaptHealth is a classic play on the consolidation theme that is most relevant to healthcare services. The HME market is very fragmented and thus a significant opportunity exists to acquire assets at attractive valuation levels. With AdaptHealth's use of technology, it can manage this consolidation in a more effective manner at a much greater pace than competitors.

Quotient is a commercial-stage diagnostics company looking to reduce healthcare costs and improve patient care through the development of innovative tests for blood grouping. Blood grouping involves specific procedures performed at donor or patient testing laboratories to characterise blood, which includes antigen typing and antibody identification. The company's MosaicQ platform is potentially disruptive given that it significantly reduces the cost of blood grouping, is easy to use, and can be used for high throughput results. The efficiencies that the platform provides are key as the economics in blood donation and testing are extremely challenging. The technology should allow development in other areas of diagnostics, with proof of this coming from Quotient's ability to produce a COVID-19 antibody test in rapidly and with best-in-class accuracy.

With a clear focus on prevention rather than treatment, Renalytix is an artificial intelligence-enabled in-vitro diagnostics company, focused on optimising clinical management of kidney disease to drive improved patient outcomes and lower healthcare costs. The company's KidneyIntelX platform uses artificial intelligence to combine and analyse a broad range of data inputs, including validated bio-markers, genetics and personalised patient data, to generate unique patient risk scores. These scores are then used to predict a patient's risk of deteriorating kidney function and progress towards Chronic Kidney Disease (CKD). It is hoped that a powerful prognostic tool can help slow the progression of kidney disease and potentially prevent the occurrence of progressive kidney function decline such as kidney failure and the need for long-term dialysis or kidney transplant. According to the Centers for Disease Control and Prevention CKD affects approximately 37 million people in the US alone, and the National Kidney Foundation estimates that one third of adults in the US are at risk of developing kidney disease. The revenue opportunity for Renalytix is substantial, as is the potential to generate savings for healthcare systems globally.

Top 10 Holdings Relative to Benchmark¹

	Relative
Avantor	3.2%
Humana	2.9%
Medtronic	2.9%
IQVIA	2.9%
Horizon Pharma	2.9%
Bio-Rad Laboratories	2.9%
INC Research Holdings	2.8%
Incyte	2.6%
Amgen	2.6%
Vertex Pharmaceuticals	2.5%

Source: Polar Capital, 30 September 2020. 1. Benchmark: MSCI AC World Daily TR Net Health Care Index. 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.

Conclusion

2020 will of course be remembered for the COVID-19 pandemic, the biggest economic, social and healthcare crisis of our generation. Importantly, however, the crisis has been a genuine catalyst for positive change in the healthcare industry, accelerating the adoption of products, technologies and services designed to make wide-scale access to healthcare more efficient and more affordable without compromising quality. It is that structural shift that we believe will yield some truly exciting investment opportunities, opportunities that should generate highly attractive, near and long-term returns.

James Douglas and Gareth Powell
Co-Managers

14 December 2020

“ I cannot say whether things will get better if we change; what I can say is they must change if they are to get better. ”

Attributed to Georg C. Lichtenberg

Ten Largest Investments

As at 30 September

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2020	2019				2020	2019	2020	2019
1	(-)		Healthcare Equipment	United States*	16,519	-	5.1%	-
Medtronic is a global healthcare solutions company committed to improving lives through medical technologies, services, and solutions.								
2	(-)		Biotechnology	United States	15,815	-	4.9%	-
Amgen is a biotechnology company committed to discovering, developing, manufacturing and delivering innovative human therapeutics using tools like advanced human genetics to unravel the complexities of disease and understand the fundamentals of human biology.								
3	(-)		Pharmaceuticals	Switzerland	15,491	-	4.8%	-
Roche Holding AG (Roche) is a research-based healthcare company who develops medicines for various disease areas, including oncology, immunology, infectious diseases, ophthalmology and neuroscience.								
4	(-)	Bristol Myers Squibb	Pharmaceuticals	United States	14,393	-	4.4%	-
Bristol Myers Squibb is a pharmaceutical company that manufactures prescription pharmaceuticals and biologics in several therapeutic areas, including cancer, HIV/AIDS, cardiovascular disease, diabetes, hepatitis, rheumatoid arthritis and psychiatric disorders.								
5	(2)		Pharmaceuticals	France	12,825	14,896	3.9%	5.2%
Sanofi is a diversified healthcare company that manufactures and distributes pharmaceuticals, vaccines and also has a consumer health division. Therapeutic areas of interest within the pharmaceutical division include diabetes, auto-immune disorders, multiple sclerosis and oncology.								
6	(5)	Eli Lilly	Pharmaceuticals	United States	12,337	10,606	3.8%	3.7%
Eli Lilly is a US-based pharmaceutical company that manufactures and distributes pharmaceuticals primarily in the areas of diabetes, oncology and auto-immune disorders.								
7	(32)		Managed Healthcare	United States	12,330	4,936	3.8%	1.7%
Humana engages in the provision of health insurance services and operates through the following segments: Retail, Group and Specialty and Healthcare Services.								
8	(-)		Biotechnology	United States	11,561	-	3.6%	-
Vertex is a global biotechnology company engaged in discovering, developing, manufacturing and commercialising medicines for serious diseases. The Company is focused on developing and commercialising therapies for the treatment of cystic fibrosis (CF) and advancing its research and development programs in other indications.								
9	(-)		Life Sciences Tools & Services	United States	10,948	-	3.4%	-
Avantor is a leading global provider of mission critical products and services. Its products include materials and consumables, equipment and instrumentation, and services and specialty procurement.								
10	(25)		Life Sciences Tools & Services	United States	10,897	6,624	3.4%	2.3%
IQVIA is a world leader in using data, technology, advanced analytics and expertise to help customers drive healthcare and human health forward.								
Total – 10 Largest Investments					133,116	-	41.1%	-

*Irish-domiciled

Full Investment Portfolio

As at 30 September

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2020	2019				2020	2019	2020	2019
1	(-)	Medtronic	Healthcare Equipment	Ireland	16,519	-	5.1%	-
2	(-)	Amgen	Biotechnology	United States	15,815	-	4.9%	-
3	(-)	Roche	Pharmaceuticals	Switzerland	15,491	-	4.8%	-
4	(-)	Bristol Myers Squibb	Pharmaceuticals	United States	14,393	-	4.4%	-
5	(2)	Sanofi	Pharmaceuticals	France	12,825	14,896	3.9%	5.2%
6	(5)	Eli Lilly	Pharmaceuticals	United States	12,337	10,606	3.8%	3.7%
7	(32)	Humana	Managed Healthcare	United States	12,330	4,936	3.8%	1.7%
8	(-)	Vertex Pharmaceuticals	Biotechnology	United States	11,561	-	3.6%	-
9	(-)	Avantor	Life Sciences Tools & Services	United States	10,948	-	3.4%	-
10	(25)	IQVIA	Life Sciences Tools & Services	United States	10,897	6,624	3.4%	2.3%
Top 10 investments					133,116		41.1%	
11	(18)	Becton Dickinson	Healthcare Equipment	United States	10,258	7,961	3.2%	2.8%
12	(6)	Koninklijke Philips	Healthcare Equipment	Netherlands	10,071	10,518	3.1%	3.6%
13	(10)	Bio-Rad Laboratories	Life Sciences Tools & Services	United States	9,867	8,977	3.0%	3.1%
14	(3)	Novo Nordisk	Pharmaceuticals	Denmark	9,731	13,763	3.0%	4.8%
15	(22)	Baxter International	Healthcare Equipment	United States	9,696	7,022	3.0%	2.4%
16	(15)	Incyte	Biotechnology	United States	9,431	8,193	2.9%	2.8%
17	(20)	Horizon Pharma	Pharmaceuticals	United States	9,335	7,375	2.9%	2.6%
18	(-)	Syneos Health	Life Sciences Tools & Services	United States	8,948	-	2.7%	-
19	(-)	Fresenius Medical Care	Healthcare Services	Germany	8,815	-	2.7%	-
20	(-)	Zimmer Biomet	Healthcare Equipment	United States	8,631	-	2.6%	-
Top 20 investments					227,899		70.2%	
21	(-)	Amerisourcebergen	Healthcare Distributors	United States	8,545	-	2.6%	-
22	(-)	Centene	Managed Healthcare	United States	8,526	-	2.6%	-
23	(-)	Sartorius	Healthcare Equipment	Germany	8,254	-	2.5%	-
24	(-)	Align Technology	Healthcare Supplies	United States	7,615	-	2.3%	-
25	(-)	ArgenX	Biotechnology	Netherlands	7,216	-	2.2%	-
26	(-)	Neurocrine Biosciences	Biotechnology	United States	7,076	-	2.2%	-
27	(-)	Exelixis	Biotechnology	United States	6,980	-	2.1%	-
28	(-)	Acadia Pharmaceuticals	Biotechnology	United States	6,581	-	2.0%	-
29	(-)	Lundbeck	Pharmaceuticals	Denmark	6,508	-	2.0%	-
30	(-)	Medley	Healthcare Technology	Japan	5,905	-	1.8%	-
Top 30 investments					301,105		92.5%	
31	(-)	UnitedHealth	Managed Healthcare	United States	5,898	-	1.8%	-
32	(33)	Quotient	Healthcare Supplies	United Kingdom	4,874	4,767	1.5%	1.7%
33	(38)	Zealand Pharma	Biotechnology	Denmark	4,742	2,678	1.5%	0.9%
34	(12)	HCA Healthcare	Healthcare Facilities	United States	4,726	8,758	1.5%	3.0%
35	(41)	Intelligent Ultrasound	Healthcare Technology	United Kingdom	4,062	2,043	1.2%	0.7%
36	(-)	Axonics Modulation Technologies	Healthcare Equipment	United States	3,896	-	1.2%	-
37	(-)	Biohaven Pharmaceutical	Biotechnology	United States	3,821	-	1.2%	-
38	(-)	AdaptHealth	Healthcare Distributors	United States	2,804	-	0.9%	-
39	(42)	Ship Healthcare	Healthcare Distributors	Japan	1,850	1,878	0.6%	0.7%
40	(37)	Oxford Immunotec	Healthcare Equipment	United Kingdom	1,805	2,694	0.6%	0.9%
Top 40 investments					339,583		104.5%	
41	(40)	Renalytix AI	Healthcare Technology	United Kingdom	1,523	2,405	0.4%	0.8%
42	(-)	Avadel Pharmaceuticals	Pharmaceuticals	Ireland	1,105	-	0.3%	-
43	(-)	Uniphar	Healthcare Distributors	Ireland	193	-	0.1%	-
Total equities					342,404		105.3%	
Other net liabilities					(17,271)		(5.3%)	
Net assets					325,133		100.0%	

Note - Sectors are from the GICS (Global Industry Classification Standard).

Strategic Report

The Strategic Report section of this Annual Report comprises the Chair's Statement, the Investment Manager's Report, including information on the portfolio, and this Strategic Report.

This Report has been prepared to provide information to shareholders on the Company's strategy and the potential for this strategy to succeed, including a fair review of the Company's performance during the year ended 30 September 2020, the position of the Company at the year end and a description of the principal risks and uncertainties. Throughout the Strategic Report there are certain forward-looking statements made by the Directors in good faith based on the information available to them at the time of their approval of this Report. Such statements should be treated with caution due to inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

History

In June 2017 a reconstruction of the Company, change in investment mandate and change of name was implemented having been approved by shareholders. Further information is provided within the Shareholder Information on page 105 and on the Company's website www.polarcapitalhealthcaretrust.co.uk

Following the reconstruction and in the absence of any prior proposals, the Articles of Association require the Directors to put forward at the first Annual General Meeting to be held after 1 March 2025, a resolution for the voluntary winding up of the Company and the appointment of a liquidator. Members voting in favour, whether in person or by proxy, shall collectively have sufficient votes, irrespective of number, to pass the resolution.

The Board remains positive on the outlook for healthcare and the Company will continue to pursue its investment objective in accordance with the stated investment policy and strategy. Future performance is dependent to a significant degree on the world's financial markets and their reactions to economic events and other geo-political forces. The Chair's Statement and the Investment Manager's Report comment on the development and performance of the business during the financial year, the outlook and potential risks to the performance of the portfolio.

Introduction and Business Model

The Company's business model follows that of an externally managed investment trust providing Shareholders with access to a global portfolio of healthcare stocks.

The Company is designated an Alternative Investment Fund ('AIF') under the Alternative Investment Fund Management Directive ('AIFMD') and, as required by the Directive, has contracted with Polar Capital LLP to act as the Alternative Investment Fund Manager ('AIFM') and HSBC Bank Plc to act as the Depositary.

Investment Objective and Policy

The Company's investment objective is to generate capital growth by investing in a global portfolio of healthcare stocks across all four healthcare sub-sectors, being pharmaceuticals, biotechnology, medical technology and healthcare services.

The Company will seek to achieve its objective by investing in a diversified global portfolio consisting primarily of listed equities. The portfolio is diversified by geography, industry sub-sector and investment size.

The portfolio will comprise a single pool of investments, but for operational purposes, the Investment Manager will maintain a growth portfolio and an innovation portfolio. Innovation companies are broadly defined by the Investment Manager as small/mid cap innovators that are driving disruptive change, giving rise not only to new drugs and surgical treatments but also to a transformation in the management and delivery of healthcare. The growth portfolio is expected to comprise a majority of the Company's assets; for this purpose, once an innovation stock's market capitalisation has risen above US \$5bn, it will ordinarily then be treated as a growth stock.

The relative ratio between the two portfolios may vary over the life of the Company due to factors such as asset growth and the Investment Manager's views as to the risks and opportunities offered by investments in each pool and across the combined portfolio. The original make up of the combined portfolio was of up to 50 stocks, with growth stocks being primarily US listed. In 2018, the Board authorised an increase to the number of stocks able to be held to 65 and confirmed there is no restriction on geographical exposure.

The combined portfolio will therefore be made up of interests in up to 65 companies, with no single investment accounting for more than 10% (or 15% in the case of an investment in another fund managed by the Investment Manager) of the Gross Assets at the time of investment. The innovation portfolio may include stocks which are neither quoted nor listed on any stock exchange but the exposure to such stocks, in aggregate, will not exceed 5% of Gross Assets at the time of investment. In the event that the Investment Manager launches a dedicated healthcare innovation fund, the Company's exposure to innovation stocks may be achieved in whole or in part by an investment in that fund. In any event, the Company will not, without the prior consent of the Board, acquire more than 15% of any such healthcare innovation fund's issued share capital.

Strategic Report continued

Strategy

As the day to day management of the Company is outsourced to service providers the Board's focus at each meeting is on investment performance, including the outlook and strategy. The Board also considers the management and provision of services received from third-party service providers and the risks inherent in the various matters reviewed and discussed.

The Investment Manager's investment process is primarily based on bottom-up fundamental analysis. The Investment Manager uses a qualitative filter consisting of key criteria to build up a watch-list of securities that is monitored on a regular basis. Due diligence is then carried out on the individual securities on the watch-list.

Each individual holding is assessed on its own merits in terms of risk:reward including various ESG factors. While the Company expects normally to be fully or substantially invested, the Company may hold cash or money market instruments pending deployment in the portfolio. In addition, it will have the flexibility, when the Investment Manager perceives there to be actual or expected adverse equity market conditions, to maintain cash holdings as it deems appropriate.

Service Providers

Polar Capital LLP has been appointed to act as the Investment Manager and AIFM ('Alternative Investment Fund Manager') as well as to provide or procure company secretarial services and administrative services, including accounting, portfolio valuation and trade settlement which it has arranged to deliver through HSBC Securities Services.

The Company also contracts directly, on terms agreed periodically, with a number of third parties for the provision of specialist services, including:

- Panmure Gordon & Co as Corporate Broker;
- Herbert Smith Freehills LLP as Solicitors;
- HSBC Securities Services as Custodian and Depositary;
- Equiniti Limited as the Registrar;
- PricewaterhouseCoopers LLP as independent Auditors;
- Emperor as internet service provider for website design and internet hosting services; and
- Perivan Limited as designers and printers for shareholder communications.

Gearing

Following the restructure of the Company in June 2017, the Company maintains long-term structural gearing in the

form of a loan from the wholly owned subsidiary PCGH ZDP Plc. No short-term borrowings have been made and there are no arrangements made for any bank loans. The Articles of Association provide that the Company may borrow up to 15% of its Net Asset Value at the time of drawdown, for tactical deployment when the Board believes that gearing will enhance returns to shareholders. Further details of the loan provided by the subsidiary are given on page 77 and 78.

Benchmark

The Company will measure the Investment Manager's performance against the MSCI ACWI Healthcare Index total return, in sterling with dividends reinvested. Although the Company has a benchmark, this is neither a target nor an ideal investment strategy. The portfolio may diverge substantially from the constituents of this index. The purpose of the Benchmark is to set a reasonable return for shareholders above which the Investment Manager is entitled to a share of the extra performance it has delivered.

Regulatory Arrangements

Both the AIFM ('Alternative Investment Fund Managers Directive') and the Depositary have responsibilities under AIFMD for ensuring that the assets of the Company are managed in accordance with the investment policy and are held in safe custody. The Board remains responsible for setting the investment strategy and operational guidelines as well as meeting the requirements of the Financial Conduct Authority ('FCA') Listing Rules and the Companies Act 2006.

The AIFMD requires certain information to be made available to investors in AIFs ("Alternative Investment Funds") before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. Investor Disclosure Documents, which set out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other Shareholder information are available on the Company's website.

There have been no material changes to the information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider. Statements from the Depositary and the AIFM can be found on the Company's website.

The Company seeks to manage its portfolio in such a way as to meet the tests in Section 1158 and 1159 of the Corporation Tax Act 2010 (as amended by Section 49(2) of the Finance Act 2011) and continue to qualify as an investment trust. This qualification permits the accumulation of capital within the portfolio without any liability to UK Capital Gains Tax. Further information is provided in the Directors' Report.

Performance and Key Performance Objectives

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against key performance indicators ('KPIs'). The objectives of the KPIs comprise both specific financial and Shareholder related measures.

KPI	Control Process	Outcome
The provision of investment returns to shareholders measured by long-term NAV growth and relative performance against the Benchmark.	<p>The Board reviews the performance of the portfolio in detail and hears the views of the Investment Manager at each meeting.</p> <p>The Board also considers the value delivered to shareholders through NAV growth and dividends paid.</p>	<p>As at 30 September 2020, the total net assets of the Company amounted to £325,133,000. The Company's NAV total return, over the year ended 30 September 2020, was 14.14% while the Benchmark Index over the same period increased by 15.95%. The Company's performance is explained further in the Investment Manager's Report.</p> <p>Since restructuring on 20 June 2017, the total return of the NAV was 27.48% and the benchmark was 35.30%. Investment performance is explained in the Chair's Statement and the Investment Manager's Report.</p>
The achievement of the dividend policy.	Financial forecasts are reviewed to track income and distributions.	Two dividends have been paid or are payable in respect of the year ended 30 September 2020 totalling 2.00p per share (2019: two dividends totalling 2.10p per share).
Monitoring and reacting to issues created by the discount or premium of the ordinary share price to the NAV per ordinary share with the aim of reduced discount volatility for shareholders.	<p>The Board receives regular information on the composition of the share register including trading patterns and discount/premium levels of the Company's ordinary shares. The Board discusses and authorises the issue or buy back of shares when appropriate.</p> <p>The Board is aware of the vulnerability of a sector specialist investment trust to a change in investor sentiment to that sector. While there is no formal discount policy the Board discusses the market factors giving rise to any discount or premium, the long or short-term nature of those factors and the overall benefit to Shareholders of any actions. The market liquidity is also considered when authorising the issue or buy back of shares when appropriate market conditions prevail.</p> <p>A daily NAV per share, calculated in accordance with the AIC guidelines is issued to the London Stock Exchange.</p>	<p>The discount of the ordinary share price to the NAV per ordinary share at the year ended 30 September 2020 was 13.1% (2019: 8.0%).</p> <p>During the year ended 30 September 2020, the Company bought back 500,000 ordinary shares into treasury, and no new shares or treasury shares were issued.</p> <p>The number of shares in issue, at the year end was 124,149,256 of which 2,879,256 were held in treasury. The total voting rights of the Company are 121,270,000 shares.</p>
To qualify and continue to meet the requirements for Sections 1158 and 1159 of the Corporation Tax Act 2010 ('investment trust status').	The Board receives regular financial information which discloses the current and projected financial position of the Company against each of the tests set out in Sections 1158 and 1159.	<p>The Company was granted investment trust status annually up to 1 October 2014 and is deemed to be granted such status for each subsequent year subject to the Company continuing to satisfy the conditions of Section 1158 of the Corporation Tax Act 2010 and other associated ongoing requirements.</p> <p>The Directors confirm that the tests have been met in the financial year ended 30 September 2020 and believe that they will continue to be met.</p>
To ensure the efficient operation of the Company by monitoring the services provided by third party suppliers, including the Investment Manager, and controlling ongoing charges.	<p>The Board considers annually the services provided by the Investment Manager, both investment and administrative, and reviews on a cycle the provision of services from third parties including the costs of their services.</p> <p>The annual operating expenses are reviewed and any non-recurring project related expenditure approved by the Board.</p>	<p>The Board has received, and considered satisfactory, the internal controls report of the Investment Manager and other key suppliers including the contingency arrangements to facilitate the ongoing operations of the Company in the event of withdrawal or failure of services.</p> <p>The ongoing charges for the year ended 30 September 2020 were 1.01%, compared to 1.01% the previous year.</p>

Strategic Report continued

Principal Risks and Uncertainties

The Board is responsible for the management of risks faced by the Company and, through delegation to the Audit Committee, has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Audit Committee carries out, at least annually, a robust assessment of the principal risks and uncertainties with the assistance of the Investment Manager, continually monitors identified risks and meets to discuss both long-term and emerging risks outside of the normal cycle of Audit Committee meetings.

