Worldwide Healthcare Trust PLC

Annual Report for the year ended 31 March 2014

Frostrow CAPITAL

OrbiMed Healthcare Fund Management

Worldwide Healthcare Trust PLC

Worldwide Healthcare Trust PLC invests in the global healthcare sector with the objective of achieving a high level of capital growth. In order to achieve its investment objective, the Company invests worldwide in a diversified portfolio of shares in pharmaceutical and biotechnology companies and related securities in the healthcare sector. It uses gearing, and derivative transactions to mitigate risk and also to enhance returns. Performance is measured against the MSCI World Health Care Index on a net total return, sterling adjusted basis.

Further details of the Company's investment policy are set out in the Strategic Report on page 6.

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Worldwide Healthcare Trust PLC
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Company Summary

The Company

The Company is an investment trust and its shares are listed on the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies.

Total assets less current liabilities as at 31 March 2014 were £636.2 million and the market capitalisation was £602.3 million.

Management

The Company employs OrbiMed Capital LLC ("OrbiMed") as Investment Manager and Frostrow Capital LLP ('Frostrow') to provide company management, company secretarial, administrative and marketing services. Further details of the terms of these appointments are provided on pages 26 and 27.

Performance is measured against the MSCI World Health Care Index on a net total return, sterling adjusted basis (see glossary beginning on page 68 for further information).

Capital Structure

The Company's capital structure is composed of both Ordinary and Subscription Shares. Details are given on page 26 and in note 13 to the accounts on page 57.

ISA Status

The Company's shares are eligible for Individual Savings Accounts ('ISAs') and for Junior ISAs.

Winner: Best Sector Specialist Investment Trust – *What Investment Trust Awards 2014*

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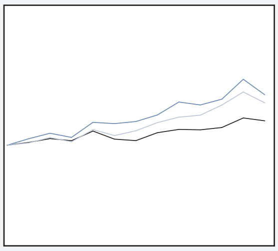
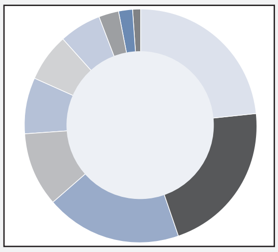




Company Summary / Financial Highlights

Financial Highlights – Total Return

Net asset value per share – diluted (total return)

+25.9%

2013: +30.3%

Ordinary share price (total return)

+30.8%

2013: +30.9%

Total net assets

£636.2 million

2013: £504.4 million

+26.1%

Benchmark over the year to 31 March 2014

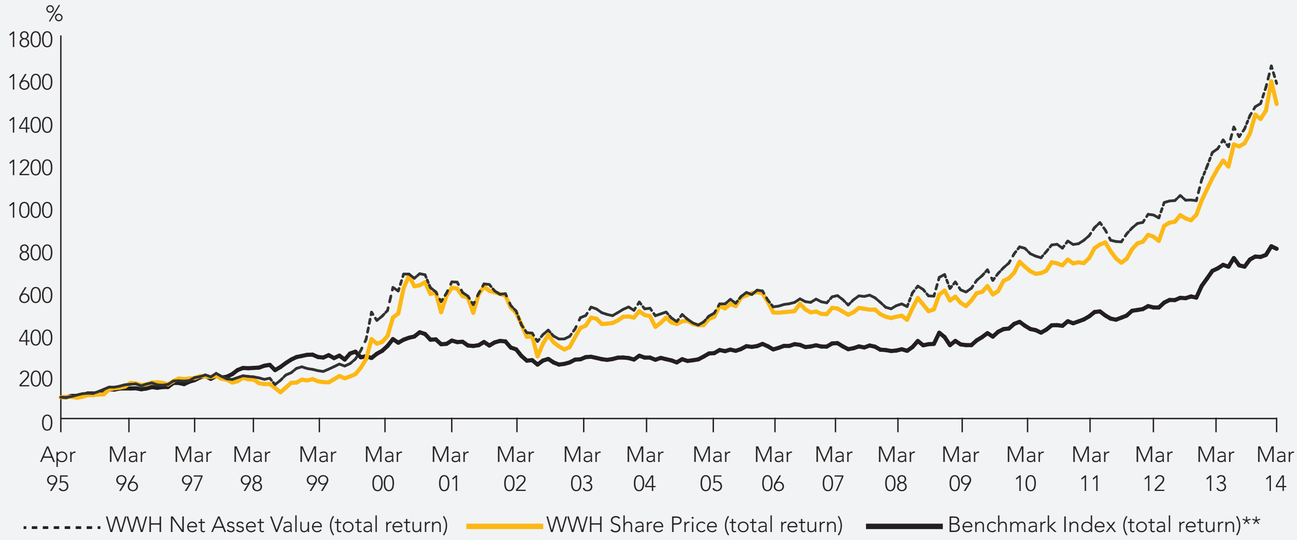
MSCI World Health Care Index (total return, sterling adjusted)

+14.9%

2013: +31.4%

See glossary, beginning on page 68, for further information.

Performance since launch to 31 March 2014



Rebased to 100 as at 28 April 1995

Source: Morningstar, Thomson Reuters & Bloomberg

**With effect from 1 October 2010, the performance of the Company is measured against the MSCI World Health Care Index on a total return, sterling adjusted basis. Prior to this date, performance was measured against the Datastream World Pharmaceutical & Biotechnology Index (total return, sterling adjusted).

	As at 31 March 2014	As at 31 March 2013	% Change
Ordinary share price	1301.0p	1009.0p	+28.9
Net asset value per share – basic	1374.3p	1110.2p	+23.8
Net asset value per share – diluted†	1348.2p	1089.6p	+23.7
Discount of ordinary share price to the diluted net asset value per share	3.5%	7.4%	n/a

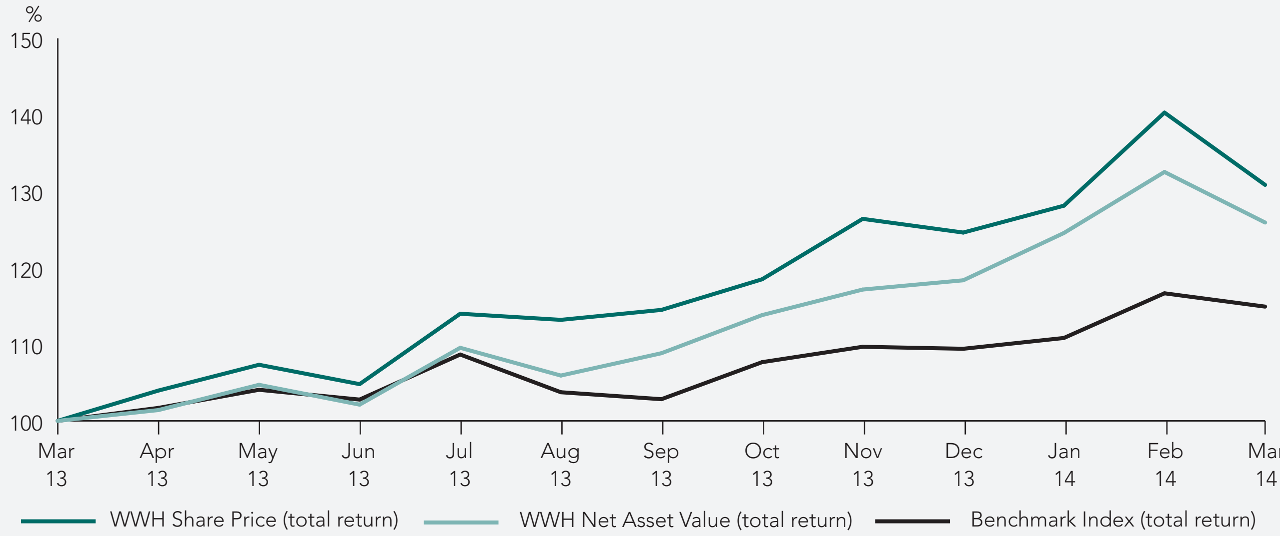
	Year ended 31 March 2014	Year ended 31 March 2013
Ordinary share price (total return)*	+30.8%	+30.9%
Net asset value per share – diluted (total return)*†	+25.9%	+30.3%
Benchmark index (total return)*	+14.9%	+31.4%
Dividends per ordinary share	15.0p	16.5p

†The net asset value per share has been diluted for both Subscription Shares and Treasury Shares. See page 25 for further information about the Company's Subscription Shares.