A Risk management process has been established to identify and assess various risks, their likelihood and the possible severity of impact then, considering both internal and external controls and factors that could provide mitigation, a post mitigation risk impact score is determined. The Audit Committee has identified the key risks faced by the Company. During the year the Audit Committee, in conjunction with the Board and the Investment Managers undertook a full review of the Company's Risk Map including the mitigating factors and controls to reduce the impact of the risks, and made a number of amendments including the introduction of a Heat Map providing a visual reflection of the Company's identified risks. The key risks which are those classified as having the highest risk impact score post mitigation are detailed below with a high-level summary of the management through mitigation and status arrows to indicate any change in assessment over the past financial year.

The Audit Committee has also considered the risks posed by COVID-19, which have been considered as a Black Swan event. Further information on how the Committee has considered COVID-19 when assessing its effect on the Company's ability to operate as a going concern and the Company's longer-term viability can be found on pages 58 and 59 of the Report of the Audit Committee.



Portfolio Management

Investment Performance

Description

Investment Manager unable to deliver the Investment Objective leading to poor performance against the benchmark or market/industry average.

Assessment

Risk is elevated from 2019 to reflect the market and portfolio performance associated with the COVID-19 pandemic.



Mitigation

The Board seeks to mitigate the impact of such risks through the regular reporting and monitoring of the Company's investment performance against its peer group, benchmark and other agreed indicators of relative performance. A detailed annual review of the investment strategy is undertaken by the Investment Manager with the Board including analysis of investment markets and sector trends.

At each meeting the Board discusses developments in healthcare and drug pipelines with the Investment Manager in addition to the composition and diversification of the portfolio with sales and purchases of investments and the degree of risk which the Investment Manager incurs to generate investment returns. Individual investments are discussed with the Investment Manager as well as the Investment Manager's general views on the various investment markets and the healthcare sector in particular. Analytical performance data and attribution analysis is presented by the Investment Manager.

The Board is committed to a clear communication program to ensure Shareholders understand the investment strategy. This is maintained through the use of monthly factsheets which have a market commentary from the Investment Manager as well as portfolio data, an informative website as well as annual and half year reports.

Discount/Premium

Description

Persistent discount in excess of Board or Shareholder acceptable levels.

Assessment

Risk is elevated from 2019 to reflect the continued double-digit discount level.



Mitigation

The Board regularly considers, in comparison to the sector and peers, the level of premium and discount of the share price to the NAV and ways to enhance Shareholder value including share issuance and buy backs.

The Board has carefully monitored the discount level and market movements during the COVID-19 pandemic and has discussed performance with the Managers and advisers. The Chair has also met with key shareholders to understand any concerns and views as detailed in the Chair's Statement and within the s172 Report. The Board and the Managers continue to work together in an aim to improve performance to mitigate the discount level and will report to shareholders in due course should it be deemed necessary. Further detail on the performance and the impact of COVID-19 on the Company is given in the Investment Manager's Report.

Gearing

Description

Inability to repay ZDP loan and or inappropriate use of derivatives.

Assessment

Unchanged from previous year.



Mitigation

The Board considered the benefits and drawbacks of the structural debt at the time of restructuring and concluded that the ability to lock-in an effective interest rate of 3% pa for the 7-year life would be beneficial to investment returns, the Board remains of the same belief.

The asset cover necessary to repay the ZDP shares is a minimum of 1.8x. The asset cover at the year end of 30 September 2020 was 9.1x. If any flexible gearing is contemplated the Board would agree the overall levels of gearing with the AIFM. The arrangement of bank facilities and drawing of funds under such arrangements are controlled by the Board.

Derivatives are considered as being a form of gearing and a policy for their use has been agreed by the Board. The deployment of any borrowed funds is based on the Investment Manager's assessment of risk and reward.

Trading

Description

Execution of unauthorised trade/dealing error. Error or breach may cause regulatory investigation leading to fines, reputational damage and risk to investment trust status.

Assessment

Unchanged from previous year.



Mitigation

Investment limits and restrictions are encoded into the dealing and operations systems of the Investment Manager and various oversight functions are undertaken to ensure there is early warning of any potential issue of compliance or regulatory matters.

Strategic Report continued

Principal Risks and Uncertainties continued

Operational Risk

Service Failure

Description

Failure in services provided by the Investment Manager, Custodian, Depositary or other service providers; Accounting, Financial or Custody Errors resulting in regulatory investigation or financial loss, failure of trade settlement, potential loss of Shareholder assets and investment trust status.

Assessment

Unchanged from previous year.



Mitigation

The Board carries out an annual review of internal control reports from suppliers which includes the Investment Manager's cyber protocols and disaster recovery procedures. Due diligence and service reviews are undertaken with third-party service providers including the Custodian and Depositary.

A full review of the internal control framework is carried out at least annually. Regular reporting is received by the Investment Manager on behalf of the Board from the Depositary on the safe custody of the Company's assets. The Board undertakes independent reviews of the Depositary and external Administrator services and additional resources have been put in place by the Investment Manager. Management accounts are produced and reviewed monthly, statutory reporting and daily NAV calculations are produced by the external Administrator and verified by the Investment Manager. Accounting records are tested, and valuations verified independently as part of the year-end financial reporting process.

Key Man

Description

Loss of Investment Manager or other key management professionals. Impact on investor confidence leading to widening of the discount and/or poor performance creating a period of uncertainty and potential termination of the Investment Management Agreement.

Assessment

Unchanged from previous year.



Mitigation

The strength and depth of investment team provides comfort that there is not over-reliance on one person with alternative portfolio managers available to act if needed. For each key business process roles, responsibilities and reporting lines are clear and unambiguous. The Investment Manager has implemented business continuity planning arrangements as a result of COVID-19 with staff working remotely with no loss of service.

Cyber Risk

Description

Cyber-attack causing disruption to or failure of operational and accounting systems and processes provided by the Investment Manager creating an unexpected event and/or adverse impact on personnel or the portfolio.

Assessment

Unchanged from previous year.



Mitigation

The number, severity and success rate of cyber-attacks have increased considerably over recent years, controls are however in place and the Board proactively seeks to keep abreast of developments through a series of meetings with relevant service providers. In light of the COVID-19 pandemic and the lockdown measures introduced by the UK Government, the Audit Committee sought assurance from each of the Company's service providers on the resilience of their business continuity arrangements whilst the majority of their employees worked remotely. These assurances and the subsequent detailed updates that were given to the Committee provided a satisfactory level of assurance that there had not been, and there was no anticipation of any disruption in the ability of each service provider to fulfil their duties as would typically be expected.

Shareholder Communications

Description

Failure to effectively communicate significant events to the shareholder and investor base.

Assessment

Unchanged from previous year.



Mitigation

The Board is committed to a clear communication programme to ensure Shareholders understand the investment strategy. This is maintained through the use of monthly factsheets which have a market commentary from the Investment Manager as well as portfolio data, an informative website as well as annual and half year reports.

Regulatory Risk

Description

Non-compliance with statutes, regulations and disclosure requirements, including FCA listed company regime and Companies Act 2006; s1158/1159 of the Corporation Tax Act 2010, the Companies Act 2006 and other UK, European and overseas legislation affecting UK companies including MiFID II and the GDPR.

Not complying with accounting standards could result in a suspension of listing or loss of investment trust status, reputational damage and Shareholder activism.

Further risks arise from not keeping abreast of changes in legislation and regulations which have in recent years been substantial.

Assessment

Unchanged from previous year.



Mitigation

The Board monitors regulatory change with the assistance of the Investment Manager, Company Secretary and external professional suppliers and implements necessary changes should they be required.

The Board receives regulatory reports for discussion and, if required, considers the need for any remedial action. In addition, as an investment company, the Company is required to comply with a framework of tax laws, regulation (both UK and EU) and company law.

The Board keeps abreast of third party service provider internal controls processes to ensure requirements are met in accordance with regulatory requirements.

Economic And Market Risk

Description

Financial loss due to unexpected natural disaster or other unpredictable event disrupting the ability to operate or significant exposure to the economic cycles of the markets in which the underlying investments conduct their business operations as well as the economic impact on investment markets where such investments are listed.

Uncertainty in the regulatory environment and impact on London Financial Services industry due to UK vote to leave the EU ("Brexit") and the potential for the exit arrangements to adversely impact portfolio investee companies.

Fluctuations in stock markets and currency exchange rates could be advantageous or disadvantageous to the Company and its performance.

Disruption to trading platforms and support services.

Assessment

Risk is elevated from 2019 to reflect the market and portfolio performance associated with the COVID-19 pandemic and to reflect the continued double-digit discount level.



Mitigation

The Board regularly discusses the general economic conditions and developments.

The impact on the portfolio from Brexit and other geopolitical changes including the trade war between the US and China are monitored through existing control systems and discussed regularly by the Board. While it is difficult to quantify the impact of such changes, it is not anticipated that they will fundamentally affect the business of the Company or make healthcare investing any less desirable. The longer term effects of COVID-19 on this risk, for example the unprecedented levels of fiscal stimulus and travel restrictions will continue to be assessed by the Audit Committee.

The Company has a disaster recovery plan in place.

Strategic Report continued

Management Company and Management of the Portfolio

As the Company is an investment vehicle for shareholders, the Directors have sought to ensure that the business of the Company is managed by a leading specialist investment management team and that the investment strategy remains attractive to shareholders.

The Directors believe that a strong working relationship with Polar Capital LLP (the Investment Manager) will achieve the optimum return for shareholders and the Board and Investment Manager operate in a supportive, co-operative and open environment.

Investment Team

The Investment Manager is Polar Capital LLP ('Polar Capital'), which is authorised and regulated by the Financial Conduct Authority.

Under the terms of the investment management agreement Polar Capital provides investment management, and provides or procures accounting, company secretarial and administrative services including the monitoring of third-party suppliers which are directly appointed by the Company. The Investment Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to HSBC Securities Services and to Polar Capital Secretarial Services Limited.

Polar Capital provides a team of healthcare specialists and the portfolio is co-managed by Dr James Douglas and Mr Gareth Powell.

The Investment Manager has responsibility for the discretionary management of the Company's assets (including uninvested cash) and sole responsibility to take decisions as to the purchase and sale of individual investments, asset allocation and sector selection within the limits of both the investment policy and the guidelines established and regularly reviewed by the Board. The activities of the Investment Manager are subject to the overall control and supervision of the Board.

The Investment Manager has other resources which support the investment team and has experience in managing and administering other investment trust companies.

Termination Arrangements

The IMA may be terminated by either party giving 12 months' notice. The IMA may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the Investment Manager; (ii) if the Investment Manager ceases or threatens to cease to carry on its business; (iii) where the Company is required to do so by a relevant regulatory authority; (iv) on the liquidation of the Company; or (v) subject to certain conditions, where the Investment Manager commits a material breach of the IMA.

In the event the IMA is terminated before the expiry of the Company's fixed life then, except in the event of termination by the Company for certain specified causes, the base fee and the performance fee will be calculated pro rata for the period up to and including the date of termination.

Fee Arrangements

Management Fee

Under the terms of the IMA, the Investment Manager will be entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable monthly in arrears and, was, for the year under review and prior years, charged at the rate of 0.85% per annum of the lower of the Group's market capitalisation and the Company's adjusted Net Asset Value on the relevant day. In October 2020, following discussion with Polar Capital, a reduction in the base management fee to 0.75% per annum based on the lower of the market capitalisation and adjusted net asset value was agreed and became effective from 1 October 2020.

In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 80% of the management fee payable is charged to capital and the remaining 20% to income.

Performance Fee

The Investment Manager may be entitled to a performance fee. The performance fee was reset at the date of reconstruction of the Company and will be paid in cash at the end of the Company's expected life (except in the case of an earlier termination of the IMA). The performance fee will be an amount equal to 10% of the excess total return (based on the Adjusted Net Asset Value per ordinary share at that time) over the total return of the benchmark plus 1.5% compounded annually on each anniversary of share admission and adjusted for periods of less than 12 months. In May 2020, the Board and Investment Manager agreed an amendment to the Performance fee arrangements, to take immediate effect, whereby a cap was added to reflect that, in the event of a performance fee becoming payable on the future portfolio realisation date, such fee would be subject to a maximum amount of 3.5% of the terminal NAV.

For the purposes of calculating the performance fee, the Company's Adjusted Net Asset Value will be based on the Net Asset Value adjusted by the amount of any dividends paid by the Company deemed to have been reinvested on the date of payment in ordinary shares at their Net Asset Value (on such date) and the resulting amount added to the Company's Net Asset Value.

If at the end of the Company's expected life the amount available for distribution to shareholders is less than 215.9p per ordinary share, no performance fee will be payable. If the amount is more than 215.9p per ordinary share but payment of the performance fee in full would reduce it below that level, then the performance fee will be reduced such that shareholders receive exactly 215.9p per share.

No performance fee has been paid or accrued since inception and up to 30 September 2020.

Corporate Responsibility

Environmental, Social and Governance (ESG)

The Company's core activities are undertaken by its Investment Manager which seeks to limit the use of non-renewable resources and reduce waste where possible. The Investment Manager has a corporate ESG policy and wherever possible and appropriate the parameters of such are considered and adopted by the investment team in relation to the Company's management and portfolio construction. As detailed further within the Investment Manager's Report the Investment Managers are required to have consideration to ESG factors when reviewing new, continuing or exiting investments but they are not required to take an investment decision solely on the basis of ESG factors. The Board monitors the Investment Manager's approach to ESG and they themselves take into account ESG factors in the management of the Company.

The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas ('GHG') emissions for which they are responsible. The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, it has no GHG emissions to report from its operations nor does it have responsibility for any other emissions.

Diversity and gender reporting

The Company has no employees and at the year end the Board is comprised of one female and three male Independent non-executive Directors.

When compiling a shortlist of candidates and selecting individuals for interview, the Board has regard to the benefits of diversity, including gender but will ultimately seek to ensure directors appointed to the Board are chosen on merit. Both Andrew Fleming and Jeremy Whitley, appointed 1 December 2019, were chosen as the most appropriate candidates for the Board based on their experience and complementary skill-sets both with each other and the remaining Board.

The Company has not adopted a policy on human rights as it has no employees or operational control of its assets.

Modern Slavery Act

As an investment company, the Company does not provide goods or services in the normal course of business and does not have any customers. Accordingly, it is considered that the Company is not required to make any slavery or human trafficking statements under the Modern Slavery Act 2015.

Anti-bribery, Corruption and Tax Evasion

The Board has adopted a zero-tolerance policy (available on the Company's website) to bribery, corruption and the facilitation of tax evasion in its business activities. The Board uses the principles formulated and implemented by the Investment Manager and expects the same standard of zero-tolerance to be adopted by third party service providers.

The Company has implemented a Conflicts of Interest policy to which the Directors must adhere, in the event of divergence between the Investment Manager's policy and the Company's policy the Company's policy shall prevail. The Company is committed to acting with integrity and in the interests of shareholders at all times.

Section 172 of the Companies Act 2006

The statutory duties of the Directors are listed in s171-177 of the Companies Act 2006. Under s172, Directors have a duty to promote the success of the Company for the benefit of its members (our Shareholders) as a whole and in doing so have regard to the consequences of any decision in the long term, as well as having regard to the Company's stakeholders amongst other considerations. The fulfilment of this duty not only helps the Company achieve its Investment Objective but ensures decisions are made in a responsible and sustainable way for Shareholders.

To ensure that the Directors are aware of, and understand, their duties, they are provided with an induction when they first join the Board, including details of all relevant regulatory and legal duties as a Director and continue to receive regular and ongoing updates on relevant legislative and regulatory developments. They also have continued access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can seek independent professional advice. The Schedule of Matters Reserved for the Board, as well as the Terms of Reference of its committees, are reviewed annually and further describe Directors' responsibilities and obligations and include any statutory and regulatory duties.

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during discussions and as part of the decision-making process. As an externally managed investment company, the Company does not have any employees or customers, however the key stakeholders and a summary of the Board's consideration and actions where possible in relation to each group of stakeholders are described in the table below.

Stakeholder Group

How we engage with them

Shareholders



The Directors have considered this duty when making the strategic decisions during the year that affect Shareholders, including the continued appointment of the Investment Manager and the recommendation that Shareholders vote in favour of the resolutions for the Company to continue and to renew the allotment and buy back authorities at the AGM. The Directors have also engaged with and taken account of Shareholders' interests during the year.

Given the continued measures in place in relation to social distancing and COVID-19, the Directors have carefully considered the viability of an open forum AGM. The safety and wellbeing of shareholders is of the highest priority and it has therefore been decided that a closed AGM will be held this year. The Board believes that shareholder engagement remains important, especially under the current market conditions, and to facilitate shareholder engagement, the Board will be holding a 'Meet the Manager and Board' session by webinar on 14 January 2021, at 2pm. Shareholders will have the opportunity to hear a brief introduction from the Managers and the Chair and will be provided with an opportunity to ask questions. The Board and Managers also welcome questions being submitted ahead of the session by email to marketing@polarcapital.co.uk with the subject line **PCGH Meet the Manager & Board**. The Board will endeavour to respond to all questions received during the session.

Should any significant votes be cast against a resolution, the Board will engage with Shareholders and explain in its announcement of the results of the AGM the actions it intends to take to consult Shareholders in order to understand the reasons behind the votes against. Following the consultation, an update will be published no later than six months after the AGM and the Annual Report will detail the impact the Shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.

Relations with Shareholders

The Board and the Manager consider maintaining good communications and engaging with Shareholders through meetings and presentations a key priority. The Board regularly considers the share register of the Company and receives regular reports from the Manager and the Corporate Broker on meetings attended with Shareholders and any concerns that are raised in those meetings. The Board also reviews correspondence from Shareholders and may attend investor presentations. Since taking on the chairmanship in February 2020, Ms Arnold has met with the larger shareholders and has attended various on-line meetings with shareholders.

Shareholders are able to raise any concerns directly with the Board without using the Manager or Company Secretary as a conduit. The Chair or other Directors are available to Shareholders who wish to raise matters either in person or in writing. The Chair and Directors may be contacted through the registered office of the Company.

Shareholders are kept informed by the publication of annual and half year reports, monthly fact sheets, access to commentary from the Investment Manager on the Company's website and attendance at events in which the Investment Manager presents.

The Company, through the sales and marketing efforts of the Investment Manager, encourages retail investment platforms to engage with underlying Shareholders in relation to Company communications and enabling those Shareholders to cast their votes on Shareholder resolutions; the Company however has no responsibility over such platforms. The Board therefore encourage Shareholders invested via the platforms to regularly visit the Company's website or to make contact with the Company directly to obtain copies of Shareholder communications.

The Company has also made arrangements with its registrar for Shareholders, who own their shares directly rather than through a nominee or share scheme, to view their account online at www.shareview.co.uk. Other services are also available via this service.

Stakeholder Group

How we engage with them

Investment Manager



Through the Board meeting cycle, regular updates and the work of the Management Engagement Committee reviewing the services of the Investment Manager annually, the Board is able to safeguard Shareholder interests by:

- Ensuring adherence to the Investment Policy;
- Ensuring excessive risk is not undertaken in the pursuit of investment performance;
- Ensuring adherence to the Investment Management Policy and reviewing the agreed management and performance fees; and
- Reviewing the Investment Manager's decision making and consistency in investment process.

Maintaining a close and constructive working relationship with the Manager is crucial as the Board and the Investment Manager both aim to continue to achieve consistent, long-term returns in line with the Investment Objective. The culture which the Board maintains to ensure this involves encouraging open discussion with the Investment Manager; recognising that the interests of Shareholders and the Investment Manager are aligned, providing constructive challenge and making Directors' experience available to support the Investment Manager. This culture is aligned with the collegiate and meritocratic culture which Polar Capital has developed and maintains.

Outcomes and strategic decisions during the year

As detailed earlier in the Strategic Report, in the year under review the Board agreed with the Investment Manager the introduction of a cap on any performance fee that may become payable and a reduction in the base management fee charged to the Company from 0.85% to 0.75% of the lower of adjusted net asset value and market capitalisation; the reduction became effective on 1 October 2020. The Board in their capacity as the Management Engagement Committee has recommended the continued appointment of the Investment Manager on the terms agreed within the Investment Management Agreement.

Investee Companies



The Board has instructed the Investment Manager to take into account the published corporate governance policies of the companies in which they invest.

The Board has also considered the Investment Manager's Stewardship Code and Proxy Voting Policy. The Proxy Voting Policy directs the Investment Manager to vote at all general meetings of companies in line with ISS policy. However, in exceptional cases, where the Investment Manager believes that a resolution would be detrimental to the interests of shareholders or the financial performance of the Company, appropriate notification will be given and abstentions or a vote against will be lodged. This Policy changed during the financial year, as the prior default instruction had been for the Investment Manager to vote at all general meetings of companies in favour of management's recommendation.

The Investment Manager has voted at 43 company meetings over the year ended 30 September 2020, with 6% of all votes being against management and 29.8% of meetings having at least one against or withheld vote.

The Investment Manager reports to the Board, when requested, on the application of the Stewardship Code and Voting Policy. The Investment Manager's Stewardship Code and Voting Policy can be found on the Investment Manager's website in the Corporate Governance section (www.polarcapital.co.uk).

Further information on how the Investment Manager considers ESG in its engagement with investee companies can be found in the Investment Manager's report on pages 19 to 20.

Outcomes and strategic decisions during the year

During the year, the Board discussed the impact of ESG and how the Investment Manager incorporated ESG into their strategy and investment process.

Section 172 of the Companies Act 2006 continued

Stakeholder Group

How we engage with them

Service Providers



The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting and due diligence meetings or site visits. This engagement is completed with the aim of having effective oversight of delegated services, seeking to improve the processes for the benefit of the Company and to understand the needs and views of the Company's service providers, as stakeholders in the Company. Further information on the Board's engagement with service providers is included in the Corporate Governance Statement and the Report of the Audit Committee.

Outcomes and strategic decisions during the year

The reviews of the Company's service providers have been positive and the Directors believe their continued appointment is in the best interests of the Company. The accounting and administration services of HSBC Securities Services (HSS) are contracted through Polar Capital and provided to the Company under the terms of the IMA. The Board however continue to conduct due diligence service reviews in conjunction with the Company Secretary and is satisfied that the service received continues to be of a high standard.

Proxy Advisors



The support of the major institutional investors and proxy adviser agencies are important to the Directors, as the Company seeks to retain a reputation for high standards of corporate governance, which the Directors believe contributes to the long-term sustainable success of the Company. The Directors consider the recommendations of these various proxy voting agencies when contemplating decisions that will affect Shareholders and also when reporting to Shareholders through the Half Year and Annual Reports.

Recognising the principles of stewardship, as promoted by the UK Stewardship Code, the Board welcomes engagement with all of its investors. The Board recognises that the views, questions from, and recommendations of many institutional investors and proxy adviser agencies provide a valuable feedback mechanism and play a part in highlighting evolving Shareholders' expectations and concerns.

Prior to AGMs, the Company engages with these agencies to fact check their advisory reports and clarify any areas or topics that the agency requests. This ensures that whilst the proxy advisory reports provided to Shareholders are objective and independent, the Company's actions and intentions are represented as clearly as possible to assist with Shareholders' decision making when considering the resolutions proposed at the AGM.

Outcomes and strategic decisions during the year

The Nomination Committee considers the time commitment required of Directors and the Board considers each Director's independence on an ongoing basis. The Board have confirmed that all Directors remain independent and able to commit sufficient time in fulfilling their duties, including those listed on s172 of the Companies Act. Accordingly, all Directors are standing for re-election at the Company's AGM.

The AIC



The Company is a member of the AIC and has also supported lobbying activities such as the consultation on the 2019 AIC Code. The Directors also cast votes in the AIC Board Elections each year and regularly attend AIC events.

Approved by the Board on 14 December 2020

By order of the Board

Tracey Lago, FCG

Polar Capital Secretarial Services Limited
Company Secretary



Corporate Governance

A system of rules and processes by which the Company is governed

Report of the Directors

The Directors who are listed on pages 6 and 7, present their Directors' Report including the Report on Corporate Governance together with the Group and Company's Audited Financial Statements prepared under International Financial Reporting Standards as adopted by the European Union ('IFRS') for the year ended 30 September 2020.

The attention of Shareholders is drawn to the Strategic Report Section (Chair's Statement, the Investment Manager's Report and the Strategic Report) which provide further commentary on the activities and outlook for the Group and Company, including future developments and dividends.

Introduction and Status

The Company is incorporated in England and Wales as a public limited company and is domiciled in the United Kingdom. It is an investment company as defined in section 833 of the Companies Act 2006 and has a premium listing on the London Stock Exchange.

The Company seeks to continue to operate as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010 (as amended by section 42(2) of the Finance Act 2011). As an approved investment trust the close company provisions do not apply. The Directors, under advice, expect the affairs of the Company to continue to satisfy the conditions of an investment trust.

As an investment trust the Company's ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to do so for the foreseeable future so that the exclusion continues to apply. The Company's ordinary shares are eligible for inclusion in a stocks and shares ISA.

Purpose

The business of the Group, comprising the Company and the wholly owned subsidiary PCGH ZDP Plc, is to provide shareholders with access to a discretionarily managed diversified global portfolio of healthcare stocks across all four healthcare sub-sectors; pharmaceuticals, biotechnology, medical technology and healthcare services. The portfolio is diversified by geographic location, industry sub-sector and investment size. The portfolio comprises a single pool of investments but for operational purposes the Investment Manager will maintain both a growth and an innovation portfolio. The purpose of the subsidiary is to provide fixed life structural gearing to the Group.

The portfolio is managed within a framework of investment limits and guidelines determined by the Board which seek to meet the investment objective while seeking to spread and mitigate risk. The Group has no employees or premises and the Board of both the Company and the subsidiary is comprised of Independent non-executive Directors. The day to day operations and functions of the Group have been delegated to third parties.

The Company is registered under the United States' FATCA legislation and its Global Intermediary Identification Number (GIIN) is ID3ME4.99999.SL.826. The Company's Legal Entity Identifier (LEI) code is 549300YV7J2TWLE7PV84.

Life of the Company

In the absence of any prior proposals, the Articles of Association of the Company require the Directors to put forward at the first Annual General Meeting following 1 March 2025 a special resolution to place the Company into voluntary liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed.

The subsidiary has a fixed life and the Directors of the subsidiary are required to convene a general meeting on or before 19 June 2024 (unless varied by the holders of the Zero Dividend Preference shares) to propose a resolution to wind up the subsidiary.

CAPITAL STRUCTURE

Issued Share Capital

The Company's share capital is divided into ordinary shares of 25p each. At the year end there were 124,149,256 ordinary shares in issue (2019: 124,149,256 ordinary shares), of which 2,879,256 (2019: 2,379,256) were held in treasury by the Company.

Changes during the year

During the year to 30 September 2020, the Company bought back 500,000 shares into treasury, and no new shares or treasury shares were issued.

Voting Rights

Ordinary shares carry voting rights which are exercised on a show of hands at a meeting, where each shareholder has one vote, or on a poll, where each share has one vote. Details for the lodging of proxy votes are given when a notice of meeting is issued. Ordinary shares held in treasury carry no voting rights.

Transferability

Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register

a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; (ii) is in respect of only one class of share; and (iii) if joint transferees, are in favour of not more than four such transferees.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

The Company is not aware of arrangements to restrict the votes or transferability of its shares.

Powers to Issue Ordinary Shares and Make Market Purchases of Ordinary Shares

The Board was granted authority by Shareholders at the AGM in February 2020 to allot equity securities up to a nominal value of £3,031,750 and to issue those shares for cash without offering those shares to Shareholders in accordance with their statutory pre-emption rights.

New ordinary shares will not be allotted and issued at below the Net Asset Value per share after taking into account the costs of issue. Any re-issue of shares from treasury will follow institutional guidelines, it is not anticipated that such shares would be re-issued below NAV.

The Board also obtained Shareholder authority at the AGM in February 2020 to make market purchases of up to 18,178,373 ordinary shares of the Company for cancellation or holding as treasury shares in accordance with the terms and conditions set out in the shareholder resolution.

These authorities will expire at the AGM to be held in January 2021. Renewal of these authorities will be sought at that AGM.

Dividends

The Company changed its dividend policy following the change in strategy and reconstruction of the portfolio approved in June 2017. The Company's policy is an aim to pay two interim dividends in February and August each year. These interim dividends will not necessarily be of equal amounts. Details of the dividends paid and proposed are set out in Note 11 on page 85.

Shareholders should recognise that circumstances may arise when it is necessary to reduce the level of dividend payment or equally there may be instances when the level of dividend

must be increased in order to comply with Sections 1158 and 1159 of the Corporation Tax Act 2010. Where this would result in paying a dividend beyond the Board's intended policy a 'special dividend' will be declared and paid.

In accordance with best practice, the Directors will be proposing a resolution to approve the Company's dividend policy at the AGM to be held in January 2021.

Directors

In accordance with the Company's adopted practices detailed on page 46 of the Report on Corporate Governance, all Directors will retire and offer themselves for re-election at the AGM of the Company to be held in January 2021. Having undertaken a Board Evaluation process and discussed the areas of expertise required to run the Company, the Board confirm their support below for each Directors' re-election. As a whole the Board believes they have a balance of experience, expertise and diversity and have proven, through a difficult year that they work well as a whole and each bring multiple qualities to the Board. The Board rationale for re-appointment of each Director is given on page 6 to 7 and in the letter accompanying the Notice of AGM.

Annual General Meeting ('AGM')

The Company's AGM will be held at 2pm on Tuesday, 26 January 2021 at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. Due to the social distancing measures and restrictions currently in place prohibiting public gatherings as a result of COVID-19, the Board has decided to hold the AGM as a closed meeting with only the necessary quorum present to conduct the formal business. Shareholders are encouraged to vote on the resolutions by proxy ahead of the deadline and by close of business on 22 January 2021.

The Board believes that shareholder engagement remains important, especially under the current market conditions, and to facilitate such, the Board will be holding a 'Meet the Manager & Board' session by webinar on 14 January 2021, at 2pm. Shareholders will have the opportunity to hear a brief introduction from the Managers and the Chair and will be provided with an opportunity to ask questions. The Board and Managers also welcome questions being submitted ahead of the session by email to marketing@polarcapital.co.uk with the subject line **PCGH Meet the Manager & Board** and there will be a method to submit questions directly into the meeting. The Board will endeavour to respond to all questions received during the session.

The separate Notice of Meeting contains the usual resolutions to receive the Financial Statements, approve the Directors' Remuneration Implementation Report, re-elect Directors, re-appoint the Auditors and empower the Directors to set their fees. As in previous years the Directors are also seeking powers to allot shares and issue shares for cash, and to make market purchases. The full text of the resolutions and explanation of each is set out in the Notice of Meeting.

Report of the Directors continued

Major Interests in Ordinary Shares

As at the year end of 30 September 2020, the Company had received notifications from the following shareholders in respect of their own and their clients' interests in the voting rights of the Company:

Shareholder	Type of Holding	Number of Shares	% of Voting Rights*
Investec Wealth & Investment Ltd	Direct	16,800,575	13.85
Rathbone Brothers plc	Indirect	16,004,530	13.20
Brewin Dolphin Limited	Indirect	11,345,884	9.36
Schroders plc	Indirect	6,828,416	5.63
1607 Capital Partners	Indirect	6,350,000	5.24
Charles Stanley	Indirect	6,106,096	5.04
Canaccord Genuity Group	Indirect	5,872,733	4.84
Cheviot Asset Management Limited	Direct	4,805,275	3.96

Since the year end and up to the date of this report, the Company has been notified of the following:

Shareholder	Type of Holding	Number of Shares	% of Voting Rights*
Schroders plc	Indirect	–	Below 5%
Rathbone Brothers plc	Indirect	15,762,295	13.00
1607 Capital Partners	Indirect	14,259,099	11.76

* The above percentages are calculated by applying the ordinary shareholdings as notified to the Total Voting Rights of the issued ordinary share capital at 14 December 2020 of 121,270,000 being all the issued ordinary shares except for those held in treasury where voting rights are suspended.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain further information in relation to the Group and Company which is not otherwise disclosed. The Directors confirm there are no additional disclosures to be made pursuant to this rule.

By order of the Board

Tracey Lago, FCG

Polar Capital Secretarial Services Limited

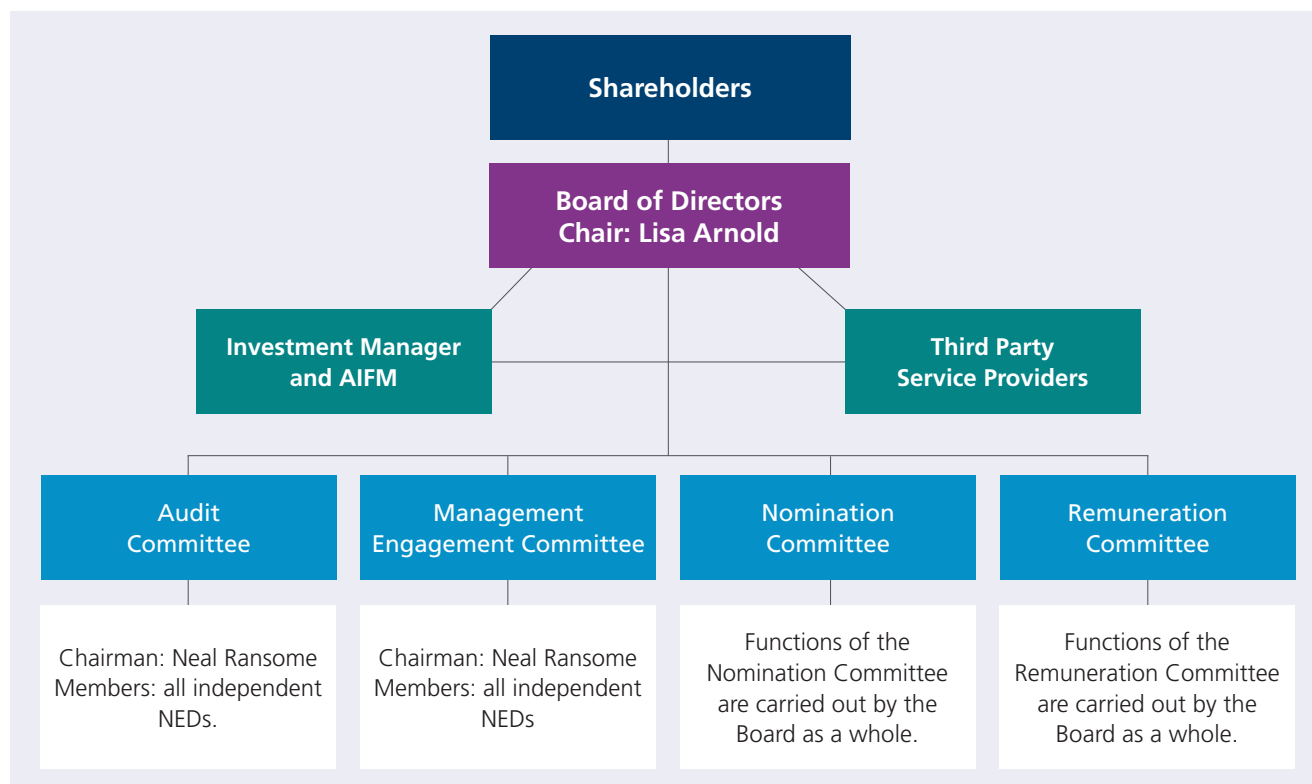
14 December 2020

Report on Corporate Governance

Year ended 30 September 2020

Corporate Governance Framework

The following diagram demonstrates the governance framework within which the Group is managed. The Directors are ultimately accountable to Shareholders for the Group's affairs and are therefore responsible for the good governance of the Group. As the Group and Company have no employees they rely on third parties to administer the Group and Company and to provide investment management services.



The Financial Reporting Council (FRC) has endorsed the Association of Investment Companies ('AIC') Code of Corporate Governance (the 'AIC Code') for AIC Member Companies to report against in relation to their corporate governance provisions. The AIC Code addresses the relevant principles set out in the FRC UK Code as well as additional principles and recommendations on issues that are specific to investment trust companies. The Annual Report for the year ended 30 September 2020 is the first year for which the Company reports under the 2019 version of the AIC Code.

The FRC has confirmed that by following the AIC Code, boards of investment companies will meet their obligations under FCA Listing Rule 9.8.6. As an externally managed investment company many provisions of the FRC UK Code are not relevant, including those relating to the roles of chief executive, executive directors' remuneration, statement of gas emissions and the requirement to have an internal audit function.

Statement of Compliance and Application of the AIC Code's Principles

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to investment companies. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Report on Corporate Governance continued

Year ended 30 September 2020

The Board believes that the Company's current practices are consistent in all material respects in applying the principles and complying with the provisions of the AIC Code. The Board will continue to observe the principles and recommendations set out in the AIC Code.

The AIC Code's principles and provisions are structured into five sections: Board leadership and purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration. The Company's application of the principles and compliance with the provisions of each section is detailed on pages 42 to 48.

BOARD LEADERSHIP AND PURPOSE (Principles A-E, Provisions 1-7)

Purpose

The Company's purpose is encapsulated in its Investment Objective and the Company's strategy is to achieve this objective through successful application of the Investment Policy. The Investment Policy seeks to generate capital growth by investing in a global portfolio of healthcare stocks across all four healthcare sub-sectors, being pharmaceuticals, biotechnology, medical technology and healthcare services. The Company will seek to achieve its objective by investing in a diversified global portfolio consisting primarily of listed equities. The portfolio is diversified by geography, industry sub-sector and investment size. As an externally managed investment trust, the culture of the Company is a consequence of the Board's composition, decisions and behaviours which are aligned with the values and behaviours of the Investment Manager, interaction between the two and engagement with the Company's stakeholders. The Board monitors this culture, including the policies and practices it implements to maintain it.

Board Leadership

In promoting the long-term sustainable success of the Company, the performance of the Company's portfolio is constantly reviewed in pursuit of value generation for shareholders by achievement of the investment objective. Investment management fees are reviewed periodically, with the last change in occurring in October 2020 which resulted in a reduction in the management fee from 0.85% to 0.75% per annum based on the lower of market capitalisation and the adjusted net asset value. The Company's performance over the previous ten years can be found on page 3 and how the Board views its contribution to wider society is considered in the s172 statement on pages 34 to 36. The Board's engagement with shareholders and stakeholders and how it contributes to strategic decision making is also discussed within the s172 statement. Participation from both groups is encouraged and the Board can be contacted through the Company Secretary. The Company's service providers are also subject to periodic site visits and attend meetings throughout year, ensuring effective engagement. Fulfilling the Investment Objective and the Company's performance is the primary focus of the Board's discussions.

The Board's effectiveness, including how it promotes the long-term sustainable success of the Company, is reviewed annually. The process and outcomes of the Board evaluation are detailed on pages 46 and 47.

Role, Responsibilities and Committees of the Board

The Board has delegated to the Audit Committee and the Management Engagement Committee specific remits for consideration and recommendation but the final responsibility in these areas remains with the Board. The Board determined that due to its size, and the fact that all the Directors are non-executive and independent, the functions of the nomination committee and remuneration committee would be carried out by the full Board. The Board creates ad hoc committees from time to time to enact policies or actions agreed in principle by the whole Board.

The number of formal meetings of the Board and its Committees held during the year ended 30 September 2020 and the attendance of individual Directors are shown below:

	Board	Audit Committee	Management Engagement	2020 AGM
Number of Meetings	7	4	1	1
Lisa Arnold	7	4	1	1
Andrew Fleming*	6	3	–	1
Neal Ransome	7	4	1	1
Jeremy Whitley*	6	3	–	1

* appointed 1 December 2019

BOARD LEADERSHIP AND PURPOSE (Principles A-E, Provisions 1-7) continued

Service Provider Performance Evaluation Process

Investment Manager

The Board has contractually delegated the management of the portfolio to the Manager. It is the Manager's sole responsibility to take decisions as to the purchase and sale of individual investments other than unquoted investments where the Board is consulted. The Manager has responsibility for asset allocation and sector selection within the guidelines established and regularly reviewed by the Board.

The Manager is responsible for providing or procuring accountancy services, company secretarial and administrative services including the monitoring of third party suppliers who are directly appointed by the Company. The Manager also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Investment Manager attend all Board meetings in a variety of capacities including investment management, compliance, risk and marketing, enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

The whole Board reviews the performance of the Investment Manager and, at each Board meeting, the Company's performance against the market and a peer group of funds with similar investment objectives is reviewed. The investment team provided by the Investment Manager has long experience of investment in the healthcare sector. In addition, the Investment Manager has other investment resources who support the investment team and have experience in managing and administering other investment trust companies.

The Board and Investment Manager work in a collaborative manner and the Chair encourages open discussion and debate.

Report of the Management Engagement Committee

The Management Engagement Committee comprises all the independent non-executive Directors under the chairmanship of Neal Ransome, and will usually meet once a year and at such other times as may be necessary. The Management Engagement Committee reviews the performance and activities of the Investment Manager and considers the terms of the investment management agreement and other services and resources supplied by the Investment Manager, prior to making its recommendation to the Board on whether the retention of the Investment Manager is in the interests of shareholders.

During the year ended 30 September 2020 the Management Engagement Committee met once to carry out the review of the Investment Manager and consider its continued appointment for the next financial year ending 30 September 2021. During the year, the Board reviewed its fee arrangements with the Manager taking into consideration the performance of the Manager in managing the assets of the Company, the performance of the Company in both absolute and relative terms against its benchmark since launch and since reconstruction in June 2017. In May 2020, the Board and the Investment Manager agreed an immediate amendment to the Performance fee arrangements, whereby a cap was added to reflect that in the event of a performance fee becoming payable on the future portfolio realisation date, such would be subject to a maximum amount of 3.5% of the terminal NAV. In October 2020, following discussion with Polar Capital, a reduction in the base management fee from 0.85% to 0.75% per annum based on the lower of the market capitalisation and adjusted net asset value was agreed with effect from 1 October 2020. All other terms within the Investment Management Agreement remain unchanged.

The review of the Investment Manager also considered the strength of the investment team, depth of other resources provided by the Manager and quality of the services provided or procured by the Manager including shareholder communications. The Board, through the work of the Management Engagement Committee, has concluded that it is in the best interests of shareholders as a whole that the appointment of Polar Capital LLP as Investment Manager is continued.

The Company uses a variety of performance measures when monitoring the performance of the portfolio managed by the Investment Manager. These measures are considered to be alternative performance measures under the ESMA guidelines and are described further on pages 98 and 99.