*Source – Morningstar.

Details of the Company's historic performance can be found on page 3.

Total Return Performance for the year to 31 March 2014



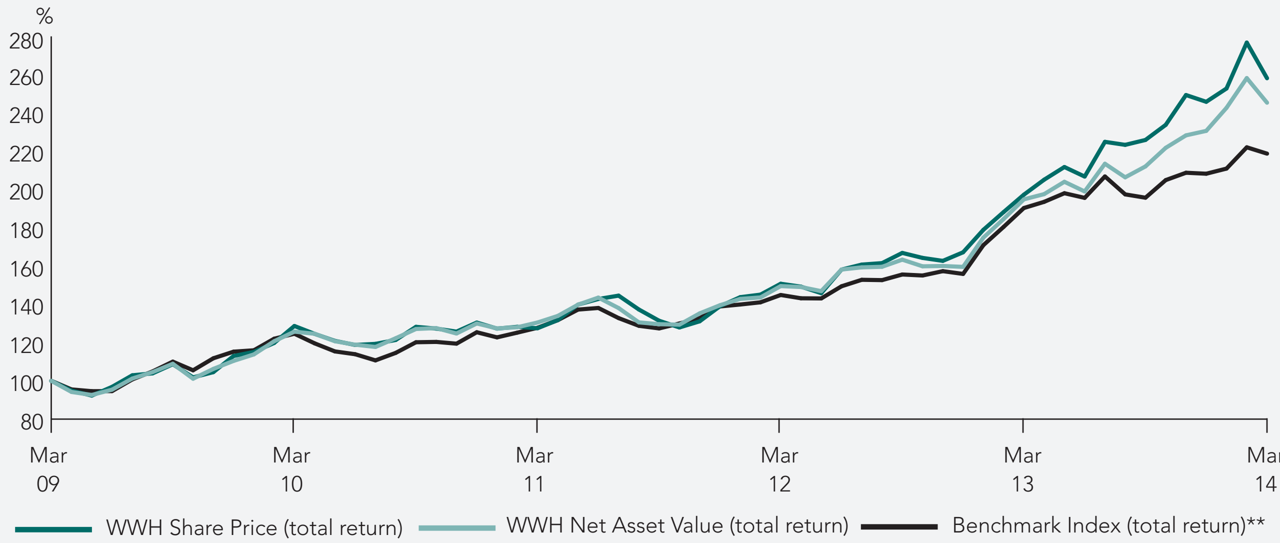
Rebased to 100 as at 31 March 2013
Source: Morningstar, Thomson Reuters & Bloomberg

Historic Performance for the years ended 31 March

	2009	2010	2011	2012	2013	2014
Net asset value per share – basic	635.9p	780.8p	799.2p	909.4p	1110.2p	1374.3p
Net asset value per share – diluted (dilution for warrants/subscription shares)	600.5p	752.7p	773.5p	871.0p	1089.6p	1348.2p
Ordinary share price	550.5p	701.5p	686.0p	795.0p	1009.0p	1301.0p
Warrant price*	62.0p	–	–	–	–	–
Subscription share price*	–	98.0p	84.5p	133.5p	307.5p	595.5p
Discount of share price to diluted net asset value per share	8.3%	6.8%	11.3%	8.7%	7.4%	3.5%
Dividend per ordinary share	5.0p	8.5p	15.0p	17.5p	16.5p	15.0p
Gearing †	15.3%	10.4%	13.3%	16.4%	9.8%	12.0%
Ongoing charges †	1.2%	1.0%	1.0%	1.1%	1.0%	1.0%
Ongoing charges (including performance fees crystallised during the period)†	1.2%	1.0%	1.8%	1.3%	1.2%	1.1%

*The Company's Warrants were issued on 17 December 2004 and expired on 31 July 2009. The Company's Subscription Shares were allotted on 4 September 2009 and will expire on 31 July 2014. See pages 25 and 26 for further information.
†See pages 26 and 27 and also the glossary beginning on page 68.

Five Year Performance to 31 March 2014



Rebased to 100 as at 31 March 2009
Source: Morningstar, Thomson Reuters & Bloomberg
** With effect from 1 October 2010, the performance of the Company is measured against the MSCI World Health Care Index on a total return, sterling adjusted basis. Prior to this date, performance was measured against the Datastream World Pharmaceutical & Biotechnology Index (total return, sterling adjusted).

"I am delighted to report that following last year's strong performance the Company has again achieved excellent returns for shareholders."

Review of the Year and Performance

I am delighted to report that following last year's strong performance the Company has again achieved excellent returns for shareholders. The Company's net asset value per share total return was 25.9% and the share price total return was 30.8%, both significantly outperforming the Company's benchmark, the MSCI World Health Care Index on a total return, sterling adjusted basis, which rose by 14.9%. Continued strong performance, particularly from the Company's share price, has caused the discount at which it trades compared to the Company's net asset value per share to narrow. At 31 March 2014 the discount of share price to the Company's diluted net asset value per share stood at 3.5% compared to 7.4% a year ago.

The Company's continued strong performance has enabled it to be voted the Best Sector Specialist Investment Trust at the 2014 What Investment Trust Awards.

The Company benefitted in particular from strong performance from U.S. based biotechnology companies such as **Incyte**, **Intermmune** and **Gilead Sciences**, from the advances being made in the area of genomic research (**Illumina**) and also from continued mergers and acquisition activity in the healthcare sector (**MAKO Surgical**). The principal detractor from performance was Infinity, following concern about the safety profile of their lead compound for the treatment of haematological cancers.

The Company was, on average, 14.0% geared during the year which proved to be a good decision. This strategy enabled the Company to take advantage of strong market performance and contributed c.2.5% to the Company's returns. In addition, the Company's derivative strategy also contributed c.2.0% to returns.

Further information on the Company's investments can be found in the Investment Manager's Review beginning on page 14 of this Annual Report.

Since the Company's inception in April 1995 to 31 March 2014, the total return of the Company's net asset value per share is 1,474.2%, equivalent to a compound annual return of 15.7%. This compares to a cumulative "blended" benchmark* return of 697.4%, equivalent to a compound annual return of 11.6% over the same period.