Report on Corporate Governance continued

Year ended 30 September 2020

BOARD LEADERSHIP AND PURPOSE (Principles A-E, Provisions 1-7) continued

Other Suppliers

The Board also monitors directly or through the Manager the performance of its other key service providers.

- The Board has directly appointed HSBC Bank Plc as Depositary and Panmure Gordon as Corporate Broker. The Depositary reports quarterly and makes an annual presentation to the Board. The Corporate Broker provides reports to each Board meeting and joins the Board on request, and at least every six months, to discuss markets and other issues.
- The Registrars, Equiniti Limited, are directly appointed by the Board and the performance of their duties is monitored and reported on by the Company Secretary.
- Other suppliers such as printers, website services and PR agents are monitored by the Company Secretary and each supplier reports to the Board as and when deemed necessary.

Report of the Audit Committee

The Audit Committee comprises all the independent non-executive Directors under the chairmanship of Neal Ransome. The Committee has formal terms of reference which clearly define its responsibilities and duties. A separate report of the work of the Audit Committee over the year is set out on pages 54 to 59.

Report of the Remuneration Committee

As mentioned above, the role of the Remuneration Committee is undertaken by the full Board. The Directors' Remuneration Report including the processes undertaken when reviewing remuneration can be found on pages 49 to 53.

DIVISION OF RESPONSIBILITIES (Principles F-I, Provisions 8-21)

Chair

The Chair is responsible for the leadership of the Board and works with the Company Secretary for setting the Board's meeting agendas and for balancing the issues presented to each meeting. Open and honest debate is encouraged at each Board meeting and the Chair keeps in touch with both the Company Secretary and other Directors between Board meetings. Lisa Arnold was appointed to the Board in 2018 and appointed as Chair in February 2020. The Chair was independent on appointment and continues to meet the criteria for independence. The Board considers the competence and independence of the Directors on an annual basis.

Senior Independent Director

Due to the size and structure of the Board it was considered unnecessary to identify a senior independent non-executive director. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

Board Responsibilities

The Board currently comprises four non-executive Directors who are all considered to be independent in character and judgement. No Director has any former or present connection with the Investment Manager. A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No professional advice has been independently sought during the year. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The Board and Investment Manager operate in a supportive, co-operative and open environment.

The Board has a schedule of regular meetings through the year and meets at additional times as required. During the year, Board and Committee meetings were held to deal with the ongoing stewardship of the Company and other matters including the setting and monitoring of investment strategy and performance, review of the financial statements and shareholder issues including investor relations. The level of the ordinary share price discount or premium to the Net Asset Value together with policies for re-purchase or issuance (or re-issuance) of shares, are kept under review along with matters affecting the industry and the evaluation of third party service providers. The Board is also responsible for considering, reviewing and implementing appropriate policies in respect of regulatory changes that impacted the Company.

DIVISION OF RESPONSIBILITIES (Principles F-I, Provisions 8-21) continued

Board Responsibilities continued

The full investment strategy was revised during the reconstruction exercise undertaken in early 2017 which re-launched the Company with a revised investment strategy in June 2017. The Board continues to consider the Company's strategy and its relevance to the market and Shareholders as a whole at each Board meeting and at least one Board meeting per year includes an in-depth focus on strategy. Through this process the Board supervises the management of the investment portfolio, the work of the Investment Manager, the risks to which the Company is exposed and their mitigation, and the quality of services received by the Company.

As reflected in the table above the Board formally met seven times during the year. In addition to the formal meetings, in connection with the market pressures and the remote working environment caused by the COVID-19 pandemic, the Board met on an informal ad-hoc basis as and when deemed necessary to discuss these matters and put in place any responses deemed appropriate.

Delegated Responsibilities

The Board has delegated to each of the Audit and Management Engagement Committees specific remits for consideration and recommendation, as detailed within the terms of reference which are available on the Company's website, but the final responsibility in these areas remains with the Board. The Chair of the Audit Committee attends the AGM to deal with questions relating to the Annual Report and Financial Statements. Attendance at each of these meetings is disclosed in the table above on page 42.

Directors' Professional Development

When a new Director is appointed, they are offered an induction course provided by the Investment Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory obligations and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors may also participate in professional and industry seminars and may use the Manager's online compliance training resources to ensure they maintain their knowledge.

Conflicts of Interest

Directors have a duty to avoid a situation in which they have a conflict of interest or a possible conflict with the interest of the Company. The Company's Articles contain provisions to permit the Board to authorise conflicts or potential conflicts.

The Board has always had in place a policy to govern situations where a potential conflict of interest may arise, for example where a Director is also a Director of a company in which the Company invests or may invest. Where a conflict situation arises, the conflicted Director is excluded from any discussions or decisions relating to the matter of conflict.

Each Director has provided the Company with a statement of all conflicts of interest and potential conflicts of interest, which have been approved by the Board and recorded in a register. The Conflicts Register is reviewed at every Board meeting and the Directors are reminded of their obligations for disclosure.

No Director has declared receipt of any benefits other than their emoluments and associated expenses in their capacity as a Director of the Company.

The Board as part of its year-end review has considered the register of conflicts, any conditions imposed on such conflicts or potential conflicts and the operation of the notification and authorisation process. It concluded that the process has operated effectively since its introduction. There were no conflicts subsisting during or at the end of the year in which a Director is or was interested and which is or was significant in relation to the Company's business or to the Director.

The Directors' interests in the ordinary shares of the Company are set out on page 52 of the Directors' Remuneration Report.

Report on Corporate Governance continued

Year ended 30 September 2020

COMPOSITION, SUCCESSION AND EVALUATION (Principles J-L, Provisions 22- 28)

Composition

The Board is responsible to shareholders for the overall management of the Company's affairs. For the full year under review there were four non-executive Directors. Each Director has different qualities and areas of expertise on which they may lead where issues arise. The Board as the Nomination Committee considered the contribution and performance of each Director as part of the Director and Board performance evaluation. The Board believes that the Directors demonstrate a breadth of experience across the investment and financial services industry and exposure to the healthcare sector. Each Director effectively contributes to the operation of the Board and demonstrates independent views on a range of subjects.

All the Directors were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgement.

Succession

The Board has determined that due to the limited life of the Company there is no need for a formal policy on the length of service for Directors. In 2017, when the reconstruction approved by shareholders in June 2017 extended the life of the Company for a further seven years, the original Board determined that the entire Board should be refreshed in two phases. Phase one of the refresh concluded in early 2018 with the appointment of Neal Ransome and Lisa Arnold to the Board and the retirement of Antony Milford and John Aston, and phase two saw Andrew Fleming and Jeremy Whitley appointed to the Board in December 2019 followed by the retirement of James Robinson and Anthony Brampton in February 2020, when Lisa Arnold became Chair. Following the completion of this process the Board considers that its overall composition is well placed for the effective governance of the Company.

Performance and Re-Election

The Board formally reviews the performance of the Directors each year as part of the annual evaluation process. Directors are required to stand for election by Shareholders at the first AGM following their appointment to the Board and each Director will stand for re-election annually. The rationale for re-election of each Director is included in the Board of Directors information on pages 6 and 7 and the Chair's letter which accompanies the Notice of Annual General Meeting at which the re-election resolutions are being put to shareholders.

Chair Tenure Policy

The Board considers that in the circumstances of an investment company, where corporate knowledge and continuity can add value, there may be merit in appointing one of its members to the Chair. In addition, there may be circumstances where succession plans are disrupted such that an internal candidate with some years' existing experience is the most appropriate candidate for the Chair. In other circumstances an external candidate may be more appropriate.

As per provision 22, the Board's policy is that the maximum Board tenure for its Chair is up to 12 years (where up to 9 years of this could be served as a non-executive Director). The Board has determined that due to the limited seven-year life of the Company there is no requirement for a formal policy on Directors' tenure.

Evaluation

The evaluation of the Board, its Committees and individual Directors is carried out annually. The process involves the use of a written questionnaire to assess the balance of skills, experience, knowledge, independence and effectiveness of the Board, including how the Directors interact as a unit on the Board. The responses to the questionnaire are reviewed and discussed by the full Board and, should it be deemed necessary, additional reporting measures or operations would be put in place. The review of the Chair's performance is conducted by the Board led by the Chairman of the Audit Committee. The Chair of the Board did not participate in this discussion.

COMPOSITION, SUCCESSION AND EVALUATION (Principles J-L, Provisions 22- 28) continued

Evaluation continued

In carrying out these evaluations, each Director is assessed on their relevant experience, their strengths and weaknesses in relation to the overall requirements of the Board and their commitment to the Company in terms of time by regular attendance and participation at Board meetings. The process is constructed to assess the contribution of individual Directors to the overall operation of the Board and its Committees. The Board, through the work of the Nomination Committee, has determined that each Director standing for re-election continues to offer relevant experience, effectively contributes to the operation of the Board and has demonstrated independent views on a range of subjects. The Committee is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

AUDIT, RISK AND INTERNAL CONTROL (Principles M-O, Provisions 29-36)

Internal Controls

The Board has overall responsibility for the Group and Company's system of internal control, for reviewing its effectiveness and ensuring that risk management and control processes are embedded in the Company's day-to-day operations.

The Investment Manager has an internal control framework to provide assurance on the effectiveness of the internal controls operated on behalf of its clients. The Manager is authorised and regulated by the Financial Conduct Authority and its compliance department monitors the Company's compliance with the various rules and regulations applicable to it, including the FCA's rules, AIFMD, MiFID II and GDPR, for example.

The Board, through the Audit Committee, has established a process for identifying, evaluating, monitoring and managing any principle risks faced by the Company. This is documented through the use of a Risk Map which is subject to regular review by the Audit Committee and accords with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014 by the Financial Reporting Council. The controls are embedded within the business and aim to ensure that identified risks are managed and systems are in place to report on such risks. The internal controls seek to ensure the assets of the Group and Company are safeguarded, proper accounting records are maintained, and the financial information used by the Group and Company and for publication is reliable. Controls covering the risks identified, including financial, operational, compliance and risk management controls, are monitored by a series of regular reports covering investment performance, attribution analysis, reports from various third parties and from the Investment Manager.

As the Company has no employees and its operational functions are carried out by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function.

Contracts with suppliers are entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Operation of Internal Controls

The process was active throughout the year and up to the date of approval of this Annual Report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, in assessing the effectiveness of the Group and the Company's internal controls has, through the Audit Committee, received formal reports on the policies and procedures in operation. These reports from the Investment Manager include results of tests for the year ended 30 September 2020 on the policies and procedures in operation with details of any known internal control failures. The Manager has subsequently provided confirmation that there has been no material change to the control environment up to the date of signing these Financial Statements.

The Board also considers ad hoc reports from the Investment Manager and third party suppliers and information is supplied to the Board as required. In addition to the regular internal controls reports provided by the Investment Manager and various third party suppliers, the Board has this year received COVID-19 Business Continuity Reports from the Investment Manager and certain other third party suppliers including assurances on the status of the business and operational functions.

Report on Corporate Governance continued

Year ended 30 September 2020

AUDIT, RISK AND INTERNAL CONTROL (Principles M-O, Provisions 29-36) continued

Operation of Internal Controls continued

The Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services but remains responsible to the Company for these functions and provides the Board with information on these services.

The Board undertakes an in-depth annual review of the Group and Company's system of internal controls where the risk map is reviewed and control processes considered. The Board, assisted by the Investment Manager, has conducted the annual review of the risk map and the effectiveness of the system of internal controls taking into account any issues, none of which were considered significant, which arose during the course of the year ended 30 September 2020 and up to the date of this report.

The principal risks and uncertainties to which the Company is subject are detailed in the Strategic Report. These risks are monitored by the Audit Committee through the Company's risk map and the implementation of internal controls, which are reported on further on pages 28 to 31.

Based on the work of the Audit Committee and the reviews of the reports received by the Audit Committee on behalf of the Board, the Board has concluded that there were no material control failures during the year and up to the date of this report.

REMUNERATION (Principles P-R, Provisions 37 – 42)

Due to the fully independent non-executive Board comprising four Directors, the Board has deemed it appropriate for the full Board to fulfil the role of the Remuneration Committee. The Board, acting as the Committee, meets at least annually and is responsible for consideration and recommendations in relation to Directors' remuneration.

The remuneration of the Directors is reviewed on an annual basis but will not necessarily lead to a change in remuneration level awarded. Industry guidance, peer investment trust companies' remuneration, the work undertaken by the Board in the prior year along with plans for the current year and the overall regulatory environment are all considered when reviewing remuneration.

Remuneration levels are set to attract candidates of high calibre to the Board. The Company's remuneration policy was put to shareholders for approval at the AGM on 26 February 2020 and is detailed within the Directors' Remuneration Report on page 50.

Principle E and Provision 6 from UK Code have been deleted with agreement of the FRC as they are not relevant for externally managed investment companies.

Tracey Lago, FCG

Polar Capital Secretarial Services Limited
Company Secretary

14 December 2020

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the 'Regulations') and the Listing Rules of the Financial Conduct Authority in respect of the year ended 30 September 2020. It has been audited where indicated.

Chair's Report

The Board has determined that due to its size, and the fact that all the Directors are non-executive and independent, the functions normally carried out by a remuneration committee will be performed by the full Board.

Shareholders approved the current Directors' Remuneration Policy by way of an ordinary resolution passed at the AGM held on 26 February 2020. Such policy came into effect on 1 October 2020 and shall remain in force until 30 September 2023:

Company's Policy on Directors' Remuneration effective 1 October 2020

How policy supports strategy and promotes long-term sustainable success

Operation

The Board consists entirely of non-executive Directors, who meet regularly to deal with the Company's affairs.

The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained.

The Company's policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector with additional fees for the roles of Chair of the Company and Chairman of the Audit Committee. As the Company is an investment trust and all the Directors are non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits.

In accordance with article 98(2) of the Company's Articles of Association, any Director who performs, or undertakes to perform, services which the Directors consider go beyond the ordinary duties of a Director may be paid such additional remuneration (whether by way of fixed sum, bonus, commission, participation in profits or otherwise) as the Directors may determine.

Non-executive Directors have formal letters of appointment which contain the responsibilities and obligations of the directors in relation to undertaking their role and managing conflicts of interest; their remuneration is determined by the Board within the limits set by the Articles of Association.

Directors are not entitled to payment for loss of office and do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes. All fees are paid in cash, monthly in arrears, to the Director concerned.

Rates are reviewed annually but the review will not necessarily result in any change to rates. non-executive Directors are subject to annual re-election by shareholders.

There are no performance conditions relating to non-executive Directors fees.

Directors' Remuneration Report continued

The Company's Policy on Directors' Remuneration in force for the year ended 30 September 2020 was:

Policy and how the policy supports the strategy

	Operation	Opportunity
<p>The Board consists entirely of non-executive Directors, who meet regularly to deal with the Company's affairs.</p> <p>The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained.</p>	<p>Non-executive Directors have formal letters of appointment which contain the responsibilities and obligations of the directors in relation to undertaking their role and managing conflicts of interest; their remuneration is determined by the Board within the limits set by the Articles of Association.</p> <p>Directors are not entitled to payment for loss of office and do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes. All fees are paid in cash, monthly in arrears, to the Director concerned.</p> <p>Rates are reviewed annually but the review will not necessarily result in any change to rates. Non-executive Directors are subject to annual re-election by shareholders.</p> <p>There are no performance conditions relating to non-executive Directors fees.</p>	<p>The Company's policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector with additional fees for the roles of Chair of the Company and Chair of the Committees.</p>
<p>As the Company is an investment trust and all the Directors are non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits.</p>	<p>Non-executive Directors do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes.</p>	<p>There are no performance conditions relating to non-executive Directors fees.</p>

As per previous AGM resolutions, Shareholders will be asked to consider a non-binding vote for the approval of the following Directors' Remuneration Implementation Report, which reports on how the Remuneration Policy has operated during the year ended 30 September 2020.

The result of the shareholder votes on the Directors' Remuneration Policy and the latest Implementation Report were as follows:

	Remuneration Policy Approved at AGM on 26 February 2020	Implementation Report for the year ended 30 September 2019 Approved at AGM on 26 February 2020
Votes for	99.99%	99.99%
Votes against	0%	0%
Votes abstained	0.01%	0.01%

The Board considers this level of support from shareholders a positive endorsement of both its Remuneration Policy and the policy implementation. There has been no communication from shareholders regarding any aspect of the Directors' remuneration.

Implementation Report

Directors' Remuneration Paid for the Year Ended 30 September 2020

Annual Fees Review

The Board undertook the annual review of the fees paid to the Directors in October 2020 and agreed that no change would be made to fees for the year commencing 1 October 2020. The previous change to Directors' fees had been made in 2019 (effective from 1 October 2019).

In accordance with the Shareholder Rights Directive. The Board confirms that there were no variable pay awards made to the Directors and there were no deferral periods or share based pay equivalents. The annual percentage change in remuneration in respect of the five financial years prior to the current year in respect of each Director role is as follows:

Financial year to:	30 Sept 2015	30 Sept 2016	30 Sept 2017	30 Sept 2018	30 Sept 2019	30 Sept 2020
Chair	–	–	–	5.7%	–	5.4%
Non-executive Director	–	–	–	6.0%	–	5.7%
Chairman of the Audit Committee Supplement	–	–	–	–	–	10.0%

The review of Directors' fees is carried out on an annual basis and involves consideration of the time and commitment required of the Directors, including any significant increase in requirements due to regulatory or other changes. For comparative purposes the remuneration awarded to directors of similar companies and general market data is also considered. While such a review will not necessarily result in any change to the rates the Committee believes that it is important that these reviews happen annually.

The appointment of an external remuneration consultant was considered unnecessary. No Director is involved in deciding their own remuneration and all Directors exercise independent judgement and discretion when considering fees.

Expenses

The Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings. In certain circumstances, under HMRC rules travel and other out of pocket expenses reimbursed to the Directors may be considered as taxable benefits. Where expenses are classified as taxable under HMRC guidance, they are paid gross and shown in the taxable column of the Directors remuneration table. The taxable expenses comprise of travel and associated expenses incurred by the Directors attending the Board meetings held in London. The policy for claiming such expenses was not changed during the year.

Letters of Appointment

In accordance with recommended practice, each Director has received a letter setting out the terms of their appointment. None of the Directors have a contract of service or a contract for services and a Director may resign by giving notice in writing to the Board at any time. The Directors are not entitled to payment for loss of office.

New Directors are appointed and elected with the expectation that they will serve for a period of at least three years. In accordance with the Articles of Association any new Director is required to stand for election at the first AGM following their appointment, and in accordance with good corporate governance practice all directors shall stand for re-election every year following their first election by shareholders. There is no requirement for Directors to hold shares in the Company or Group.

Directors' and Officers' Liability Insurance

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors. The Company has, to the extent permitted by law and the Company's Articles of Association, provided each Director with a Deed of Indemnity which, subject to the provisions of the Articles of Association and s234 of the Companies Act 2006, qualifying third party indemnity provisions, indemnifies the Director in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their position as Directors (excluding criminal and regulatory penalties). Directors' legal costs may be funded up-front provided they reimburse the Company if the individual is convicted or, in an action brought by the Company, judgment is given against them. These provisions were in force during the year and remain in force at the date of this report.

Directors' Remuneration Report continued

Remuneration (Audited)

In the year under review the Directors' fees were paid at the following annual rates, the Chair £39,000; other Directors £28,000 with the Chairman of the Audit Committee receiving an extra £5,500 supplement for performing that additional role.

Director	Year ended 30 September 2020			Year ended 30 September 2019		
	Fixed fee	Taxable expenses	Total remuneration	Fixed fee	Taxable expenses	Total remuneration
Lisa Arnold (appointed Chair on 26 February 2020)	£34,417	–	£34,417	£26,500	–	£26,500
Neal Ransome (Chairman of the Audit and Management Engagement Committees)	£33,500	–	£33,500	£31,500	–	£31,500
Andrew Fleming (appointed on 1 December 2019)	£23,333	–	£23,333	–	–	–
Jeremy Whitley (appointed on 1 December 2019)	£23,333	£296	£23,629	–	–	–
James Robinson (Chairman, retired on 26 February 2020)	£16,250	£124	£16,374	£37,000	£102	£37,102
Anthony Brampton (retired on 26 February 2020)	£11,667	–	£11,667	£26,500	–	£26,500
TOTAL*	£142,500	£420	£142,920	£121,500	£102	£121,602

*See note 8 on page 83

No pension or other contributions were paid by the Company during the year to any of the Directors. Consequently, the figures shown above comprise the single total remuneration figure for each Director.

Directors' Share Interests (Audited)

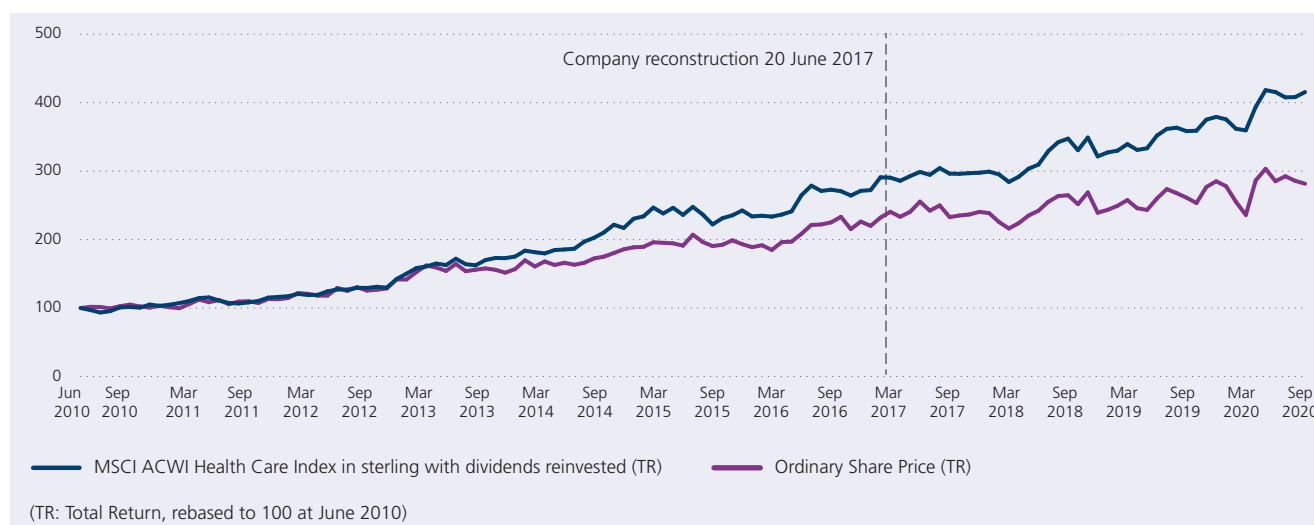
The interests of Directors in the ordinary shares of the Company on 30 September 2020 (and 2019):

	2020	2019
Lisa Arnold	20,000	10,000
Andrew Fleming	10,000	–
Neal Ransome	10,073	10,073
Jeremy Whitley	20,000	–

There have been no changes in these interests between the end of the financial year and 14 December 2020.

Performance

The Regulations require a line graph to be included in the Directors' Remuneration Report showing the total shareholder return for each of the financial years in the relevant period. The Company was incorporated on 12 May 2010 and commenced trading on 15 June 2010, the performance comparison is therefore shown for the period from 15 June 2010. Each subsequent annual graph is required to increase by one year until the maximum relevant period of ten years is reached; thereafter the relevant period will continue to be ten years.



The MSCI ACWI Healthcare Index (total return in sterling with dividends reinvested) is used as the comparator because, as a market capitalisation weighted index, the Board considers that it is the most appropriate single market index.

Relative Importance of Spend on Pay

Under the Regulations, the Directors' Remuneration Report must set out in a graphical or tabular form that shows in respect of the relevant financial year and the immediately preceding financial year the actual expenditure of the company, and the difference in spend between those years, on remuneration paid to or receivable by all employees of the group; and distributions to shareholders by way of dividend and share buyback; and any other significant distributions and payments or other uses of profit or cash-flow deemed by the directors to assist in understanding the relative importance of spend on pay.

The Company has no employees and the Directors do not consider that the comparison of Directors' remuneration with distributions to shareholders is a meaningful measure of the Company's overall performance having regard to the Company's objective of capital growth.

Approved by the Board on 14 December 2020

Lisa Arnold
Chair

Audit Committee Report

Neal Ransome

Chairman of the Audit Committee



I am pleased to present my third Report to you as Chairman of the Audit Committee. The Committee has written terms of reference which are available to view on the Company's website, www.polarcapitalhealthcaretrust.co.uk.

The Committee comprises all the Directors and the Board is satisfied that the Committee has sufficient recent and relevant financial experience and, as a whole, has competence relevant to the sector in which the Company operates to discharge its functions effectively. The experience of the members of the Committee can be assessed from the Directors' biographies set out on pages 6 and 7. I am a chartered accountant and a former partner and head of the pharmaceutical and healthcare M&A practice of PricewaterhouseCoopers LLP ('PwC'). I hold the ICAEW's FCA, BFP and CF qualifications and am therefore deemed to have appropriate experience and expertise to carry out the role of Chairman of the Audit Committee.

PwC (or the 'Auditor') has been Auditor of the Company since 2010 and has completed ten years of engagement. The audit partner who led our statutory audit for the year under review was Catrin Thomas, who has completed her third audit of the Company.

During the year the Audit Committee met four times, with all members of the Committee attending each meeting. Meetings held since March 2020 have changed somewhat due to the restrictions in place in relation to the COVID-19 pandemic. Work has been completed remotely using technology, such as zoom video-conferencing and online Diligent Boardbooks. I am pleased to confirm that this has worked well, with Committee members able to operate as effectively as before and with no break in service from external providers.

Matters Considered in Connection with the Financial Year Ended 30 September 2020:

During the year the Audit Committee considered a variety of matters, including:

Audit Regulation

- In a change to the previous two years, the Audit Committee has not this year had to consider any new audit regulations. It does, however, continually review guidance and determine how to apply any relevant best practice to the Company. The Committee also reviews the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with our Auditor.

Annual External Audit

- the scope of the annual audit and agreement with the Auditor of the key areas of focus;
- the reports from the Auditor concerning their audit of the annual financial statements of the Company;
- the performance of the Auditor and the level of fees charged for their services;
- the independence and objectivity of the Auditor;
- the appointment of the Auditor;
- the policy for non-audit services which may be provided by the Auditor in line with the FRC guidance; and
- the extent of the non-audit services, the quality of such work and the fees.

Internal Audit

- the potential need for an internal audit function, which we continue to conclude is unnecessary for an externally managed investment trust.

Accounting Matters

- the appropriateness and any changes to the accounting policies of the Company including any judgements required by such policies and the reasonableness of such. The Committee confirmed there have been no changes to any accounting policies in the year under review;
- the financial disclosures contained in the Annual Report and Half Year Report to shareholders; and
- the going concern statement, longer-term viability statement and the requirement that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable.

The Company's Subsidiary, PCGH ZDP Plc

- The Audit Committee also considers the financial statements and audit requirements of the Company's wholly owned subsidiary, PCGH ZDP Plc. IFRS9 became effective for annual periods beginning on or after 1 January 2018. This accounting standard specifies how an entity should classify and measure financial assets, liabilities and some contracts. PCGH ZDP Plc has advanced a loan to the Company which falls within the scope of this accounting standard. As required by IFRS9, an impairment review has been conducted to assess the possibility of the Company defaulting on its liability to PCGH ZDP Plc. It has been concluded that the possibility of default is negligible, and that accordingly no adjustment is required to the carrying value of the loan in the accounts of PCGH ZDP Plc. A note on this matter has been included in the financial statements of PCGH ZDP Plc. The liability to PCGH ZDP Plc is the equivalent of the redemption value of the ZDP Shares being 122.99p per ZDP Share and becomes payable on 19 June 2024. The Company's minimum asset cover required to fulfil the loan covenant is 1.8x. During the year under review the lowest asset cover available at month end was 7.69 and the highest was 9.35.

Investment Matters

- the investment management process, including confirmation of the existence and ownership of investments through the review of quarterly Depositary Reports and meeting with the Depositary in relation to the safeguarding of the Company's assets.

Internal Controls and Risk

- the risk map covering the identification of new risks, adjustments to existing risks and the mitigation and controls in place to manage those risks; and
- reports from the Investment Manager and the Investment Manager's external Auditor on the effectiveness of the system of internal financial controls including the risk map.

Dividend Policy

- the Committee considered the Company's Dividend Policy as approved by Shareholders at the Annual General Meeting held in February 2020 and recommended to the Board that it continue in force. The Dividend Policy will be proposed for approval by Shareholders at the Company's AGM to be held in January 2021.

Consideration of the Half Year Report and Financial Statements

Prior to publication, the Committee considered and reviewed the Half Year Report and Financial Statements, which were not audited, to ensure that they were prepared on a basis consistent with the accounting policies used in the Annual Report and Financial Statements for the year ended 30 September 2019.

Consideration of the Annual Report and Financial Statements

The Committee performed this role through monitoring the integrity of the financial statements of the Company and the system of accounting to ensure compliance with the 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 and highlighted any issues which the audit work had discovered, or the Committee had previously identified as significant or material in the context of the financial statements. Following a comprehensive review process the Audit Committee presented its conclusions to the Board.

Significant Matters in Relation to the Financial Statements for the Year Ended 30 September 2020

In addition to the matters considered by the Committee informing its opinions on going concern and longer-term viability (described below) and in concluding that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable, the Committee also considered the following matters in relation to the financial statements:

Audit Committee Report continued

Significant Matter

How the Issue was Addressed

Valuation, existence and ownership of investments	The valuation is carried out in accordance with the accounting policies of the Company as described in note 2. The Depositary has reported on its work and safe keeping of the Company's investments and a report from the Depositary is provided on the Company's website www.polarcapitalhealthcaretrust.co.uk
Compliance with S1158 of the Corporation Tax Act 2010	Consideration of compliance with the requirements of investment trust status is carried out at each Board meeting throughout the year.
Stability and financial sustainability of the subsidiary in relation to structural gearing provided to the parent company	The ZDP shares issued by the subsidiary are traded and maintain a standard listing on the London Stock Exchange. The valuation of the subsidiary is monitored regularly by the Board and the subsidiary is subject to an independent audit by PwC.

There were no adverse matters brought to the Audit Committee's attention in respect of the 2020 audit which were material or significant, or which should be brought to Shareholders' attention.

Conclusions in Respect of the Annual Report and Financial Statements

The production and audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from different contributors. In order to reach the conclusion that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria satisfied. In so doing the Committee has considered the following:

- the comprehensive control framework around the production of the Annual Report, including the verification processes in place to deal with the factual content;
- the extensive levels of review undertaken in the production process, by the Investment Manager and the Committee;
- the internal control environment as operated by the Investment Manager and other suppliers including any checks and balances within those systems; and
- the unqualified audit report from the Auditor confirming their work based on substantive testing of the financial statements.

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30 September 2020, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, and it has reported on these findings and provided such conclusion to the Board.

External Audit – Year Ended 30 September 2020

Effectiveness of Audit Process

The Audit Committee monitored and evaluated the effectiveness of the Auditor and any changes in the terms of their appointment based on an assessment of their performance, qualification, knowledge, expertise and resources. The Auditor's independence was also considered along with other factors such as audit planning and interpretations of accounting standards. This evaluation has been carried out throughout the year by meetings held with the Auditor, by review of the audit process and by comments from the Investment Manager and others involved in the audit process. Based on its review the Audit Committee concluded that the Auditor remained independent and continued to act in an independent manner.

The Auditor is provided with an opportunity to address the Committee without the Investment Manager present to raise any concerns or discuss any matters relating to the audit work and the cooperation of the Investment Manager and others in providing information and the quality of that information including the timeliness in responding to audit requests.

Appointment of Auditors; Fees and Tenure

The Committee considers by way of meetings and reports, the appointment, remuneration and work of the Auditor. PwC have provided audit services to the Company from its incorporation in 2010 and to the Group since 2017.

The fees paid to PwC in respect of the audit of the annual Financial Statements amounted to £38,000 (2019: £26,325). The fees paid to PwC in respect of the audit of the financial statements of the Company's wholly owned subsidiary, PCGH ZDP Plc, were £6,000 (2019: £5,175). These fees represent a significant increase over the prior year. The increase, whilst unwelcome, is in line with increases experienced across the investment trust sector in the current year. Audit firms generally have increased the fees that they charge to investment trusts in order to reflect the increased level

of work that they have been required to perform, and the increased risk that they bear, in the context of more rigorous levels of audit scrutiny and regulation.

Non-audit Work

The Audit Committee's policy on the provision of non-audit services by the Auditor is to ensure that there is a clear separation of audit work and non-audit work and that the cost of any non-audit work is justified and is not disproportionate to the audit fees, to the extent that the independence of the Auditor would be compromised. In line with the FRC ethical standards issued in April 2016, the nature of any non-audit services is considered in respect of their permissibility and any such services must be pre-approved by the Audit Committee. The FRC revised the Ethical Standards, with effect from 15 March 2020, to contain a more concise list of non-audit services that the Company's statutory auditor is permitted to complete, replacing the long list of excluded services which had been introduced with the EU Audit Directive in 2016.

A copy of the Company's Non-Audit Services Policy is available on the Company's website. When non-audit services are proposed, the Committee undertakes a review of the services to satisfy itself that these are proposed within the terms of the policy and in an efficient and cost-effective way. In both the year under review and the prior year, no non-audit services were provided by the Auditor.

Other Significant Issues Considered by the Audit Committee During the Year

The Impact of COVID-19

The COVID-19 pandemic has dominated the 2020 calendar year and the Committee continues to consider its effects on the Company and the portfolio. The pandemic has affected the global economy with widespread market disruption and volatility which is likely to continue for some time. Further detail on the direct impact the market disruption has had on the portfolio is given in the Investment Managers' Report on pages 11 to 22.

The Committee has also reviewed the operational resilience of its various service providers in connection with mitigation of the business risks posed by COVID-19. The external service providers have, without exception, demonstrated their ability to continue to provide services to the expected level, whilst doing so remotely. The Committee was assured by the level of detail and transparency offered by the service providers in reporting how they had committed resources in adapting their businesses to operate remotely for a longer period than many business continuity plans expect to be in operation for. We were greatly assured by the confirmation of no operational failures being experienced.

External Audit Tender

In accordance with current legislation, the Company is required to instigate an audit tender process at least every 10 years and will have to change its auditor after a maximum of 20 years' engagement. The Committee announced its intention in last year's report to undertake a tender process as a result of PwC's ten-year anniversary as auditors of the Company. The Committee led a full tender process through the latter half of 2020 which completed in November 2020 in compliance with legislation and having regard to the FRC guidance on audit tenders.

As part of the tender process, three potential firms plus the incumbent were approached to submit proposals, receipt of the proposals was followed by virtual presentations to the audit committee from three firms. Firms were assessed on a range of criteria including independence, proposed audit approach, sector experience, fee level and quality of team.

Following the conclusion of the audit tender process, the Committee recommended to the Board that PwC be re-appointed as independent auditor of both the Company and the subsidiary for the financial year ending 30 September 2021 subject to shareholder approval at the AGM in January 2021, and following the Board's acceptance of such recommendation this was announced to the market on 1 December 2020.

PwC have confirmed their continued independence and have expressed their willingness to be appointed, in accordance with s487 of the Companies Act 2006. A resolution proposing their re-appointment and to authorise the Directors to determine their remuneration will therefore be proposed at the AGM.

The Accounting Implications of Brexit

The Committee has noted the FRC's Letter on Accounting & Corporate Reporting during the Brexit transition period, which outlines that:

- During the transition period there will be no changes to the UK's accounting and corporate reporting framework and the Company can continue to prepare the Financial Statements under EU adopted International Accounting Standards ("IASs") up to 30 September 2021.
- In connection with any new or amended standards that are adopted by the UK after the transition period but before the Company files accounts for the year ending 30 September 2021, the Company can either continue to use EU-adopted IASs or choose to apply the new UK-adopted IASs.
- From the financial year ending 30 September 2022 the Company will be required to prepare financial statements using UK-adopted IASs.

Audit Committee Report continued

The Government is in the process of establishing the UK Endorsement Board (UK EB) to undertake the work of assessing, endorsing, and adopting any new or amended IASs published. The FRC will provide communication on any changes that come into effect after the end of the transition period and we will report this to our shareholders in the Annual Report in which this takes effect.

European Single Electronic Format (ESEF)

The Committee has noted ESEF Regulations which will now come into force for accounting years starting on or after 1 January 2021. The ESEF regulations will require the Company, and all issuers of consolidated accounts prepared in accordance with IFRS and trading on a regulated market, to publish their annual financial statements in a common electronic format. The regulations will first apply to the Company for the accounting year ending 30 September 2022.

Overview of Risk and Internal Controls

The Board has ultimate responsibility for the management of risk throughout the Company and has asked the Audit Committee to assist in maintaining an effective internal control environment. The Company maintains a Risk Map which seeks to identify, monitor and control principal risks as well as identifying emerging risks. This Risk Map is regularly reviewed by the Audit Committee.

During the year the Audit Committee, in conjunction with the Board and the Investment Manager undertook a full review of the Company's Risk Map including the mitigating factors and controls to reduce the impact of the risks, and made a number of amendments including the introduction of a Heat Map providing a visual reflection of the Company's identified risks. This review, and the content of the Risk Map, is described in more detail within the Strategic Report on pages 28 to 31.

The Audit Committee will actively continue to monitor the system of internal controls through the regular review of the Risk Map and the internal control environment in order to provide assurance that they continue to operate as intended.

As part of the year end processes the Audit Committee also undertook a review of the effectiveness of the system of internal controls considering any issues that had arisen during the course of the year.

The Committee acknowledges that the Company is reliant on the systems utilised by external suppliers. Representatives of the Investment Manager reported to the Committee on the system of internal controls that is in place for the performance of the Investment Manager's duties under the IMA. The Committee also received presentations and internal

control reports from other key suppliers on the quality and effectiveness of the services provided to the Company. Employees of the Manager also conducted a virtual due diligence site visit with HSBC where they received thorough presentations from representatives covering the work of the Operations, Risk Administration and Accounting Teams, in addition to the Custodian and Depositary. No matters of concern with any areas of service were raised during the meetings with HSBC.

The Audit Committee has also discussed with the Investment Manager their policies on whistleblowing, cyber security, anti-bribery and the Modern Slavery Act and is satisfied that the Investment Manager has controls and monitoring processes to implement their policies across the main contractors which supply goods and services to the Investment Manager and indirectly to the Company.

The Audit Committee also considered the policy and controls used by the Investment Manager surrounding the use of brokerage commissions generated from transactions in the Company's portfolio and the obtaining of best execution on all transactions.

There were no significant issues of concern arising from the reviews of or within the internal controls environment the Company relied upon during the course of the year ended 30 September 2020 and up to the date of this report.

Going Concern and Longer-term Viability

Going Concern

At the request of the Board the Audit Committee has considered the ability of the Company to adopt the going concern basis for the preparation of the Financial Statements. The Committee has considered the financial position of the Company, its cashflows and its liquidity position. The Committee has also considered any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern. The Audit Committee has considered:

- the ability of the Company to liquidate its portfolio to meet any liabilities as they fall due;
- the level of budgeted expenses and the exposure to currency and credit risk; and
- the factors impacting the forthcoming year as set out in the Strategic Report Section and comprising the Chair's Statement, the Investment Manager's Report and the Strategic Review. These factors include the effects and possible impact of the COVID-19 pandemic on the Company and the investment portfolio.

The financial position of the Company and its cash flows and liquidity position are described in the Strategic Report and the Financial Statements. Note 26 to the Financial Statements includes the Company's policies and process for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities. Exposure to credit risk and liquidity risk are also disclosed.

In considering the effects of COVID-19, the Committee has continually monitored the Company's financial performance during the period of market volatility and economic uncertainty since the outset of the pandemic.

Based on the information provided to the Committee and its assessment of the financial position of the Company, the Committee has recommended that a going concern basis should be adopted by the Board for the preparation of the Financial Statements for the year ended 30 September 2020.

Longer-term Viability

The Board has also asked the Audit Committee to address the requirement that a longer-term viability statement be provided to Shareholders.

This statement should take account of the Company's current position and the principal risks as set out on pages 28 to 31 so that the Board may state that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

To provide this assessment, the Audit Committee has considered the Company's financial position as described above including its ability to liquidate its portfolio and meet its expenses as they fall due:

- the portfolio comprises investments traded on major international stock exchanges, and there is a spread of investments by market capitalisation of company. Approximately 96.6% of the portfolio as at 30 September 2020 could be liquidated within seven trading days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- the expenses of the Company are predictable and modest in comparison with the assets of the Company and there are no capital commitments foreseen which would alter that position; and
- the Company has no employees and consequently has no employment-related liabilities or responsibilities.

As well as considering the principal risks and uncertainties on pages 28 to 31, together with the mitigating factors which are assumed to operate appropriately, and the financial position of the Company as set out above, the Audit

Committee has also had regard to the following assumptions in considering the Company's longer-term viability:

- healthcare will continue to be an investable sector of the international stock markets and investors will still wish to have an exposure to such investments;
- closed ended investment trusts will continue to be wanted by investors;
- regulation will not increase to a level that makes the running of the Company uneconomical in comparison to other competitor products;
- should the performance of the Company be less than the Board deems acceptable it has appropriate powers to replace the Investment Manager; and
- there will be no material or significant changes in the principal risks and uncertainties.

In addition to the above, the Company carried out stress testing in connection with the Company's principal risks. Where a material value could be placed and evaluated, the effect of this on the Company's viability was assessed. The results of the testing demonstrated the impact on the NAV and confirmed the Company's ability to meet its liabilities as they fall due.

The Audit Committee also notes that, in the absence of any prior proposals, the Company's Articles of Association require the Directors to put forward at the first AGM following 1 March 2025 a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed.

Based on these considerations the Audit Committee has recommended to the Board that a statement may be made on the Company's longer-term viability to continue its operations and meet its expenses and liabilities as they fall due until the liquidation vote at the first AGM following 1 March 2025.

Effectiveness of the Audit Committee

The services provided to the Board by the Audit Committee are reviewed within the Annual Board Evaluation, including consideration of actions undertaken by the Audit Committee with the Investment Manager and Auditor to ensure an appropriate audit process is undertaken. I am pleased to confirm that the evaluation result was positive and no matters of concern or requirements for change were highlighted.

Neal Ransome

Chairman of the Audit Committee

14 December 2020

Statement of Directors' Responsibilities

Statement of directors' responsibilities in respect of the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the 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 and company 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 IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union 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 also 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group 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 and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

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

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Strategic Report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

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 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 and company's auditors are aware of that information.