Capital

The Company's continued strong performance, and the resulting demand for the Company's shares, has meant that no shares were repurchased by the Company during the year and also that the remaining 328,408 shares held in treasury at the beginning of the year were reissued at prices representing no more than a 4.9% discount to the prevailing fully diluted cum income net asset value per share, raising £3.5m of additional funds for the Company. There are currently no shares held in treasury. Shareholder approval to renew the authority to buy-back both Ordinary Shares and Subscription Shares will be sought at the Annual General Meeting. The execution and timing of any share buy-back will continue to be at the absolute discretion of the Board.

The next and final exercise date for the Company's Subscription Shares is 31 July 2014 and the exercise price is 699p. During the year and to the date of this report a total of 898,727 new shares were issued, raising £6.3m of additional funds for the Company, as a result of holders of Subscription Shares exercising their subscription rights.

Revenue and Dividend

I reported last year that it remained the Company's policy to pursue capital growth for shareholders and to pay dividends to the extent required to maintain investment trust status. An unchanged first interim

* See page 3 for further information

dividend of 7.0p per share, for the year ended 31 March 2014, was paid on 10 January 2014 to Ordinary Shareholders on the register on 6 December 2013. The Company's net revenue return for the year as a whole has fallen slightly to £7.2 million (2012: £7.6 million). In order to maintain investment trust status, the Board has declared a second interim dividend of 8.0p per share which, together with the first interim dividend already paid, makes a total dividend for the year of 15.0p (2013: 16.5p per share). Based on the current mid-market share price of 1297.0p as at 3 June 2014, the total dividend payment for the year represents a current yield of 1.2%.

The second interim dividend will be payable on 4 July 2014 to Ordinary Shareholders on the register of members on 6 June 2014. The associated ex-dividend date was 4 June 2014.

The Alternative Investment Fund Managers Directive (AIFMD)

AIFMD came into force on 22 July 2011 and was implemented in the UK by The Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) with effect from 22 July 2013, subject to a transitional period running for a further year until 22 July 2014. The Board, together with its advisers, has been monitoring the progress and likely implications of AIFMD. In accordance with the requirements of AIFMD, it is intended that J.P. Morgan will be appointed as the Company's Depositary and that the Company's Manager, Frostrow Capital, will be appointed as the Company's Alternative Investment Fund Manager. OrbiMed will continue to act as the Company's Investment Manager.

Outlook

Despite recent profit taking in the biotechnology sector and also some well-publicised concerns raised by a U.S. congressman over drug pricing and the predictable debate that this ignited about high drug prices, and also high share prices, our Investment Manager continues to believe in the fundamentals of the sector. In particular, it believes that the portfolio is well positioned to benefit from such factors as low valuations, the continued rise in the prospects for emerging markets and also continued mergers and acquisitions activity, as we have seen recently following Pfizer's high profile, but unsuccessful, bid for AstraZeneca.

Our Investment Manager's focus continues to be on the selection of stocks with strong prospects and your Board reiterates its belief that the long-term investor in the sector will be well rewarded.

Continuation Vote

The Board has undertaken that every five years there will be a continuation vote resolution tabled at the Annual General Meeting falling in that year. Accordingly, such a resolution is included in the notice of Annual General Meeting contained within this report. In light of the Company's track record and the prospects for the healthcare sector and the Company, the Board unanimously recommends that shareholders vote in favour of the resolution allowing the Company to continue as an investment trust for a further five years.

Annual General Meeting

This year, the Annual General Meeting of the Company will be held at **Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL** on Monday, 14 July 2014 at 12 noon, and we hope as many shareholders as possible will attend. This will be an opportunity to meet the Board and to receive a presentation from our Investment Manager.

Sir Martin Smith
Chairman

6 June 2014

Strategic Report / Overview of Strategy

Investment objective

Aim

Worldwide Healthcare Trust PLC invests in the global healthcare sector with the objective of achieving a high level of capital growth. In order to achieve its investment objective, the Company invests worldwide in a diversified portfolio of shares in pharmaceutical and biotechnology companies and related securities in the healthcare sector. It uses gearing, and derivative transactions to mitigate risk and also to enhance returns. Performance is measured against the MSCI World Health Care Index on a net total return, sterling adjusted basis.

Investment Approach and Policy

The Company's Investment Manager is OrbiMed.

The OrbiMed team works constantly to identify sources of outperformance with a focus on fundamental research. In healthcare, there are many primary sources of outperformance, especially in therapeutics. Clinical events such as the publication of new clinical trial data is a good example and historically has been the largest source of share price volatility. Regulatory events, such as new drug approvals by U.S., European and Japanese regulatory authorities are also stock moving events. Subsequent new product launches are carefully tracked and forecasted. Other sources include legal events and, of course, mergers and acquisitions activity.

Investment Limitations and Guidelines

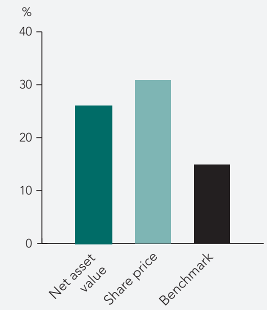
The Board seeks to manage the Company's risk by imposing various investment limits and restrictions:

- The Company will not invest more than 10% of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange;
- The Company will not invest more than 15% of the portfolio in any one individual stock at the time of acquisition;
- At least 60% of the portfolio will normally be invested in larger companies (i.e. with a market capitalisation of at least U.S.$5bn);
- At least 20% of the portfolio will normally be invested in smaller companies (i.e. with a market capitalisation of less than U.S.$5bn);
- Investment in unquoted securities will not exceed 10% of the portfolio at the time of acquisition;
- A maximum of 5% of the portfolio, at the time of acquisition, may be invested in each of debt instruments, convertibles and royalty bonds issued by pharmaceutical and biotechnology companies;
- A maximum of 15% of the portfolio, at the time of acquisition, may be invested in companies in each of the following sectors:
  - healthcare equipment
  - healthcare technology
  - providers of healthcare and related services.
- The Company's gearing policy is to borrow up to the lower of £120 million or 20% of the Company's net asset value;
- Derivative transactions can be used to mitigate risk and/or enhance capital returns and will be restricted to a net exposure of 5% of the portfolio; and
- Equity Swaps may be used in order to meet the Company's investment objective of achieving a high level of capital growth and are restricted to 8% of the gross assets of the Company at the time of acquisition.

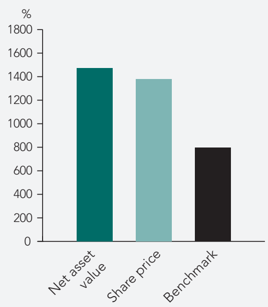
Compliance with the Board's investment limitations and guidelines is monitored continuously by Frostrow and OrbiMed and is reported to the Board on a monthly basis.

Total Return Performance

Year to 31 March 2014



Since launch (28 April 1995) to 31 March 2014



Strategic Report / Overview of Strategy

Investment Strategy and Business Model

Key Performance Indicators

The Company's Board of Directors meets regularly and at each meeting reviews performance against a number of key measures, as follows:

- Net asset value total return against the MSCI World Health Care Index measured on a net total return, sterling adjusted basis;
- Share price total return;
- Discount/premium of share price to net asset value per share;
- Ongoing charges ratio.

Net asset value total return against the benchmark

The Directors regard the Company's net asset value total return as being the overall measure of value delivered to shareholders over the long term. Total return reflects both net asset value growth of the Company and also any dividends paid to shareholders. OrbiMed's investment style is such that performance is likely to deviate from that of the benchmark index. The Board considers the most important comparator to be the MSCI World Health Care Index measured on a net total return, sterling adjusted basis.