Lisa Arnold
Chair

14 December 2020

Independent auditors' report to the members of Polar Capital Global Healthcare Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Polar Capital Global Healthcare Trust 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 30 September 2020 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company Balance Sheets as at 30 September 2020; the Group Statement of Comprehensive Income, the Group and Company Cashflow Statement, and the Group and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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 listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

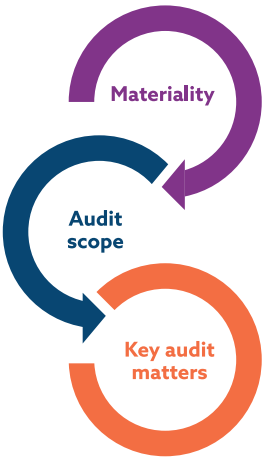
To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

We have provided no non-audit services to the Group or the Company in the period from 1 October 2019 to 30 September 2020.

Independent Auditors' Report continued

Our audit approach

Overview

	<ul style="list-style-type: none"> • Overall Group materiality: £3.25 million (2019: £2.88 million), based on 1% of net assets. • Overall Company materiality: £3.25 million (2019: £2.88 million), based on 1% of net assets. • The Group is an Investment Trust Company and engages Polar Capital LLP (the "Manager") to manage its assets. • We conducted our audit of the financial statements using information from HSBC Securities Services (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions. • We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates. • We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator. • Valuation and existence of investments (Group and Company). • Income from investments (Group and Company). • Consideration of the impact of COVID-19 (Group and 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. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 56 of the Annual Report), 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 preparation of the financial statements such as the 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 posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with the manager and the audit committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant meeting minutes, including those of the Audit Committee;

- evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular year end journal entries posted by the administrator during the preparation of the financial statements and any journals with unusual account combinations; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

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.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments <i>Refer to the Audit Committee Report (page 56), the Accounting Policies (pages 78 and 79) and the Notes to the financial statements (page 86).</i></p> <p>The investment portfolio at the year-end comprised listed equity investments valued at £342.40m.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Balance Sheets in the financial statements.</p> <p>This key audit matter relates to both the Group and the Company.</p>	<p>We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>No material misstatements were identified by our testing.</p> <p>We tested the existence of the investment portfolio by agreeing investment holdings to an independent confirmation obtained from the custodian, HSBC Bank plc.</p> <p>No differences were identified.</p>

Independent Auditors' Report continued

Key audit matter	How our audit addressed the key audit matter
<p>Income from investments <i>Refer to the Accounting Policies (pages 77 to 79) and the Notes to the financial statements (pages 82 and 86).</i></p> <p>We focused on the accuracy, occurrence and completeness both of net capital gains on investments and of dividend income recognition. We assessed the presentation of income in the Group Statement of Comprehensive Income in accordance with the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to relate to the risk of overstating investment gains and the misclassification of dividend income as either capital or revenue due to the pressure management may feel to achieve a certain level of capital or income growth in line with the objective of the Company and in order to maintain the level of dividends paid to shareholders in line with the dividend policy.</p> <p>This key audit matter relates to both the Group and the Company.</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.</p> <p>We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.</p> <p>We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No material misstatements were identified.</p> <p>We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. Our testing did not identify any material misstatements.</p> <p>To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all dividends during the year. Our testing did not identify any unrecorded dividends.</p> <p>We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any material misstatements.</p> <p>The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposals by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses.</p> <p>No misstatements were identified by our testing.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Consideration of the impact of COVID-19 <i>Refer to the Chair's Statement (page 4), Principal Risks and Uncertainties (pages 28 to 31), Audit Committee Report (page 57), Viability Statement (page 59), and the Going Concern Statement (pages 58 and 59), which disclose the impact of the COVID-19 coronavirus pandemic.</i></p> <p>From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first quarter of 2020 and to date.</p> <p>The coronavirus impacted global capital markets significantly in March 2020. The net assets of the Group and the Company were £325.13 million at 30 September 2020.</p> <p>The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that notwithstanding the significant market fall and the related uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.</p> <p>This key audit matter relates to both the Group and the Company.</p>	<p>We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:</p> <ul style="list-style-type: none"> evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19; and evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. <p>We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report.</p> <p>We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers.</p> <p>We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal Risks and Uncertainties and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.</p> <p>Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report.</p> <p>Our conclusions relating to going concern are set out in the 'Going concern' section below.</p>

Independent Auditors' Report continued

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 Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

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:

	Group financial statements	Company financial statements
Overall materiality	£3.25 million (2019: £2.88 million).	£3.25 million (2019: £2.88 million).
How we determined it	1% of net assets.	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit. While performing our work, we applied the lower threshold of £3.08 million, being the component materiality level allocated to the Company for the purposes of the audit of the Group financial statements.

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 between £354,000 and £3,080,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £162,000 (Group audit) (2019: £144,000) and £162,000 (Company audit) (2019: £144,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to 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 Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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 Report of the Directors. (CA06)

Independent Auditors' Report continued

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 28 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 59 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 60, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 44 and 54 to 59 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

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, 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.

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 received 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report continued

Appointment

Following the recommendation of the audit committee, we were appointed by the Directors on 12 May 2010 to audit the financial statements for the year ended 30 September 2011 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 30 September 2011 to 30 September 2020.

Catrin Thomas (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

14 December 2020



Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2020

	Note	Group			Group		
		Year ended 30 September 2020			Year ended 30 September 2019		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	3,446	–	3,446	4,131	–	4,131
Other operating income	4	17	–	17	79	–	79
Gains/(losses) on investments held at fair value	5	–	42,435	42,435	–	(3,337)	(3,337)
Other currency (losses)/gains	6	–	(647)	(647)	–	43	43
Total income		3,463	41,788	45,251	4,210	(3,294)	916
Expenses							
Investment management fee	7	(535)	(2,140)	(2,675)	(503)	(2,013)	(2,516)
Other administrative expenses	8	(685)	(107)	(792)	(610)	(69)	(679)
Total expenses		(1,220)	(2,247)	(3,467)	(1,113)	(2,082)	(3,195)
Profit/(loss) before finance costs and tax		2,243	39,541	41,784	3,097	(5,376)	(2,279)
Finance costs	9	(1)	(1,038)	(1,039)	(9)	(1,037)	(1,046)
Profit/(loss) before tax		2,242	38,503	40,745	3,088	(6,413)	(3,325)
Tax	10	(472)	–	(472)	(535)	–	(535)
Net profit/(loss) for the year and total comprehensive income		1,770	38,503	40,273	2,553	(6,413)	(3,860)
Earnings/(loss) per Ordinary share (pence)	12	1.46	31.74	33.20	2.09	(5.25)	(3.16)

The total column of this statement represents Group's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Group does not have any other income or expense that is not included in net profit for the year. The net profit for the year disclosed above represents the Group's total comprehensive income.

There are no dilutive securities and therefore the Earnings per Share and the Diluted Earnings per share are the same.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 76 to 97 form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 September 2020

		Group and Company Year ended 30 September 2020						
	Note	Called up share capital £'000	Capital redemp- tion reserve £'000	Share premium reserve £'000	Special distri- butable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 October 2019		31,037	6,575	80,685	4,712	162,646	2,792	288,447
Total comprehensive income:								
Profit for the year ended 30 September 2020		–	–	–	–	38,503	1,770	40,273
Transactions with owners, recorded directly to equity:								
Shares bought back and held in treasury	20	–	–	–	(1,040)	–	–	(1,040)
Equity dividends paid	11	–	–	–	–	–	(2,547)	(2,547)
Total equity at 30 September 2020		31,037	6,575	80,685	3,672	201,149	2,015	325,133

		Group and Company Year ended 30 September 2019						
	Note	Called up share capital £'000	Capital redemp- tion reserve £'000	Share premium reserve £'000	Special distri- butable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 October 2018		31,037	6,575	80,685	6,225	169,059	2,682	296,263
Total comprehensive (expense)/income:								
(Loss)/profit for the year ended 30 September 2019		–	–	–	–	(6,413)	2,553	(3,860)
Transactions with owners, recorded directly to equity:								
Shares bought back and held in treasury	20	–	–	–	(1,513)	–	–	(1,513)
Equity dividends paid	11	–	–	–	–	–	(2,443)	(2,443)
Total equity at 30 September 2019		31,037	6,575	80,685	4,712	162,646	2,792	288,447

The notes on pages 76 to 97 form part of these financial statements.

Balance Sheets

As at 30 September 2020

	Note	Group		Company	
		30 September 2020 £'000	30 September 2019 £'000	30 September 2020 £'000	30 September 2019 £'000
Non-current assets					
Investments held at fair value	13	342,404	308,993	342,404	308,993
Investment in subsidiary	13	–	–	50	50
Current assets					
Receivables	14	3,082	17,237	3,082	17,237
Overseas tax recoverable		589	693	589	693
Cash and cash equivalents	24	17,845	6,862	17,795	6,812
		21,516	24,792	21,466	24,742
Total assets		363,920	333,785	363,920	333,785
Current liabilities					
Payables	15	(3,382)	(10,961)	(3,382)	(10,961)
Bank overdraft	24	–	(4)	–	(4)
		(3,382)	(10,965)	(3,382)	(10,965)
Non-current liabilities					
Zero Dividend Preference shares	16	(35,405)	(34,373)	–	–
Loan from subsidiary		–	–	(35,405)	(34,373)
Total liabilities		(38,787)	(45,338)	(38,787)	(45,338)
Net assets		325,133	288,447	325,133	288,447
Equity attributable to equity Shareholders					
Called up share capital	17	31,037	31,037	31,037	31,037
Share premium reserve	19	80,685	80,685	80,685	80,685
Capital redemption reserve	18	6,575	6,575	6,575	6,575
Special distributable reserve	20	3,672	4,712	3,672	4,712
Capital reserves	21	201,149	162,646	201,149	162,646
Revenue reserve	22	2,015	2,792	2,015	2,792
Total equity		325,133	288,447	325,133	288,447
Net asset value per Ordinary share (pence)	23	268.11	236.88	268.11	236.88
Net asset value per ZDP share (pence)	23	110.20	106.99	–	–

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The parent company's profit for the year was £40,273,000 (2019: loss of £3,860,000).

The financial statements on pages 72 to 97 were approved and authorised for issue by the Board of Directors on 14 December 2020 and signed on its behalf by

Lisa Arnold
Chair

The notes on pages 76 to 97 form part of these financial statements.

Registered number 7251471

Cashflow Statement

For the year ended 30 September 2020

	Note	Group and Company	
		Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Cash flows from operating activities			
Profit/(loss) before finance costs and tax		41,784	(2,279)
Adjustment for non-cash items:			
(Gain)/loss on investments held at fair value through profit or loss		(42,435)	3,337
Scrip dividends received		(204)	–
Adjusted (loss)/profit before tax		(855)	1,058
Adjustments for:			
Purchases of investments, including transaction costs		(952,341)	(532,121)
Sales of investments, including transaction costs		967,884	530,063
Decrease in receivables		85	222
Increase in payables		176	169
Overseas tax deducted at source		(368)	(671)
Net cash generated from/(used in) operating activities		14,581	(1,280)
Cash flows from financing activities			
Cost of shares repurchased		(1,040)	(1,513)
Interest paid		(7)	(45)
Equity dividends paid	11	(2,547)	(2,443)
Net cash used in financing activities		(3,594)	(4,001)
Net increase/(decrease) in cash and cash equivalents		10,987	(5,281)
Cash and cash equivalents at the beginning of the year		6,858	12,139
Cash and cash equivalents at the end of the year	24	17,845	6,858

The notes on pages 76 to 97 form part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 30 September 2020

1. GENERAL INFORMATION

The consolidated financial statements for the year ended 30 September 2020 comprise the financial statements of the Company and its wholly-owned subsidiary PCGH ZDP plc (together referred to as the 'Group').

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies under IFRS.

The Group and Company's presentational currency is pounds sterling (rounded to the nearest £'000). Pounds sterling is also the functional currency of the Group and Company because it is the currency which is most relevant to the majority of the Group and Company's shareholders and creditors and the currency in which the majority of the Group and Company's operating expenses are paid.

2. ACCOUNTING POLICIES

The principal accounting policies which have been applied consistently for all years presented are set out below:

(a) BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in October 2019 is consistent with the requirements of IFRS, in so far as those requirements are applicable to the financial statements, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Following the guidance of the revised SORP, issued in October 2019, the presentation of gains and losses arising from disposals of investments and gains and losses on revaluation of investments have now been combined, as shown in Note 13 with no impact to the net asset value or profit/(loss) reported for both the current or prior year. No other accounting policies or disclosures have changed as a result of the revised SORP.

Basis of consolidation – The Group financial statements consolidate the Financial Statements of the Company and its wholly owned subsidiary, PCGH ZDP plc, drawn up to the same accounting date. The subsidiary is consolidated from the date of its incorporation.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a separate parent company income statement.

The financial position of the Group and Company as at 30 September 2020 is shown in the balance sheet on page 74. As at 30 September 2020 the Group and Company's total assets exceeded its total liabilities by a multiple of over 9. The assets of the Group and Company consist mainly of securities that are held in accordance with the Group and Company's Investment Policy, as set out on page 25 and these securities are readily realisable. The Directors have considered a detailed assessment of the Group and Company's ability to meet its liabilities as they fall due. The assessment took account of the Company's current financial position, its cash flows and its liquidity position. In addition to the assessment the Group and Company carried out stress testing, including for the impact of COVID-19, which used a variety of falling parameters to demonstrate the effects on the Company's share price and net asset value. In light of the results of these tests, the Group and Company's cash balances, and the liquidity position, the Directors consider that the Group and Company has adequate financial resources to enable it to continue in operational existence. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group and Company's financial statements.

(b) PRESENTATION OF THE STATEMENT OF COMPREHENSIVE INCOME

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. The results presented in the revenue return column is the measure the Directors believe appropriate in assessing the Group and Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

(c) INCOME

Dividends receivable from equity shares are recognised and taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items. The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Income from US/Canadian REITs is initially taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis. An adjustment may then be made to reallocate a proportion of this income to capital, depending on the information announced by the REITs.

Where the Group and Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Statement of Comprehensive Income. Any excess in value of shares received over the amount of the cash dividend foregone is recognised in the capital return column of the Statement of Comprehensive Income.

Bank interest is accounted for on an accruals basis. Interest outstanding at the year-end is calculated on a time apportionment basis using market rates of interest.

(d) WRITTEN OPTIONS

The Group and Company may write exchange-traded options with a view to generating income. This involves writing short-dated covered-call options and put options. The use of financial derivatives is governed by the Group and Company's policies, as approved by the Board.

These options are recorded initially at fair value, based on the premium income received, and are then measured at subsequent reporting dates at fair value. Changes in the fair value of the options are recognised in the capital return for the period.

The option premiums are recognised evenly over the life of the option and shown in the revenue return, with an appropriate amount shown in the capital return to ensure the total return reflects the overall change in the fair value of the options.

Where an option is exercised, any balance of the premium is recognised immediately in the revenue return with a corresponding adjustment in the capital return based on the amount of the loss arising on exercise of the option.

(e) EXPENSES

All expenses, including the management fee, are accounted for on an accruals basis and are recognised when they fall due.

All expenses have been presented as revenue items except as follows:

Expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fees have been charged to the Statement of Comprehensive Income in line with the Board's expected long-term split of returns, in the form of capital gains and income from the Group and Company's portfolio. As a result 20% of the investment management fees are charged to the revenue account and 80% charged to the capital account of the Statement of Comprehensive Income.

The performance fee (when payable) is charged entirely to capital as the fee is based on the out-performance of the Benchmark and is expected to be attributable largely, if not wholly, to capital performance.

The research costs relate solely to specialist healthcare research and are accounted for on an accrual basis and, are allocated 20% to revenue and 80% capital. This is in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

FINANCE COSTS

The ZDP shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 20 June 2017 to a final capital repayment of 122.99p on 19 June 2024. The initial capital will increase at a compound interest rate of 3% per annum.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

2. ACCOUNTING POLICIES continued

No dividends are payable on the ZDP shares. The provision for the capital growth entitlement of the ZDP shares is included as a finance cost and charged 100% to capital within the Statement of Comprehensive Income (AIC SORP paragraph 53 – issued October 2019).

Overdraft interest costs are allocated 20% to revenue and 80% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

SHARE ISSUE COSTS

Costs incurred directly in relation to the issue of shares in the subsidiary are borne by the Company and taken 100% to capital. Share issue costs relating to ordinary share issues by the Company are taken 100% to the share premium account.

ZERO DIVIDEND PREFERENCE (ZDP) SHARES

Shares issued by the subsidiary are treated as a liability of the Group, and are shown in the Group Balance Sheet at their redemption value at the Balance Sheet date. The appropriations in respect of the ZDP shares necessary to increase the subsidiary's liabilities to the redemption values are allocated to capital in the Statement of Comprehensive Income. This treatment reflects the Board's long-term expectations that the entitlements of the ZDP shareholders will be satisfied out of gains arising on investments held primarily for capital growth.

(f) TAXATION

The tax expense represents the sum of the overseas withholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profits for the year ended 30 September 2020. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts 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 liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date and are initially measured at fair value.

On initial recognition the Group and Company has designated all of its investments as held at fair value through profit or loss as defined by IFRS. All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

All investments, classified as fair value through profit or loss, are further categorised into the following fair value hierarchy:

Level 1 : Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2: Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Having inputs for the asset or liability that are not based on observable market data.

Changes in fair value of all investments held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Statement of Comprehensive Income.

In the event a security held within the portfolio is suspended then judgement is applied in the valuation of that security.

(h) RECEIVABLES

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value (amortised cost) as reduced by appropriate allowances for estimated irrecoverable amounts.

(i) CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash.

(j) DIVIDENDS PAYABLE

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by the shareholders.

(k) PAYABLES

Other payables are not interest-bearing and are initially valued at fair value and subsequently stated at their nominal value (amortised cost).

(l) FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, monetary liabilities and equity investments in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Statement of Comprehensive Income.

Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(m) CAPITAL RESERVES

Capital reserve arising on investments sold includes:

- gains/losses on disposal of investments
- exchange differences on currency balances
- transfer to subsidiary in relation to ZDP funding requirement
- other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve arising on investments held includes:

- increases and decreases in the valuation of investments held at the balance sheet date.

All of the above are accounted for in the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

2. ACCOUNTING POLICIES continued

(n) REPURCHASE OF ORDINARY SHARES (INCLUDING THOSE HELD IN TREASURY)

The costs of repurchasing Ordinary shares including related stamp duty and transaction costs are taken directly to equity and reported through the Statement of Changes in Equity as a charge on the special distributable reserve. Share repurchase transactions are accounted for on a trade date basis.

The nominal value of Ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

Where shares are repurchased and held in treasury, the transfer to capital redemption reserve is made if and when such shares are subsequently cancelled.

(o) SEGMENTAL REPORTING

Under IFRS 8, 'Operating Segments', operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Investment Manager (with oversight from the board).

The Directors are of the opinion that the Group and Company has only one operating segment and as such no distinct segmental reporting is required.

(p) KEY ESTIMATES AND JUDGEMENTS

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Group and Company do not consider that there have been any significant estimates or assumptions in the current financial year.

(q) NEW AND REVISED ACCOUNTING STANDARDS

There were no new IFRSs or amendments to IFRSs applicable to the current year which had any significant impact on the Group and Company's financial statements.

The following standards became effective on 1 January 2019 and the adoption of the standards and interpretations have not had a material impact on the financial statements of the Group and Company.

IFRS 16 Leases

As the Group and Company neither holds, trades or has any lease obligations of any type, the provisions of this standard are not expected to have a material impact on the financial statements.

IFRS 9 (Amended) Prepayment Features with Negative Compensation

Negative compensation arises where the contractual terms permit a borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. The Company has no such terms in any of its loan agreements in place and the amendments are not expected to have any impact on the financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation provides guidance on considering uncertain tax treatments in relation to taxable profit or loss and does not add any new disclosures. The Company complies with all relevant tax laws where applicable and the provisions of this interpretation are not expected to have a material impact on the financial statements.

IAS 19 (amended) Employee Benefits

As the Group and Company have no employees, the amendments to this standard are not expected to have any impact on the financial statements.

IAS 28 (amended) Investments in Associates and Joint Ventures

As the Group and Company have no investments in associates or joint ventures, the amendments to this standard are not expected to have any impact on the financial statements.

Annual Improvement Cycles 2015–2017 (Amendments)

This makes narrow-scope amendments to four IFRS Standards: IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Incomes Taxes and IAS 23 Borrowing costs. These limited amendments are not expected to have any impact on the financial statements.

At the date of authorisation of the Group and Company's financial statements, the following new IFRSs that potentially impact the Group and Company are in issue but are not yet effective and have not been applied in the financial statements:

Effective for periods commencing on or after 1 January 2020:

IFRS 3 Business Combinations (amended)

The IASB has made narrow-scope amendments to improve the definition of a business in order to help companies determine whether an acquisition made is of a business or a group of assets. These amendments are not expected to have any impact on the financial statements.

IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (amended)

The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. These amendments are not expected to have any impact on the financial statements.

IAS 1 and IAS 8 Definition of Material (amended)

The definition of material has been amended to state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." This new definition is not expected to change how materiality judgements are currently made by the Group and Company nor have any impact on the material information included in the Annual Report.

References to the Conceptual Framework in IFRS Standards (amended)

The amendments to References to the Conceptual Framework in IFRS Standards was issued to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. These amendments are not expected to have any impact to the financial statements.

Effective for periods commencing on or after 1 January 2021:

IFRS 4 Insurance Contracts – temporary exemption from IFRS 9 (amended)

The temporary exemption permits companies whose activities are predominantly connected with insurance to defer the application of IFRS 9.

IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest Rate Benchmark Reform – phase 2 (amended)

Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

Effective for periods commencing on or after 1 January 2023:

IFRS 17 Insurance Contracts

The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. This information gives a basis for users of financial statements to assess the effect that contracts have on the financial position, financial performance and cash flows of a company.

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the Financial Statements of the Company in future periods.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

3 INVESTMENT INCOME

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Revenue:		
Franked: Listed investments		
Dividend income	63	377
Unfranked: Listed investments		
Dividend income	3,179	3,754
Scrip dividends	204	–
Total investment income allocated to revenue	3,446	4,131

4 OTHER OPERATING INCOME

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Other income	–	30
Bank interest	17	49
Total other operating income	17	79

5 GAINS/(LOSSES) ON INVESTMENTS HELD AT FAIR VALUE

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Net gains on disposal of investments at historic cost	39,352	22,892
Less fair value adjustments in earlier years	(11,710)	(33,931)
Gains/(losses) based on carrying value at previous balance sheet date	27,642	(11,039)
Valuation gains on investments held during the year	14,793	7,702
	42,435	(3,337)

6 OTHER CURRENCY (LOSSES)/GAINS

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Exchange (losses)/gains on currency balances	(647)	43

7 INVESTMENT MANAGEMENT FEE

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Management fee		
– charged to revenue	535	503
– charged to capital	2,140	2,013
Investment management fee payable to Polar Capital LLP	2,675	2,516

Management fees are allocated 20% to revenue and 80% to capital. Details of the fee arrangements are given in the Strategic Report on pages 32 and 33.

8 OTHER ADMINISTRATIVE EXPENSES (INCLUDING VAT WHERE APPROPRIATE)

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Directors' fees ¹	143	122
Directors' NIC	14	12
Auditors' remuneration ² : For audit of the Group and Company financial statements	44	32
Depositary fee	23	24
Registrar fee	31	34
Custody and other bank charges	39	30
UKLA and LSE listing fees	46	44
Legal & professional fee	6	–
AIC fees	21	20
Directors' and officers' liability insurance	9	8
Corporate broker's fee	24	30
Marketing expenses ³	42	17
Research cost – allocated to revenue ⁴	27	17
Shareholder communications	30	34
HSBC administration fee	182	150
Other expenses ⁵	4	36
Total other administrative expenses allocated to revenue	685	610
Research cost – allocated to capital ⁴	107	69
Total other administrative expenses	792	679

1 Full disclosure is given in the Directors' Remuneration Report on page 52.

2 2020 includes £6,000 (2019: £5,175) paid to the Auditor for the audit of PCGH ZDP Plc.

3 Includes marketing expenses payable to Polar Capital LLP of £22,500 (2019: £7,500).

4 Research costs (which applied from 3 January 2018) payable by the Company relate solely to specialist healthcare research and are capped at US \$232,994 (£180,000) (2019: US \$232,994 (£189,000)) with the cost of general non-specialist research and any amounts exceeding the agreed cap being absorbed by Polar Capital. Any adjustments to the prior year's budget versus actual spend is included in the current period. These costs are allocated 20% to revenue and 80% to capital and are included in the ongoing charges calculation.

5 2019 included costs in relation to non-executive Director search fee.

Ongoing charges represents the total expenses of the Company, excluding finance costs and tax, expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012.

The ongoing charges ratio for the year ended 30 September 2020 was 1.01% (2019: 1.01%). See Alternative Performance Measures on page 99.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

9 FINANCE COSTS

	Year ended 30 September 2020			Year ended 30 September 2019		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Interest on overdrafts	1	6	7	9	36	45
Appropriation to ZDP shares	–	1,032	1,032	–	1,001	1,001
Total finance costs	1	1,038	1,039	9	1,037	1,046

10 TAXATION

	Year ended 30 September 2020			Year ended 30 September 2019		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
a) Analysis of tax charge for the year:						
Overseas tax	472	–	472	535	–	535
Total tax for the year (see note 10b)	472	–	472	535	–	535

b) Factors affecting tax charge for the year:

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

Profit/(loss) before tax	2,242	38,503	40,745	3,088	(6,413)	(3,325)
Tax at the UK corporation tax rate of 19% (2019: 19%)	426	7,316	7,742	587	(1,218)	(631)
Tax effect of non-taxable dividends	(655)	–	(655)	(785)	–	(785)
(Gains)/loss on investments that are not taxable	–	(7,940)	(7,940)	–	626	626
Unrelieved current period expenses and deficits	229	427	656	198	402	600
Overseas tax suffered	472	–	472	535	–	535
Expenses not allowable	–	197	197	–	190	190
Total tax for the year (see note 10a)	472	–	472	535	–	535

c) Factors that may affect future tax charges:

The Company has an unrecognised deferred tax asset of £3,513,000 (2019: £2,555,000) based on a prospective corporation tax rate of 19% (2019: 17%). At Budget 2020, the government announced that the main rate of corporation tax would remain at 19% for fiscal years beginning on 1 April 2020 and 2021.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

11 AMOUNTS RECOGNISED AS DISTRIBUTIONS TO ORDINARY SHAREHOLDERS IN THE YEAR

Dividends paid in the year ended 30 September 2020

Payment date	No of shares	Pence per share	Year ended 30 September 2020 £'000
28 February 2020	121,270,000	1.10p	1,334
28 August 2020	121,270,000	1.00p	1,213
			2,547

The revenue available for distribution by way of dividend for the year is £1,770,000 (2019: £2,553,000).

The total dividends payable in respect of the financial year ended 30 September 2020, which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, is set out below:

Payment date	No of shares	Pence per share	Year ended 30 September 2020 £'000
28 August 2020	121,270,000	1.00p	1,213
26 February 2021	121,270,000	1.00p	1,213
			2,426

Dividends paid in the year ended 30 September 2019

Payment date	No of shares	Pence per share	Year ended 30 September 2019 £'000
28 February 2019	122,470,000	1.00p	1,225
30 August 2019	121,770,000	1.00p	1,218
			2,443

The total dividends payable in respect of the financial year ended 30 September 2019, which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, is set out below:

Payment date	No of shares	Pence per share	Year ended 30 September 2019 £'000
30 August 2019	121,770,000	1.00p	1,218
28 February 2020	121,270,000	1.10p	1,334
			2,552

All dividends are paid as interim dividends, and all have been charged to revenue, where necessary utilising the revenue reserves.

The dividends paid in February each year relate to a dividend declared in respect of the previous financial year but paid in the current accounting year.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

12 EARNINGS/(LOSSES) PER ORDINARY SHARE

	Year ended 30 September 2020			Year ended 30 September 2019		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
The calculation of basic earnings per share is based on the following data:						
Net profit/(loss) for the year (£'000)	1,770	38,503	40,273	2,553	(6,413)	(3,860)
Weighted average ordinary shares in issue during the year	121,291,858	121,291,858	121,291,858	122,123,685	122,123,685	122,123,685
Basic – ordinary shares (pence)	1.46	31.74	33.20	2.09	(5.25)	(3.16)

As at 30 September 2020 there were no potentially dilutive shares in issue.

13 INVESTMENTS HELD AT FAIR VALUE

(a) Investments held at fair value through profit or loss*

	30 September 2020 £'000	30 September 2019 £'000
Opening book cost	291,648	276,747
Opening investment holding gains	17,345	43,574
Opening fair value	308,993	320,321
Analysis of transactions made during the year		
Purchases at cost	944,790	539,072
Sales proceeds received	(953,814)	(547,063)
Gains/(losses) on investments held at fair value	42,435	(3,337)
Closing fair value	342,404	308,993
Closing book cost	321,976	291,648
Closing investment holding gains	20,428	17,345
Closing fair value	342,404	308,993

The Company received £953,814,000 (2019: £547,063,000) from disposal of investments in the year. The book cost of these investments when they were purchased were £914,462,000 (2019: £524,171,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

* Note 13(a), including the prior year, has been updated in accordance with the presentational guidance set out in the Statement of Recommended Practice (SORP) for Investment Trusts issued by the Association of Investment Companies (AIC) in October 2019.

The following transaction costs, including stamp duty and broker commissions were incurred during the year:

	30 September 2020 £'000	30 September 2019 £'000
On acquisition	606	363
On disposal	350	237
	956	600

(b) FAIR VALUE HIERARCHY

	30 September 2020 £'000	30 September 2019 £'000
Level 1 assets	342,404	308,993
Valuation at 30 September	342,404	308,993

All Level 1 assets are traded on a recognised Stock Exchange.

(c) SUBSIDIARY UNDERTAKING

Company and business	Country of registration, incorporation and operation	Number and class of shares held by the Company	Holding
PCGH ZDP Plc	England and Wales	50,000 Ordinary shares of £1	100%

The Company is a public limited company with the sole purpose of issuing Zero Dividend Preference (ZDP) shares. The registered office is at Polar Capital, 16 Palace Street, London, SW1E 5JD.

The investment is stated in the Company's Financial Statements at cost, which is considered by the Directors to equate to fair value.

The subsidiary is non-trading and the value of the net assets have not changed since the acquisition of the Ordinary share capital by the Company. The cost is therefore considered to equate to the fair value of the shares held.

14 RECEIVABLES

	30 September 2020 £'000	30 September 2019 £'000
Sales for future settlement	2,930	17,000
Accrued income	147	222
Prepayments	5	15
	3,082	17,237

15 PAYABLES

	30 September 2020 £'000	30 September 2019 £'000
Purchases for future settlement	2,534	10,289
Accruals	848	672
	3,382	10,961

16 ZERO DIVIDEND PREFERENCE SHARES ('ZDP SHARES')

	30 September 2020 £'000	30 September 2019 £'000
At 1 October	34,373	33,372
Capital growth of ZDP shares	1,032	1,001
At 30 September	35,405	34,373

Further details on the ZDP shares are set out in the Additional Information on page 105.

17 CALLED UP SHARE CAPITAL**(i) Ordinary shares – Allotted, Called up and Fully paid:**

	30 September 2020 £'000	30 September 2019 £'000
Ordinary shares of nominal value 25p each:		
Opening balance of 121,770,000 (2019: 122,470,000)	30,442	30,617
Repurchase of 500,000 (2019: 700,000) Ordinary shares, into treasury	(125)	(175)
Allotted, Called up and Fully paid: 121,270,000 (2019: 121,770,000) Ordinary shares of 25p	30,317	30,442
2,879,256 (2019: 2,379,256) Ordinary shares, held in treasury	720	595
At 30 September	31,037	31,037

500,000 Ordinary shares were repurchased into treasury at a total cost of £1,040,000 (2019: £1,513,000).

The Ordinary shares held in treasury have no voting rights and are not entitled to dividends.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

17 CALLED UP SHARE CAPITAL continued

(ii) SUBSIDIARY COMPANY (FOR INFORMATION PURPOSES)

	30 September 2020 £'000	30 September 2019 £'000
ZDP shares – Allotted, Called up and Fully paid:		
ZDP shares of nominal value 1p each:		
Opening balance of 32,128,437 ZDP shares (2019: 32,128,437)	32,128	32,128
Allotted, Called up and Fully paid: 32,128,437 (2019: 32,128,437) ZDP shares of 1p	32,128	32,128
At 30 September	32,128	32,128

18 CAPITAL REDEMPTION RESERVE

	30 September 2020 £'000	30 September 2019 £'000
At 1 October	6,575	6,575
At 30 September	6,575	6,575

The capital redemption reserve was created following the Company's reconstruction tender offer shares were repurchased and cancelled in 2017. This reserve is not distributable.

19 SHARE PREMIUM RESERVE

	30 September 2020 £'000	30 September 2019 £'000
At 1 October	80,685	80,685
At 30 September	80,685	80,685

This reserve is not distributable.

20 SPECIAL DISTRIBUTABLE RESERVE

	30 September 2020 £'000	30 September 2019 £'000
At 1 October	4,712	6,225
Repurchase of 500,000 (2019: 700,000) ordinary shares into treasury	(1,040)	(1,513)
At 30 September	3,672	4,712

The special distributable reserve was created following approval from the Court, received on 18 August 2010, to cancel the share premium account from initial share offering.

Surpluses to the credit of the special distributable reserve can be used to purchase the Group and Company's own shares. In addition the Group and Company may use this reserve for the payment of dividends.

21 CAPITAL RESERVES

	30 September 2020 £'000	30 September 2019 £'000
At 1 October	162,646	169,059
Net gains/(losses) on disposal of investments	27,642	(11,039)
Valuation gains on investments held during the year	14,793	7,702
Exchange (losses)/gains on currency balances	(647)	43
Overdraft interest allocated to capital	(6)	(36)
Research costs to capital	(107)	(69)
Investment management fee allocated to capital	(2,140)	(2,013)
Capital contribution to ZDP entitlement	(182)	(172)
ZDP appropriation	(850)	(829)
At 30 September	201,149	162,646

The balance on the capital reserve represents a profit of £20,428,000 (2019: £17,345,000) on investments held and a profit of £180,721,000 (2019: £145,301,000) on investments sold.

The balance on investments held comprises holding gains on investments (which may be deemed to be realised) and other amounts, which are unrealised. An analysis has not been made between the amounts that are realised (and may be distributed or used to repurchase the Group and Company's shares) and those that are unrealised.

The balance on investments sold are realised distributable capital reserves which may be used to repurchase the Group and Company's shares or be distributed as dividends.

22 REVENUE RESERVE

	30 September 2020 £'000	30 September 2019 £'000
At 1 October	2,792	2,682
Revenue profit	1,770	2,553
Interim dividends paid	(2,547)	(2,443)
At 30 September	2,015	2,792

The revenue reserve may be distributed or used to repurchase the Group and Company's shares (subject to being a positive balance).

23 NET ASSET VALUE PER SHARE

(i) Ordinary shares

	30 September 2020	30 September 2019
Net assets attributable to Ordinary Shareholders (£'000)	325,133	288,447
Ordinary shares in issue at end of year	121,270,000	121,770,000
Net asset value per ordinary share (pence)	268.11	236.88
Total issued Ordinary shares	124,149,256	124,149,256
Ordinary shares held in treasury	2,879,256	2,379,256
Ordinary shares in issue	121,270,000	121,770,000

As at 30 September 2020 there were no potentially dilutive shares in issue.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

23 NET ASSET VALUE PER SHARE continued

(ii) SUBSIDIARY COMPANY (FOR INFORMATION PURPOSES)

ZDP shares	30 September 2020	30 September 2019
Calculated entitlement of ZDP shareholders	£35,404,821	£34,372,824
ZDP shares in issue at the end of the year	32,128,437	32,128,437
Net asset value per ZDP share (pence)	110.20	106.99

24 CASH AND CASH EQUIVALENTS

	30 September 2020 £'000	30 September 2019 £'000
Cash at bank	17,795	5,706
Cash held at derivative clearing houses	–	1,106
Bank overdraft	–	(4)
Company cash and cash equivalents	17,795	6,808
Cash held at subsidiary	50	50
Group cash and cash equivalents	17,845	6,858

25 TRANSACTIONS WITH THE INVESTMENT MANGER AND RELATED PARTY TRANSACTIONS

(a) TRANSACTIONS WITH THE MANAGER

Under the terms of an agreement dated 26 May 2010 the Group has appointed Polar Capital LLP (“Polar Capital”) to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Strategic Report. The total fees, paid under this agreement to Polar Capital in respect of the year ended 30 September 2020 were £2,675,000 (2019: £2,516,000) of which £457,000 (2019: £433,000) was outstanding at the year-end.

In addition, the total research cost in respect of the year ended 30 September 2020 was £170,000 (2019: £184,000) of which £35,000 relates to 1 October 2019 to 31 December 2019 and £135,000 relates to 1 January 2020 to 30 September 2020. As at the year end, £90,000 (2019: £95,000) was outstanding. Refer to note 8 on page 83 for more details.

(b) RELATED PARTY TRANSACTIONS

The Group and Company has no employees and therefore no key management personnel other than the Directors. The Group and Company paid £143,000 (2019: £122,000) to the Directors and the Remuneration Report, including Directors’ shareholdings and movements within the year is set out on page 52.

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

RISK MANAGEMENT POLICIES AND PROCEDURES FOR THE GROUP AND COMPANY

The Group and Company invests in equities and other financial instruments for the long term to further the investment objective set out on page 25. This exposes the Group and Company to a range of financial risks that could impact on the assets or performance of the Group and Company.

The main risks arising from the Group and Company's pursuit of its investment objective are market risk, liquidity risk and credit risk and the Directors' approach to the management of them is set out below.

The Group and Company's exposure to financial instruments can comprise:

- Equity and non-equity shares and fixed interest securities which may be held in the investment portfolio in accordance with the investment objective.
- Bank overdrafts, the main purpose of which is to raise finance for the Group and Company's operations.
- Cash, liquid resources and short-term receivables and payables that arise directly from the Group and Company's operations.
- Derivative transactions which the Group and Company enter into may include equity or index options, index futures contracts, and forward foreign exchange contracts.

The purpose of these is to manage the market price risks and foreign exchange risks arising from the Group and Company's investment activities.

The overall management of the risks is determined by the Board and its approach to each risk identified is set out below. The Board and the Investment Manager co-ordinate the risk management and the Investment Manager assesses the exposure to market risk when making each investment decision.

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 26(a)(i)), currency risk (see note 26(a)(ii)), and interest rate risk (see note 26(a)(iii)).

(i) Market Price Risk

The Group and Company is an investment company and as such its performance is dependent on its valuation of its investments. Consequently, market price risk is the most significant risk that the Group and Company faces.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group and Company's operations.

It represents the potential loss the Group and Company might suffer through holding market positions in the face of price movements.

A detailed breakdown of the investment portfolio is given on page 24. Investments are valued in accordance with the accounting policies as stated in Note 2(g).

At the year end, the Group and Company did not hold any derivative instruments (2019: nil).

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(a) Market Risk (continued)

Management of the risk

In order to manage this risk it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular healthcare sub sector. The allocation of assets to international markets, together with stock selection covering small, medium and large companies, and the use of index options, are other factors which act to reduce price risk. The Investment Manager actively monitors market prices throughout the year and reports to the Board which meets regularly in order to consider investment strategy.

Market price risks exposure

The Group and Company's exposure to changes in market prices at 30 September on its investments was as follows:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Non-current asset investments at fair value through profit or loss	342,404	308,993
	342,404	308,993

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% in the fair values of the Group and Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends.

The sensitivity analysis is based on the Group and Company's investments at each balance sheet date, with all other variables held constant.

	Year ended 30 September 2020		Year ended 30 September 2019	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit after tax				
Revenue return	(87)	87	(78)	78
Capital return	51,012	(51,012)	46,034	(46,034)
Change to the profit after tax for the year	50,925	(50,925)	45,956	(45,956)
Change to equity attributable to Shareholders	50,925	(50,925)	45,956	(45,956)

(ii) Currency Risk

The Group and Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Group and Company's assets and revenue are denominated in currencies other than sterling.

Management of the risk

The Investment Manager mitigates risks through an international spread of investments.

Settlement risk on investment trades is managed through short term hedging.

Foreign currency exposure

The table below shows, by currency, the split of the Group and Company's monetary assets, liabilities and investments that are priced in currencies other than sterling.

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Monetary Assets:		
Cash and short term receivables		
Swiss Francs	3,145	852
US Dollars	1,857	13,617
Euros	201	146
Danish Krone	103	60
Japanese Yen	–	4,241
Monetary Liabilities:		
Other payables		
Swiss Francs	(2,727)	–
US Dollars	(2,534)	(12,337)
Japanese Yen	–	(4,241)
Foreign currency exposure on net monetary items	45	2,338
Non-Monetary Items:		
Investments at fair value through profit or loss that are equities		
US Dollars	245,218	234,441
Euros	47,374	30,299
Danish Krone	20,981	24,625
Swiss Francs	15,491	7,314
Japanese Yen	7,755	4,300
Total net foreign currency exposure	336,864	303,317

During the financial year, movements against sterling in the four major currencies noted above were:

US Dollar depreciated by 4.9% (2019: appreciated by 5.5%),
Euro appreciated by 2.5% (2019: depreciated by 0.7%),
Danish Krone appreciated by 2.8% (2019: depreciated by 0.8%),
Swiss Franc appreciated by 3.3% (2019: appreciated by 3.5%).

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(a) Market Risk (continued)

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year and the value of equity attributable to Shareholders in regard to the financial assets and financial liabilities and the exchange rates for the £/US Dollar, £/Euros, £/Danish Krone and £/Swiss Francs.

Based on the year end position, if sterling had depreciated by a further 15% (2019: 15%) against the currencies shown, this would have the following effect:

	Year ended 30 September 2020 £'000			
	US Dollars	Euro	Danish Krone	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	43	35	18	74
Capital return	43,112	8,360	3,703	2,734
Change to the profit after tax for the year and to equity attributable to Shareholders	43,155	8,395	3,721	2,808

	Year ended 30 September 2019 £'000			
	US Dollars	Euro	Danish Krone	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	182	26	11	150
Capital return	41,416	5,347	4,346	1,291
Change to the profit after tax for the year and to equity attributable to Shareholders	41,598	5,373	4,357	1,441

Based on the year end position, if sterling had appreciated by a further 15% (2019: 15%) against the currencies shown, this would have the following effect:

	Year ended 30 September 2020 £'000			
	US Dollars	Euro	Danish Krone	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	(32)	(26)	(13)	(55)
Capital return	(31,865)	(6,179)	(2,737)	(2,020)
Change to the profit after tax for the year and to equity attributable to Shareholders	(31,897)	(6,205)	(2,750)	(2,075)

Foreign currency sensitivity (continued)

	Year ended 30 September 2019 £'000			
	US Dollars	Euro	Danish Krone	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	(134)	(19)	(8)	(111)
Capital return	(30,612)	(3,952)	(3,212)	(954)
Change to the profit after tax for the year and to equity attributable to Shareholders	(30,746)	(3,971)	(3,220)	(1,065)

In the opinion of the Directors, while these are regarded as reasonable estimates, neither of the above sensitivity analyses are representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Group's objectives.