During the year under review the Company's diluted net asset value per share total return was 25.9%, outperforming the benchmark by 11.0%.

A full description of performance during the year under review and the investment portfolio is contained in the Investment Manager's Review commencing on page 14 of this annual report.

Share price total return

The Directors also regard the Company's share price total return to be a key indicator of performance. This is monitored closely by the Board.

During the year under review the Company's share price total return was 30.8%, outperforming the benchmark by 15.9%.

Discount/premium of share price to net asset value per share

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share buy-backs, where appropriate. The Board has implemented a discount control mechanism intended to establish a target level of no more than a 6% discount of share price to the diluted net asset value per share. Shareholders should note, however, that it remains possible for the share price discount to the diluted net asset value per share to be greater than 6% on any one day. This is due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as healthcare is another factor over which the Board has no control. The making and timing of any share buy-backs is at the absolute discretion of the Board.

During the year under review, no shares were bought back by the Company. In addition, all of the remaining 328,400 shares held in treasury at the beginning of the year were reissued. As at 31 March 2014 the discount of the Company's share price to the diluted net asset value per share was 3.5%.

Ongoing charges ratio

The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and costs.

As at 31 March 2014 the ongoing charges ratio (excluding performance fees) was 1.0% which was unchanged from the percentage for the previous year.

Ongoing charges ratio

1.0%*

*excluding performance fees disclosed in note 3 on page 52. Ongoing charges ratio including performance fees crystallised 1.1%.

Discount of the Company's share price to the diluted net asset value per share on 31 March 2014

3.5%

Number of Ordinary Shares in issue

31 March 2014: 46,292,111

31 March 2013: 45,434,746

Number of Subscription Shares in issue

31 March 2014: 1,860,969

31 March 2013: 2,389,926

Number of Ordinary Shares held in treasury

31 March 2014: nil

31 March 2013: 328,408

Risk Management

The Board is responsible for the management of the risks faced by the Company and the Board regularly reviews these risks and how each risk is mitigated. The Board has categorised the risks faced by the Company under five headings as follows:

- Investment activity and strategy
- Financial
- Shareholder relations and corporate governance
- Operational
- Accounting, legal and regulatory.

A summary of these risks and their mitigation is described below:

Principal Risks and Uncertainties	Mitigation
Investment Activity and Strategy An unsuccessful investment strategy, including asset allocation, may lead to underperformance against the Company's benchmark index and peer companies, and may result in a widening of the Company's share price discount to net asset value per share.	The Board regularly reviews the Company's investment mandate and its long-term investment strategy in relation to market and economic conditions, and the operation of the Company's peers, thereby monitoring whether the Company should continue in its present form. OrbiMed provides an explanation of stock selection decisions and an overall rationale for the make-up of the portfolio. OrbiMed discusses current and potential investment holdings with the Board on a regular basis in addition to new initiatives, which may enhance shareholder returns. The Board sets appropriate investment restrictions and guidelines which are monitored and reported on by Frostrow. Each month the Board receives a monthly review report which monitors the Company's investment performance (both on an absolute basis and against the benchmark) and its compliance with the investment guidelines. Additional reports and presentations are made regularly to investors by Frostrow, OrbiMed and also by Winterflood Securities Limited, the Company's Corporate Stockbroker. In consultation with its advisers, including the Company's Corporate Stockbroker, the Board also undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing, share issuance and share buy-backs, where appropriate. The Board has implemented a discount control mechanism intended to establish a target level of no more than a 6% discount of share price to the diluted net asset value per share. (See page 7 for further information). In addition, the Board has undertaken that every five years there will be a continuation vote taken at the Annual General Meeting falling in that year. Shareholders will have an opportunity to vote on the continuation of the Company at the Annual General Meeting to be held on 14 July 2014.

Strategic Report / Overview of Strategy

Principal Risks and Uncertainties	Mitigation
Financial The financial risks associated with the Company include market risk (including counter-party risk), liquidity risk, foreign exchange risk and credit risk.	The Company's assets comprise mainly of readily realisable liquid securities, which can be sold to meet funding requirements, if necessary. The Company's assets can be held by Goldman Sachs & Co. New York ("Goldman Sachs") as collateral for the loan provided by them to the Company. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by Goldman Sachs, although the Company maintains the economic benefits from ownership of those assets. Goldman Sachs may take up to 140% of the value of the outstanding loan as collateral. The Company is afforded protection under both the SEC rules and U.S. legislation equal to the value of the net assets held by Goldman Sachs (also see page 25, note 11 on page 56 and the glossary beginning on page 68). Further information on financial instruments and risk, as required by FRS 29, can be found in note 18 to the financial statements beginning on page 59. The Company is also exposed to the risk that the custodian and/or counterparties may fail and that title to stocks does not survive an ensuing liquidation. The Company's Investment Manager is responsible for undertaking reviews of the credit worthiness of the counterparties that it uses. The Board regularly reviews the Investment Manager's approved list of counterparties. A significant proportion of the Company's assets is and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's position with regard to currency fluctuations which is that it does not currently hedge against currency exposure.
Shareholder Relations and Corporate Governance Shareholder unrest could arise if there is poor adherence to best practice in corporate governance and which could result in reputational damage to the Company.	The Board receives regular reports on shareholder activity and is kept informed of shareholder sentiment. Regular contact is maintained with major shareholders. Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement beginning on page 30.
Operational Disruption to, or failure of, accounting, dealing or payments systems in place at the Company's service providers, including custodian and appointed sub-custodians could prevent accurate reporting and monitoring of the Company's financial position.	The Board reviews both the internal controls and the disaster recovery procedures put in place by its principal service providers on a regular basis.

Principal Risks and Uncertainties	Mitigation
Accounting, Legal and Regulatory Failure to comply with appropriate law and regulations could expose the Company to serious financial loss and reputational damage.	The Board relies on the services of Frostrow and also external advisers to ensure compliance with applicable law and regulations including the Companies Act, the Corporation Tax Act and the UKLA Listing Rules. The Board is aware of changes to the regulatory environment in the year ahead. In particular the Company continues to prepare itself for implementation of the Alternative Investment Fund Managers Directive (AIFMD) and the Foreign Account Tax Compliance Act (FATCA).

Director, Social, Economic and Environmental Matters and Looking to the Future

Directors

The Directors of the Company, who served during the year, are shown below. Further information on the Directors can be found on pages 23 and 24.

Sir Martin Smith (Chairman)
Sarah Bates (appointed 22 May 2013)
Jo Dixon
Dr David Holbrook
Samuel D. Isaly
Doug McCutcheon
Anthony Townsend (retired 17 July 2013)

All Directors seek re-election by shareholders at each Annual General Meeting.

Board Diversity

The Company is supportive of the recommendations of Lord Davies' Report that the performance of corporate boards can be improved by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Company recognises the benefits of diversity on the Board, including gender, and takes this into account in its Board appointments. The Company is committed to ensuring that any Director search process actively seeks persons with the right qualifications so that appointments can be made on the basis of merit against objective criteria from a diverse selection of candidates. To this end the Board will continue to dedicate time to consider diversity during any Director search process.

Social, Economic and Environmental Matters

The Directors, through the Company's Investment Manager, encourage companies in which investments are made to adhere to best practice with regard to Corporate Governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

The Company recognises that social and environmental issues can have an effect on some of its investee companies.

The Company is an investment trust and so its own direct environmental impact is minimal. The Board of Directors consists of six Directors, four of whom are resident in the UK, one is resident in the U.S. and one in Canada. The Board holds one of its regular meetings in the U.S. each year but has a policy that travel as far as possible is limited, thereby minimising the Company's carbon footprint.

Looking to the Future

The Board concentrates its attention on the Company's investment performance and OrbiMed's investment approach and on factors that may have an effect on this approach. Marketing reports are given to the Board at each Board meeting by both OrbiMed and Frostrow, which include how the Company will be promoted and details of planned communications with existing and potential shareholders. The Board is regularly updated by Frostrow on wider investment trust industry issues and discussions are held at each Board meeting concerning the Company's future development and strategy.

The Company's overall strategy remains unchanged.

Investments held as at 31 March 2014

Investment	Country/region	Fair Value £'000	% of Investments
Roche Holdings	Switzerland	48,664	6.8
Gilead Sciences	USA	28,044	3.9
HCA	USA	26,668	3.7
Merck & Co.	USA	26,229	3.7
Mylan	USA	25,594	3.6
Regeneron Pharmaceuticals	USA	25,216	3.5
Bristol-Myers Squibb	USA	23,678	3.3
Amgen	USA	23,528	3.3
Biogen Idec	USA	21,085	2.9
AbbVie	USA	19,960	2.8
Top 10 Investments		**268,666**	**37.5**
Allergan	USA	19,345	2.7
Incyte +	USA	19,325	2.7
Medivation	USA	18,341	2.6
Fluidigm ^	USA	17,625	2.5
Ono Pharmaceutical	Japan	17,600	2.5
Pfizer	USA	16,762	2.3
Thermo Fisher Scientific	USA	16,588	2.3
Illumina	USA	16,495	2.3
Actelion	Switzerland	15,621	2.2
Sanofi	France	13,764	1.9
Top 20 Investments		**440,132**	**61.5**
Perrigo	Ireland	13,522	1.9
Intuitive Surgical	USA	13,396	1.9
Express Scripts	USA	12,972	1.8
Insulet	USA	12,002	1.7
Celgene	USA	11,756	1.6
Agilent Technologies	USA	11,740	1.6
InterMune	USA	11,099	1.6
Astellas Pharma	Japan	10,373	1.4
Shandong Weigao Group	China	8,907	1.2
Sawai Pharmaceutical	Japan	7,730	1.1
Top 30 Investments		**553,629**	**77.3**
Ikaria Second Lien Loan 8.75% 04/02/22 *(unquoted)*	USA	6,566	0.9
St Jude Medical	USA	6,307	0.9
Carefusion	USA	6,006	0.8
Impax Laboratories	USA	5,828	0.8
Nichi-Iko Pharmaceutical	Japan	5,758	0.8
Sino Biopharmaceuticals	China	5,706	0.8
BioMarin Pharmaceutical	USA	5,482	0.8
Health Net	USA	5,404	0.8
McKesson	USA	4,978	0.7
Molina Healthcare	USA	4,954	0.7
Top 40 Investments		**610,618**	**85.3**

\+ includes Incyte 4.75% 01/10/15 (Conv) equating to 2.2%% of investments
^ includes Fluidigm 2.75% 01/02/34 (Conv) equating to 0.5% of investments

Investments held as at 31 March 2014 – continued

Investment	Country/region	Fair Value £'000	% of Investments
Neurocrine Biosciences	USA	4,748	0.7
Towa Pharmaceutical	Japan	4,660	0.7
Infinity Pharmaceuticals	USA	3,866	0.5
Tornier	Netherlands	3,574	0.5
Orasure Technologies	USA	3,390	0.5
Curis	USA	3,299	0.5
Shire	Ireland	3,295	0.5
Biosensors International	Singapore	3,288	0.5
Stryker	USA	3,279	0.5
Nuvasive	USA	3,201	0.4
Top 50 Investments		**647,218**	**90.6**
Supernus Pharmaceuticals	USA	3,107	0.4
Zimmer	USA	3,092	0.4
Portola Pharmaceuticals	USA	2,973	0.4
Volcano Corp 1.75% 01/12/17	USA	2,612	0.4
Exact Sciences	USA	2,548	0.4
Vocera Communications	USA	2,519	0.4
Sinopharm	China	2,517	0.4
Celldex Therapeutics	USA	2,192	0.3
Orexigen Therapeutics 2.75% 01/12/20	USA	1,520	0.2
Sheridan Second Lien Term Loan 18/12/21 *(unquoted)*	USA	1,438	0.2
Top 60 Investments		**671,736**	**94.1**
Endologix 2.25% 15/12/18	USA	571	0.1
QLT	Canada	478	0.1
Everyday Health	USA	353	–
Total equities and fixed interest investments		**673,138**	**94.3**
OrbiMed Emerging Markets Basket (unfunded, Bullet Swap)†		18,114	2.5
Jiangsu Hengrui*		8,612	1.2
Aurobindo*		4,663	0.7
China Resources^		4,252	0.6
Lupin*		2,888	0.4
Strides Acrolab*		1,796	0.3
Total investments including OTC Swaps		**713,463**	**100.0**
Put options (long)		420	–
Put options (short)		(979)	–
Call options (long)		647	–
Call options (short)		(72)	–
Total investments including OTC Swaps and Options		**713,479**	**100.0**

See note 18 beginning on page 59 for further details in relation to the risks and maturity of the OTC Swaps and Options.

* Fully funded.
^ Partially funded.
† See glossary beginning on page 68.

SUMMARY

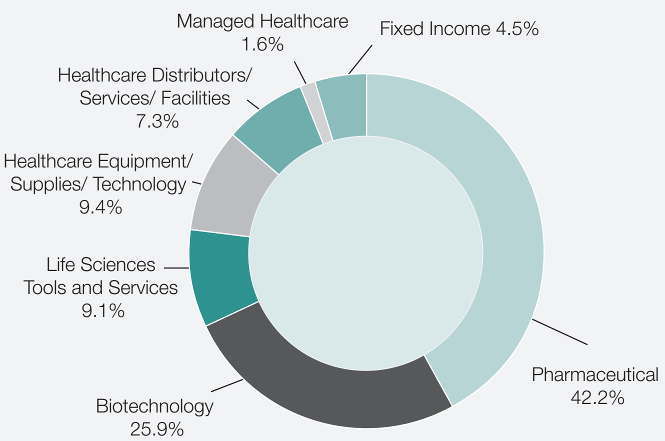
Investment	Fair value £'000	% of investments
Equities (including options & swaps)	681,269	95.5
Convertible Securities and Fixed Interest	24,206	3.4
Second Lien Loans	8,004	1.1
Total of all investments	**713,479**	**100.0**