(iii) Interest Rate Risk

Although the majority of the Group and Company's financial assets are equity shares which pay dividends, not interest, the Group and Company will be affected by interest rate changes as interest is earned on any cash balances and paid on any overdrawn balances.

Given the interest rate risk exposure noted below, the impact of any interest rate change is not considered to be significant and as such, no sensitivity analysis has been provided. Interest rate changes will also have an impact on the valuation of equities, although this forms part of price risk, which has already been considered separately above.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

At the year-end, financial assets and liabilities exposed to floating interest rates were as follows:

	30 September 2020 £'000	30 September 2019 £'000
Cash at bank and derivative clearing houses	17,795	6,812
Cash held at subsidiary	50	50
Bank overdraft	–	(4)
	17,845	6,858

The above year-end amounts may not be representative of the exposure to interest rates in the year ahead since the level of cash held during the year will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time.

(b) Liquidity Risk

Liquidity risk is the possibility of failure of the Group and Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Group and Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Notes to the Consolidated Financial Statements continued

For the year ended 30 September 2020

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(b) Liquidity Risk continued

Liquidity risk exposure

At 30 September the financial liabilities comprised:

	30 September 2020 £'000	30 September 2019 £'000
Due within 1 month:		
Other creditors and accruals	3,382	10,961
Bank overdraft	–	4
Due in more than 1 year		
ZDP's entitlement	35,405	34,373
	38,787	45,338

The ZDP shares have a planned repayment date of 19 June 2024 in the amount of £39,514,000.

(c) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

The Group and Company manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital. All cash balances are held with approved counterparties.

HSBC Bank plc is the custodian of the Group and Company's assets. The Group and Company's assets are segregated from HSBC's own trading assets and are therefore protected in the event that HSBC were to cease trading.

These arrangements were in place throughout the current and prior year.

Credit risk exposure

The maximum exposure to credit risk at 30 September 2020 was £17,992,000 (2019: £7,084,000) comprising:

	30 September 2020 £'000	30 September 2019 £'000
Accrued Income	147	222
Cash at bank and derivative clearing houses	17,845	6,862
	17,992	7,084

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered low. None of the Group and Company's assets are past due or impaired. All deposits were placed with banks that had a rating of A or higher.

(d) Capital Management Policies and Procedures

The Group and Company's capital, or equity, is represented by its net assets which amounted to £325,133,000 as at 30 September 2020 (2019: £288,447,000), which are managed to achieve the Group's and Company's investment objective set out on page 25.

The Board monitors and reviews the broad structure of the Group's and Company's capital on an ongoing basis. This review includes:

- (i) the need to issue or buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price., (i.e. the level of share price discount or premium); and
- (ii) the determination of dividend payments.

The Group and Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company. In addition, in order to pay dividends out of profits available for distribution by way of dividend, the Group and Company has to be able to meet one of two capital restriction tests imposed on investments by company law.

These requirements are unchanged since the previous year end and the Group and Company has complied with them and no breaches have taken place during year under review.

27 POST BALANCE SHEET EVENTS

There are no significant events that have occurred after the end of the reporting period to the date of this report which require disclosure.

Alternative Performance Measures (APMs)

In assessing the performance of the Company and Group, the Investment Manager and the Directors use the following APMs which are considered to be known industry metrics:

Net Asset Value (NAV)

The NAV is the value attributed to the underlying assets of the Company less the liabilities, presented either on a per share or total basis.

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'Shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor.

As at 30 September 2020, the Group's total equity was £325,133,000 and there were 121,270,000 ordinary shares in issue. The Group's NAV per share was therefore 268.11p (£325,133,000/121,270,000).

At of 30 September 2020, the value of the ZDP shares was £35,405,000 (note 16 of the notes to the financial statements on page 87) and the number of ZDP shares in issue was 32,128,437. The NAV per ZDP share was therefore 110.20p (£35,405,000/32,128,437).

Total Net Assets (Group and Company)

The value of the Group's and Company's assets, principally investments made in other companies and cash being held, minus any liabilities.

At 30 September 2020, the total assets were £363,920,000 and the total liabilities were £38,787,000, the total net assets therefore were £325,133,000 (£363,920,000 – £38,787,000).

NAV Total Return

The NAV total return shows how the net asset value has performed over a period of time taking into account both capital returns and dividends paid to shareholders.

NAV total return is calculated as the change in NAV from the start of the period, assuming that dividends paid to shareholders are reinvested on the payment date in ordinary shares at their net asset value. The NAV at the start of the period was 241.08p.

As at 30 September 2020, the Group's NAV per share was 268.11p, the impact of the dividend reinvestment in NAV was 7.05p and the adjusted NAV per share was therefore 275.16p (268.11p+7.05p). The NAV total return over the year was 14.14% ((275.16p-241.08p)/241.08p).

NAV total return since restructuring is calculated as the change in NAV from the date of reconstruction on 20 June 2017, assuming that dividends paid to Shareholders are reinvested on the payment date in Ordinary shares at their net asset value. The NAV at reconstruction was 215.85p.

As at 30 September 2020, the Group's adjusted NAV per share was 275.16p, the NAV total return since reconstruction was 27.48% ((275.16p-215.85p)/215.85p).

Share Price Total Return

Share price total return shows how the share price has performed over a period of time. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex dividend.

As at 30 September 2020, the Company's share price was 233.00p and the opening share price as at 30 September 2019 was 218.00p; a reinvestment factor of 1.008701, relating to the impact of the reinvested dividends during the year, was applied to reach a closing adjusted share price for the purposes of the calculation of share price performance with income reinvested of 235.03p. The share price total return is 7.81% ((235.03p-218.00p)/218.00p).

Discount/Premium	<p>A description of the difference between the share price and the net asset value per share usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the NAV per share the result is a premium. If the share price is lower than the NAV per share, the shares are trading at a discount.</p> <p><i>The share price at 30 September 2020 was 233.00p and NAV was 268.11p, the discount was therefore 13.1%, $((233.00p - 268.11p) / 268.11p)$.</i></p>
Total Expenses (Group and Company)	<p>Comprising all the operating expenses, which includes research costs, of the Group and Company plus those expenses which are excluded from the ongoing charges calculation, including transaction costs, finance costs, tax and non-recurring expenses. Costs in relation to share issues and share buybacks are excluded from the calculation.</p> <p><i>At 30 September 2020, the total operating expenses including management fees were £3,467,000, finance costs were £1,039,000 and taxes were £472,000; the total expenses therefore were £4,978,000 ($£3,467,000 + £1,039,000 + £472,000$).</i></p>
Ongoing Charges	<p>Ongoing charges are calculated in accordance with AIC guidance by taking the Company's annual ongoing charges, excluding performance fees and exceptional items, if any, and expressing them as a percentage of the average daily net asset value of the Company over the year.</p> <p>Ongoing charges include all regular operating expenses of the Company. Transaction costs, interest payments, tax and non-recurring expenses are excluded from the calculation as are the costs incurred in relation to share issues and share buybacks.</p> <p>Where a performance fee is paid or is payable, a second ongoing charge is provided, calculated on the same basis as the above but incorporating the amount of performance fee due or paid.</p> <p><i>Ongoing charges for the year equal the management fee of £2,675,000 plus other operating expenses of £792,000 divided by the Group's average NAV in the period. $(£3,467,000 / £343,020,000 = 1.01\%)$.</i></p> <p><i>Since there was no performance fee paid or payable for the year the ongoing charges including performance fee is the same as the ongoing charges.</i></p>
Net Gearing	<p>Gearing is calculated in line with AIC guidelines and represents net gearing. This is defined as total assets less cash and cash equivalents divided by net assets. The total assets are calculated by adding back the structural gearing which is the ZDP value. Cash and cash equivalents are cash and purchases and sales for future settlement outstanding at the year end.</p> <p><i>As at 30 September 2020 the net assets were £325,133,000, ZDP value was £35,405,000 and cash and cash equivalents (including amounts for future settlement) were £18,241,000, and the net gearing was therefore 5.28%, $((£325,133,000 + £35,405,000 - £18,241,000) / £325,133,000 - 1)$.</i></p>

Glossary of Terms

AAF Report	A report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales. Utilised within the review of internal controls.
AGM	The Annual General Meeting, to be held at 2pm on Tuesday, 26 January 2021 at the office of the manager, Polar Capital, 16 Palace Street, London SW1E 5JD. The meeting will be a closed-door meeting.
AIC	Association of Investment Companies, the industry body for closed ended investment companies.
AIFM	Alternative Investment Fund Manager – Polar Capital LLP.
AIFMD	Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that, while the Board of Directors of an Investment Trust remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations, all alternative investment Funds ('AIFs') in the European Union, must appoint a Depositary and an Alternative Investment Fund Manager ('AIFM'). The Company's AIFM is Polar Capital LLP.
Benchmark	The Benchmark is the MSCI ACWI/Healthcare Index (total return in sterling with dividends reinvested).
BREXIT	The advisory public referendum which was held on 23 June 2016 in the United Kingdom to indicate whether voters wanted to remain or withdraw from membership of the European Union (EU). The referendum vote was cast in favour of leaving the EU. The process of actually leaving is termed BREXIT.
Closed-ended Investment Company	An Investment Company with a fixed issued ordinary share capital, the shares of which are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.
Custodian	The Custodian is HSBC Bank plc, a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Group and Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.
Depositary	The Depositary is also HSBC Bank plc. Under AIFMD rules the Company must appoint a Depositary whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Group and Company's financial assets in respect of which it has safe-keeping duties. The Depositary's oversight duties will include but are not limited to share buybacks, dividend payments and adherence to investment limits.
Derivative	A contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. Examples of derivatives are Put and Call Options, Swap contracts, Futures and Contracts for Difference. A derivative can be an asset or a liability and is a form of gearing because it can increase the economic exposure to shareholders.
ESEF	European Single Electronic Format is the single electronic reporting format which will apply with effect from 1 January 2021 to consolidated annual accounts prepared in accordance with IFRS and traded on a regulated market.
Investment Manager/Manager	Polar Capital LLP is the Investment Manager. Mr Gareth Powell and Dr James Douglas have delegated responsibility for the creation of the portfolio of investments subject to various parameters set by the Board of Directors. The responsibilities of the Investment Manager and the fees payable are set out in the Directors' Report.

IFRS	International Financial Reporting Standards as adopted by the European Union. They comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Financial Reporting Committee, including interpretations issued by the IFRS Interpretations Committee and interpretations issued by the International Accounting Standard Committee (IASC).
Investment Company	Section 833 of the Companies Act 2006. An Investment Company is defined as a company which invests its funds in shares, land or other assets with the aim of spreading investment risk.
Investment Trust taxation status	Section 1158 of the Corporation Tax Act 2010. UK Corporation Tax law allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to Section 833 above but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors' Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.
PwC	The Group and Company's Auditor is PricewaterhouseCoopers LLP, represented by Catrin Thomas, Partner.
Leverage	As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings).
Non-executive Director	The Group and Company are managed by a Board of Directors who are appointed by letter rather than a contract of employment. Neither the Group nor Company has any executive Directors. Remuneration of the non-executive Directors is set out in the Directors' Remuneration Report while the duties of the Board and the various Committees are set out in the Corporate Governance Statement. An example of the letter of appointment is available on the Company's website.
PRIIPS	The Packaged Retail and Insurance-based Investment Products regulations which came into force on 1 January 2018 in the UK and EU. The regulations require generic pre-sale disclosure of investment 'product' costs, risks and certain other matters.
SORP	The Statement of Recommended Practice. The financial statements of the Group and Company are drawn up in accordance with the Investment Trust SORP issued by the AIC.
ZDP	Zero Dividend Preference shares are preference shares which carry no entitlement to dividends, but which carry the right, on a fixed date, to the repayment of capital and a fixed rate of return in priority to any capital payment to the holders of ordinary shares.

Investing

Market Purchases

The ordinary shares of Polar Capital Global Healthcare Trust plc are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Share Dealing Services

The Company has arranged for Shareview Dealing, a telephone and Internet share sale service offered by Equiniti to be made available.

For telephone sales call 0345 603 7037 (or +44 121 415 7560) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday.

For Internet sales log on to www.shareview.co.uk/dealing

There are a variety of ways to invest in the Company however this will largely depend upon whether you would like financial advice or are happy to make your own investment decisions.

For those investors who would like advice:

Private Client Stockbrokers

Investors with a large lump sum to invest may want to contact a private client stockbroker. They will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from the Wealth Management Association at www.thewma.co.uk

Financial Advisers

For investors looking to find a financial adviser, please visit www.unbiased.co.uk

Financial Advisers who wish to purchase shares for their clients can also do so via a growing number of platforms that offer investment trusts including AJ Bell, Interactive Investor, Ascentric, Embark, Nucleus, Raymond James, Seven IM and Transact.

For those investors who are happy to make their own investment decisions:

Online Stockbroking Services

There are a number of real time execution only stockbroker services which allow private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services include AJ Bell, Interactive Investor, Barclays Stockbrokers, Halifax Share Dealing, Hargreaves Lansdown and EQL.

Investing Risks

Please remember that any investment in the shares of Polar Capital Global Healthcare Trust plc either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from them may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back their original amount invested. Past performance is not a guide to future performance.

Polar Capital Global Healthcare Trust plc is allowed to borrow against its assets and this may increase losses triggered by a falling market. The Company may increase or decrease its borrowing levels to suit market conditions.

If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Polar Capital Global Healthcare Trust plc is an investment trust and as such its ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable future so that the exclusion continues to apply.

Please also see the additional disclosures on page 103.

Warnings to Shareholders

As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.

Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.

Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Boiler Room Scams

Shareholders of the Polar Capital Global Healthcare Trust plc may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in U.S. or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you. You can report an unauthorised firm using the FCA helpline on 0845 606 1234 or 0800 111 6768 or by visiting their website, which also has other useful information, at www.fca.org.uk

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- If the calls persist, hang up

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

More detailed information on this or similar activity can be found on the FCA website.

Warnings to Shareholders continued

Forward-looking Statements

Certain statements included in this Annual Report and Financial Statements contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates.

By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Strategic Report Section on pages 28 to 31 of this Annual Report and Financial Statements.

No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Healthcare Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision.

The Company undertakes no obligation to update any forward-looking statements.

Investment and pension scams are often sophisticated and difficult to spot



Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they're only making the offer available to you or even ask you to not tell anyone else about it



Additional Information

History

The Company was incorporated as Polar Capital Global Healthcare Growth and Income Trust plc on 12 May 2010. On 15 June 2010 the Company issued 89,000,000 ordinary shares of 25p each and 17,800,000 subscription shares of 1p each which were admitted to trading on the Main Market of the London Stock Exchange. The original subscription price for each ordinary share was £1 and the Net Asset Value (NAV) per share on 15 June 2010 was 98p (after launch costs). The subscription share rights expired on 31 January 2014, following the issue of 17,800,000 ordinary shares. The subscription shares were subsequently cancelled.

On 20 June 2017 the Company was reconstructed and the name was changed to Polar Capital Global Healthcare Trust plc. As part of the reconstruction, a 100% tender offer was made to shareholders of which 21.8% was accepted resulting in 26,299,042 ordinary shares being bought back by the Company; the Company also offered new ordinary shares in the form of an issue and placing which resulted in 27,798,298 new ordinary shares being created. As part of the reconstruction and change of investment strategy, the Company created a wholly owned subsidiary, PCGH ZDP Plc (the 'subsidiary') (together with the Company, the 'Group') which was created to provide structural gearing to the Company through the placing of Zero Dividend Preference shares ('ZDP shares'). The subsidiary was incorporated on 30 March 2017 and issued 50,000 ordinary shares of £1 each which were subscribed by the Company and fully paid up. On 19 June 2017 the subsidiary issued 32,128,437 ZDP shares at 100p each. These ZDP shares have a standard listing on the London Stock Exchange.

Each ZDP share is entitled to 122.99p on 19 June 2024 on the winding up of the subsidiary. The proceeds of the ZDP Share issue were advanced to the Company under the terms of a loan agreement for investment by the Company in accordance with its Investment Policy.

Portfolio Details

Portfolio information is provided to the AIC for its monthly statistical information service (www.theaic.co.uk). The portfolio is also published to the Company's website.

Company Website

www.polarcapitalhealthcaretrust.co.uk

The Company maintains a website which provides a wide range of information on the Company, monthly factsheets issued by the Investment Manager and copies of announcements, including the annual and half year reports when issued.

Information on the Company can also be obtained from various different sources including:

- www.theaic.co.uk
- www.ft.com/markets
- www.londonstockexchange.co.uk

Share Prices and Net Asset Value

The Company's Net Asset Value (NAV) is normally released daily, on the next working day, following the calculation date, to the London Stock Exchange. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange website: www.londonstockexchange.co.uk

Electronic Communications

If you hold your shares in your own name you can choose to receive communications from the Company in electronic format. This method reduces costs, is environmentally friendly and, for many, is convenient.

If you would like to take advantage of Electronic Communications please visit our registrar's website at www.shareview.co.uk and register. You will need your shareholder reference number. If you agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post you will receive an e-mail providing the website address where the documents can be viewed and downloaded. Paper copies will still be available on request.

Nominee Shareholders

Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee service providers are encouraged to advise investors that they may attend general meetings when invited by the Chair.

Additional Information continued

Capital Gains Tax

Information on Capital Gains Tax is available on the HM Revenue & Customs website – www.hmrc.gov.uk/cgt/index.htm

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares disposed and any other allowable deductions such as share dealing costs. The exercise of a right of a subscription share holder to subscribe for ordinary shares should not give rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

The calculations required to compute capital gains may be complex and depend on personal circumstances.

Shareholders are advised to consult their personal financial advisor for further information regarding a possible tax liability in respect of their shareholdings.

Further information on the subscription shares is provided in the subscription share section below.

The Company was launched on 15 June 2010 with the issue of ordinary shares at £1 per share with subscription shares attached (on a one for five basis).

Subscription Shares Tax Implications

The base 'cost' for UK tax purposes of the subscription shares is a proportion of the issue price paid for the ordinary shares to which the subscription shares were attached. The apportionment is made by reference to the respective market values of the ordinary shares and subscription shares at the close of business on 15 June 2010, the day the ordinary and subscription shares were admitted to trading. The market value for UK tax purposes of the Company's ordinary shares and subscription shares on such date were as follows:

Ordinary Shares 101.0p Subscription Shares 14.875p

If you have exercised the subscription rights attaching to your subscription shares, the resulting ordinary shares are treated for UK tax purposes as the 'same' asset as the subscription shares in respect of which the subscription rights are exercised. The base 'cost' for UK tax purposes of the resulting ordinary shares will be the base cost attributed to the exercised subscription shares, increased by the amount of subscription monies paid.

Disability Act

Copies of this Annual Report and Financial Statements or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Equiniti Limited, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), you should dial 18001 followed by the number you wish to dial.

AIC

The Company is a member of the Association of Investment Companies ('AIC') and the AIC website www.theaic.co.uk contains detailed information about investment trusts including guides and statistics.

Calendar

Year End	30 September
Half Year End	31 March
Dividend Payments	end August end February
Meet the Manager & Board	14 January 2021 @ 2pm
Annual General Meeting	26 January 2021 @ 2pm

Contact Information

Company Registration Number

7251471 (Registered in England)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Directors

Lisa Arnold (appointed Chair 26 February 2020)
Neal Ransome (Chairman of the Audit Committee)
Andrew Fleming
Jeremy Whitley

Registered Office and Contact Address for Directors

16 Palace Street
London
SW1E 5JD

Investment Manager and AIFM

Polar Capital LLP

16 Palace Street
London
SW1E 5JD

Authorised and regulated by the Financial Conduct Authority.

Telephone: 020 7227 2700

Website: www.polarcapital.co.uk

Portfolio Co-Managers

Dr. James Douglas
Mr. Gareth Powell

Company Secretary

Polar Capital Secretarial Services Limited

Represented by Tracey Lago, FCG

Depository, Bankers and Custodian

HSBC Bank Plc

8 Canada Square
London
E14 5HQ

Independent Auditors

PricewaterhouseCoopers LLP

Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Solicitors

Herbert Smith Freehills LLP

Exchange House
Primrose Street
London
EC2A 2HS

Stockbrokers

Panmure Gordon & Co

One New Change
London
EC4M 9AF

Identification Codes

Ordinary shares

SEDOL: B6832P1
ISIN: GB00B6832P16
TICKER: PCGH
GIIN: ID3ME4.99999.SL.826
LEI: 549300YV7J2TWLE7PV84

Registrar

Shareholders who have their shares registered in their own name, not through a share savings scheme or ISA, can contact the registrars with any queries on their holding. Post, telephone and Internet contact details are given below.

In correspondence you should refer to Polar Capital Global Healthcare Trust plc, stating clearly the registered name and address and, if available, the full account number.

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Shareholder helpline: 0800 313 4922
(or +44 121 415 0804 from overseas)

Notes



This document is printed on Galerie Satin, a paper sourced from well managed, responsible, FSC® certified forests and other controlled sources. The pulp used in this product is bleached using an elemental chlorine free (ECF) process.



WORLD
LAND
TRUST™

www.carbonbalancedpaper.com