Portfolio Distribution

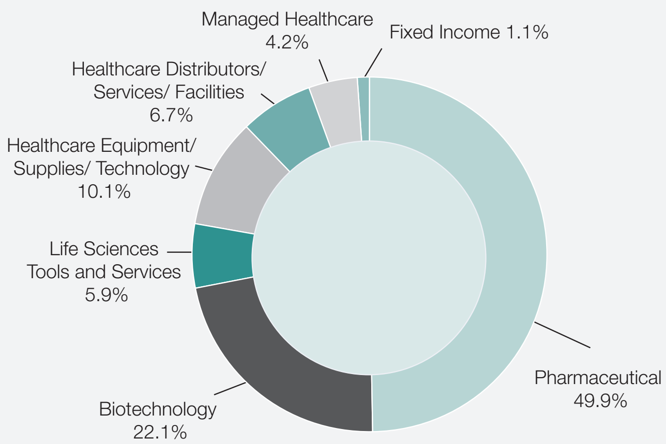
as at 31 March 2014

By Sector

2014

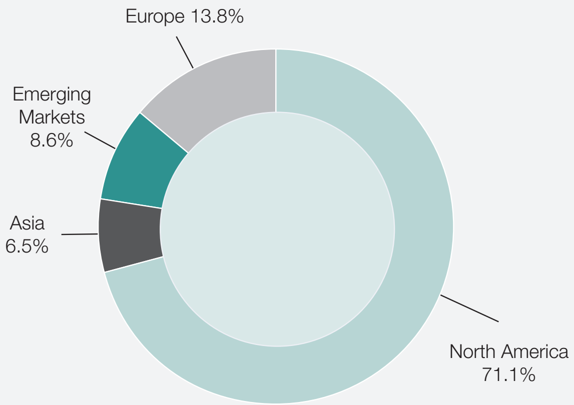


2013

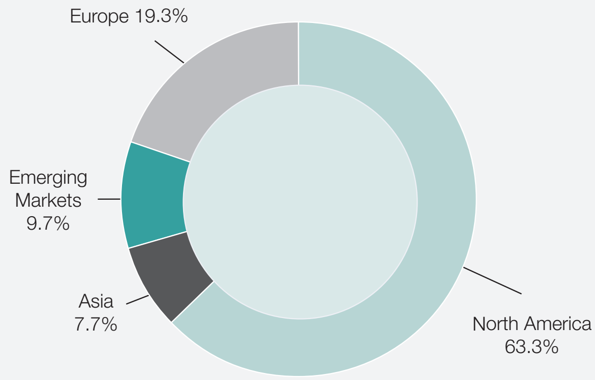


By Geography

2014



2013



Strategic Report / Investment Manager's Review

OrbiMed was founded in 1989 and has evolved over time to be the largest dedicated healthcare investment firm in the world. OrbiMed has managed the Company's portfolio since its launch in 1995. Strong returns and many investment awards signify the aggregate talents of this exceptional team.

OrbiMed had over U.S.$11 billion in assets under management as of 31 March 2014, across a range of funds, including investment trusts, hedge funds, mutual funds, and private equity funds.

The Team

The OrbiMed Public Equity Investment Team continues to expand. Led by founding partner, Samuel D. Isaly, now over 70 investment professionals cover all aspects of research, trading, finance, and compliance. This includes over 20 degree holders with MD and/or PhD credentials, healthcare industry veterans, and finance professionals with over 20 years' of experience.

The firm has a global investment horizon and the OrbiMed footprint now spans three continents with offices in New York, San Francisco, Tel Aviv, Shanghai, and Mumbai.

Investment Strategy and Process

The Team works constantly to identify sources of outperformance, or alpha, with a focus on fundamental research. In healthcare, there are many primary sources of alpha generation, especially in therapeutics. Clinical events such as the publication of new clinical trial data is a prominent example and historically has been the largest source of share price volatility. Regulatory events, such as new drug approvals by U.S., European, or Japanese regulatory authorities are also stock moving events. Subsequent new product launches are carefully tracked and forecasted. Other sources include legal events and, of course, merger and acquisition activity.

The Team has a global focus with a universe of coverage that covers the entire spectrum of companies, from early stage companies with pre-clinical assets to full integrated biopharmaceutical companies. The universe of actively covered companies is approaching 1,000.

OrbiMed emphasises investments in companies with underappreciated products in the pipeline, high quality management teams, and adequate financial resources. A disciplined portfolio construction process is utilised to ensure the portfolio is focused on high conviction positions. Finally, the portfolio is subject to rigorous risk management process to moderate portfolio volatility.

"Biotechnology, pharmaceutical, generic drug and medical device stocks all proved to be significant contributors to performance in the year."

Review of Investments

Performance Review

The equity markets for the financial year ended 31 March 2014 were marked mostly by "higher highs" as global indices reached record highs in each of the quarters. Fueling this "risk-on" environment was primarily the growth of the global economy, which grew at its fastest pace in nearly three years (source: International Monetary Fund). A reduction in sociopolitical unrest across the globe compared to previous years was also a contributory factor. The total return of the MSCI World Index was +9.1% in sterling terms and +19.8% in U.S. dollar terms.

Despite the positive returns, global healthcare equities outperformed the broader market in the year. Positive fundamentals drove the sector higher and were the key to the relative outperformance. The Company's benchmark, the MSCI World Healthcare Index measured on a net total return, sterling adjusted basis, finished up14.9% (+27.0% in U.S. dollar terms).

The Company performed even better, with a diluted net asset value per share total return of +25.9% and a share price total return of +30.8% during the year.

Since the Company's inception in 1995 to 31 March 2014, the total return of the Company's net asset value per share is 1,474.2%, equivalent to a compound annual return of 15.7%. This compares to the "blended" benchmark* rise of 697.4%, equivalent to a compound annual return of 11.6%.

*See page 3 for further information

Contribution to Performance

Sources of positive contribution in 2014 were rather diverse. Biotechnology, pharmaceutical, generic drug and medical device stocks all proved to be significant contributors to performance in the year. Most notable was biotechnology, regardless of capitalisation, with over 750 bps of added performance. Allocation and stock picking added at least 250 bps each from pharmaceutical, generic drug, and medical device sectors. Geographically speaking, investments in North American-based stocks contributed the vast majority of performance at over 2000 bps.

It follows then that three of the top five contributors in 2014 were US-based biotechnology stocks. The most significant of those was **Incyte Corporation**. The Delaware-based company's key marketed product, Jakafi (ruxolitinib), launched in January 2012. Sales for the novel treatment for myelofibrosis reached over U.S.$200 million in the U.S. alone in 2013. Meanwhile, the company's marketing partner in Europe, Swiss-based Novartis, sold almost an additional U.S.$200 million in product sales (known as "Jakavi" in Europe). Further, investor excitement over additional indications for Jakafi helped buoy the stock. Finally, Incyte has not rested on the laurels of one successful drug launch. Rather, the company has been able to expand their pipeline, most notably into the "hot" area of immuno-oncology with INCB24360, an oral compound that targets "IDO", an immune regulatory enzyme that is normally expressed in tumour cells and in activated immune cells. With the company firing on all cylinders, the stock more than doubled during the year.

Illumina, Inc., located in the southern Californian city of San Diego, is a pioneer, changing the current landscape of genomic research. The company currently develops and manufactures a suite of next-generation sequencing instruments that enables scientists and clinicians to decode the genome, the underlying map of our biological make-up. As the current dominant player in the industry, Illumina has enjoyed significant uptake in the demand for their technology throughout this past year and thus was a top contributor to performance. The stock outperformed due to continued acceleration of demand for sequencing instruments as demonstrated in the strength of their quarterly earnings results. In addition to the company's flawless execution in maintaining their commercial dominance, Illumina also launched its newest instrument, HiSeq Ten X, which was met with exuberance from both the scientific and investment communities. The breadth of new product introductions and the ensuing excitement, coupled with strong corporate earnings results, propelled Illumina's shares up over 150% during the year.

Mergers and acquisitions (M&A) are common in the healthcare sector and this theme was evident in the Company's performance this year. One acquisition of note was **MAKO Surgical Corp.**, a medical device company that specialises in robotic devices for orthopaedic surgery. The company was in the early stages of an exciting new product cycle when it was acquired by **Stryker Corporation** for U.S.$1.65 billion, representing nearly a 100% premium to the stock's previous close.

Emerging biotechnology stocks, emblematic of companies with no recurring revenues and perhaps only a single product in development, are inherently volatile and often binary in nature. **InterMune, Inc.** is a perfect case study. The small, California-based company with only 350 employees focuses on the research, development and commercialisation of innovative therapies in pulmonology and orphan fibrotic diseases. The share price doubled in February 2014 after the company reported positive results from a Phase III clinical trial for pirfenidone, a treatment for idiopathic pulmonary fibrosis, a chronic lung disease that can result in the need for a lung transplant and in some cases can prove fatal. The stock held its gains into year-end.

Gilead Sciences, Inc. is a global, large capitalisation biotechnology company whose share price has been on a multi-year re-rating. Celebrated by us previously as a "Champion of Innovation", the company's fortunes are anchored by an industry leading HIV franchise, with annual sales in excess of U.S.$9 billion and growing. The company is now also regarded as the industry leader in the treatment of hepatitis C with the December 2013 approval of Solvaldi (sofosbuvir), a novel oral treatment that is easy to take, well tolerated, and literally a cure for the vast majority of patients with this slow moving, but ultimately devastating disease. Additionally, the past year has also given investors visibility into Gilead's next leg of growth, namely, oncology. In October 2013, the company released an earlier-than-expected positive result from a clinical trial of their investigational cancer drug, idelalasib, for the treatment of a form of leukemia. Finally, Gilead continued to post stellar quarterly financial results, propelling the stock to new all-time highs in the period.

In terms of top detractors to performance, no distinct theme is evident. Rather, idiosyncratic disappointments populate the key negative contributors in the period. Overall, major detractors were few and isolated.

Infinity Pharmaceuticals, Inc. is a Massachusetts-based emerging biotechnology company and another case study of the binary nature of these stocks. The company's lead compound, in development for the treatment of a range of blood-based cancers, was shown to possess some concerning and unexpected side effects when data was disclosed at the preeminent oncology meeting in May/June 2013. Further exacerbating the shift in investor sentiment over Infinity's stock, competitors' data at the same meeting, surprised to the upside. Overall, Inifity lost over 80% of its value off its high during the period.

Dynavax Technologies Corporation (sold from the portfolio in late 2013) is a biotechnology that specialises in the development of products to prevent and treat infectious and inflammatory diseases and cancer. Their lead candidate is Heplisav, a vaccine for hepatitis B that is more convenient and efficacious than currently marketed vaccines. The company filed Heplisav for approval with the U.S. Food and Drug Administration (FDA). We were optimistic for approval, despite an FDA Advisory Committee that had recommended an additional safety study for the vaccine prior to approval, as it appeared the FDA was considering approving the vaccine for use in especially vulnerable subpopulations of patients without the additional study. However, in June 2013, the FDA ultimately decided that the company would, in fact, need to conduct another safety trial prior to any approval, sending Dynavax shares sharply downward. While we continue to believe the vaccine is ultimately approvable, the FDA's request for another trial may delay the launch of the vaccine for years.

China Resources is a leading over-the-counter (OTC) and traditional Chinese medicine (TCM) company headquartered in Shenzhen, China. We invested in the company based on our belief that the value of its market-leading OTC brand, "999", is under-appreciated and acceleration of sales in the future was likely. However, at the beginning of the reported period, significant expectations of a major acquisition were built into the stock which were ultimately not delivered due to a valuation disagreement. The share price fell when trading resumed after a two-month trading suspension during the negotiation period.

Vocera Communications Inc. provides voice communication solutions for hospitals in the United States. Specifically, the Vocera designed communication system allows "mobile" hospital staff to instantly connect to the people and the information they need immediately through a software-based solution that can run on any smart device or the Vocera "badge", inside and outside the facility. However, the stock was hurt by weaker sales growth due to tighter hospital budgets and capital expenditure as a result of caution ahead of the rollout of the Affordable Care Act (ACA) in the United States.

Biosensors International Group Ltd. is a Singapore-based company that manufactures medical devices. The company's revenue base is derived from a mix of geographies, predominantly China, Europe, and Japan. The stock declined due to a muted drug eluting stent (DES) market worldwide. During the fiscal year, robust sales growth in Europe was driven by a new stent launch, BioMatrix Flex, but was largely offset by a competitive new entrant in Japan which led to market share erosion of its Nobori stents, sold by the company's Japanese partner, Terumo. DES products in China went through a round of double-digit price cuts during the period despite continued double-digit volume growth.

Finally, a comment on derivatives and impact on performance. The Company employs, when appropriate, options strategies in an effort to enhance returns and to improve the risk-return profile of the portfolio. During the year, the derivative overlay strategy was particularly successful, adding roughly 2% to performance.

Sector Update

Overall, the fundamentals for therapeutic companies have not been this strong in nearly 15 years. An inflection point we identified last year continued into the year under review, namely resurgence in Research and Development (R&D) output. The lifeblood of pharmaceutical and biotechnology companies is new products, and pipelines and new product launches have not been this exciting since the late 1990's.

Pharmaceuticals

Large capitalisation pharmaceutical companies are finally through the worst part of their patent cliffs. Exciting new drugs across many therapeutic categories are fueling investor interest, in particular the generalist investor. M&A and corporate activity has spiked and is unlocking shareholder value. Finally, investors are seeing a return to growth for this previously moribund sector.

However, the sector is not without its issues. First, not all companies in this space are created equal. In fact, the group is rather heterogeneous in its membership. Some pipelines are clearly superior and others clearly inferior. Not all companies are now devoid of present or near term patent expirations. Thus, while the growth outlook for the group is accelerating, not all are enjoying the renaissance to the same degree.

Then there is valuation. Once a dominant argument to be long the group, given depressed multiples on an absolute and relative basis, average valuations have moved up in excess of 50% over the last two years. Thus, one must be much more selective in large capitalisation pharmaceutical companies, rather than simply "owning the whole group". Pipelines, catalysts, growth, new product launches, valuation, management, business development, patent expirations, potential M&A, and corporate activity all must be taken into account when considering stock selection here. Macro factors also must be considered, in particular the global yield curves as a rising interest rate environment could facilitate some rotation out of the high yielding large capitalisation pharmaceutical stocks. Overall, we are excited by the opportunities currently afforded by the pharmaceutical space, but remain highly selective in consideration of the entire portfolio.

Biotechnology

For the stated cautionary reasons above, we prefer large capitalisation biotechnology stocks as our overweight strategy in therapeutics. The main positive is the same: the best new product flow in years. Moreover, the profitable biotechnology companies possess better growth prospects and more attractive valuations.

First, the latest new product introductions have been truly innovative and have met with immediate commercial success. This is a reversal of a trend from only a year ago, when it was in vogue to "short the launch". But recent launches like the oral multiple sclerosis drug, Tecfidera (**Biogen Idec, Inc.**), and the oral hepatitis C drug, Solvaldi (**Gilead Sciences, Inc.**) have been blockbusters right out of the gate. Second, pipelines are robust, providing plenty of clinical catalysts. History shows that stocks re-rate higher with positive pipeline news flow. Third, valuations, while higher, are more compelling than ever. March of 2014 saw some profit taking in the biotechnology sector, understandable given the multi-year run of outperformance. However, this correction has created an opportunity. Specifically, forward looking price-to-earnings ratios for the group are now lower than their large capitalisation pharmaceutical brethren. This is the first time this has happened, and considering the differing average growth profiles (+20% for biotechnology and +5% for pharmaceutical companies), the investment opportunity here is literally unprecedented.

Emerging Biotechnology

Biotechnology companies, regardless of capitalisation, continue to be a leading source of innovative new drugs. Emerging biotechnology stocks performed strongly during the year as the fundamentals of the sector remain strong. Clinical and regulatory news will continue to be critical to catalyse sector performance going forward.

Important Phase III results are expected from a number of companies this year across a host of therapeutic categories, including cystic fibrosis, pulmonary arterial hypertension, and atherosclerosis. Additional areas of high interest to investors include hematological malignancies, orphan diseases, and immuno-oncology.

Investor enthusiasm for emerging biotechnology stocks led to a large amount of recent Initial Public Offering (IPO) activity. During the 2013 calendar year and the first three months of 2014, there were 62 new biotechnology IPOs, with many performing strongly. This has broadened the investable biotechnology universe, and allows the funding many of new approaches to treat disease.

With a wide array of stocks and catalysts, many of which are binary in nature, we continue to invest in only the highest conviction ideas in the emerging biotechnology space.

Global Generics

Although the global generic market environment remains healthy, the U.S. and Asian markets appear particularly well-positioned in our view for several reasons. In the U.S. market, the FDA has stepped up efforts to remove non-compliant and India-based generic manufacturers from the marketplace. Ensuing product shortages have enabled favourable pricing trends that could persist for several quarters. Throughout Asia, economic expansion, favourable demographics, supportive governmental policies, and other contributing factors continue to drive robust generic utilisation in many regions. Conversely in Europe, although generic utilisation continues to climb, some significant pricing erosion has emerged in some major markets which is concerning.

We still favour the larger global generic players, especially those with emerging branded franchises. Further consolidation of the generic industry is likely and we believe some of the small and mid-sized U.S.-based players are attractive targets. We have reduced exposure to India-based manufacturers in response to the FDA's strong regulatory stance and heightened scrutiny.

Our long-term view of the Japanese generic drug market is still positive. Japan possesses the fastest growing generic drug market in the world due to significant secular upside from government efforts. While uncertainty plagues the non-familiar investor, the looming fiscal year promises to be the most dynamic in history.

Specialty Pharmaceuticals

Our strategy remains multi-pronged given the inherent heterogeneity of this sub-sector. We find high-growth companies with durable, U.S.-focused, branded franchises and reasonable growth-adjusted valuations particularly attractive. However, we also actively search for "contrarian" stocks with underappreciated proprietary businesses trading at depressed valuations. In Europe, we remain very selective, however, improving economic trends, new launch cycles, and increased M&A activity makes us a bit more constructive in the region. We expect M&A to remain a dominant sector theme, as players continue to pursue creative business combinations driven by potential revenue, operating and tax synergies.

Medical Devices

Our investment stance on the Medical Devices sector is a cautious one. While macroeconomic improvements over the past 12 months have led to an increase in the number of procedures carried out and also pricing pressure stabilisation, we see headwinds going forward, such as the lack of a material positive inflection point in unit growth, a dearth of innovation, and continued pricing pressure. In addition, valuations across the sector are no longer inexpensive on a historical basis and/or relative to the broader market.

Against this backdrop, we remain focused on innovation and business right-sizing. Our stock-picking framework is geared toward companies with: (1) new product cycles, typically small and mid-cap companies; (2) margin expansion from cost rationalisation and improving sales profiles; and (3) strong balance sheets/cash flows for potential M&A and share repurchases.

Importantly, M&A has been picking up across the industry, with several deals in the past 12 months: Stryker's acquisition of MAKO Surgical; Microport's acquisition of Wright Medical's hip and knee business; and Covidien's acquisition of Given Imaging. We expect this to continue.

Healthcare Services

"Obamacare" made headlines during the year mostly for all of the wrong reasons. But despite its widely publicised startup troubles, the ACA should benefit those companies levered to health care coverage expansion.

It is still early in the implementation of ACA; the expansion of coverage should improve the profitability of hospitals, which were previously uncompensated for care provided to uninsured patients. Additionally, hospitals may also stand to benefit from higher utilisation as individuals with new subsidised insurance demand more services.

Within managed care, we prefer Medicaid plans like **Molina Healthcare, Inc.**, a healthcare services provider that facilitates care to financially vulnerable families and individuals covered by government programmes. We expect the company to double its revenues over the next two years driven by programme eligibility expansions and states transitioning from existing Medicaid beneficiaries to managed care (from unmanaged fee for service), in order to save money and improve care quality. In addition, there are significant cost savings for companies that invest ahead of new contract launches.

Valuations remain attractive, and coupled with improving demand from ACA, we are positive on the group.

Life Sciences Tools and Diagnostics

This fiscal year has been a banner year for our investments in the Life Sciences Tools & Diagnostics space, despite pockets of uncertainties, particularly in small capitalisation diagnostics. The outperformance in the subsector was largely driven by corporate actions in large capitalisation companies, coupled with select innovations in genomic research. As a result, the sector-wide multiple compressions observed in the years past due to academic funding pressure, reversed this year, adding fuel to the outperformance.

The decoupling of assets within the subsector continued this year. Relative outperformance was attributed to those companies with leverage to genomic research compared to underperformance by companies with more cyclical industrial end-market exposures. As we head towards 2015, our sentiment remains positive, underpinned by visibility in genomic research, innovation, and the subsequent commercial uptake. Select corporate action items will likely catalyse further outperformance in large capitalisation life sciences tools, companies such as the pending split of **Agilent Technologies**. We remain selective in diagnostics as we continue to be wary of reimbursement risks.

While the sectors have re-rated higher and valuations have approached recent historical highs, we remain optimistic in the sector's ability to generate strong returns.

Emerging Markets

We continue to believe that investing in healthcare in emerging markets is a long-term, secular play. Aging populations, rising income levels, and increasing healthcare spending as a percentage of GDP are the three key drivers underpinning the growth of healthcare markets in these regions for the next few decades. Additionally, we believe technology innovation could emerge as next growth driver in a longer time horizon.

Our investment strategy here has always been to pick long-term winners based on our fundamental analysis on the attractiveness of respective industry sub-sectors, competitive positioning of individual companies, and our assessment of each management team. We carefully construct the Company's portfolio to manage volatility typically associated with emerging market stocks as well as specific industry risks, namely pricing pressure, affordability, and lack of talents.

As we move towards 2015, we expect Chinese private hospital stocks to continue the momentum observed in the second half of this year and continue to outperform next year, driven by favorable government policy initiatives and early growth stage of the industry. Established private hospital players in the ASEAN region* could outperform again after taking a pause during the year. Industry consolidation and M&A activities in emerging markets should continue to play out for our picks in both acquirers and acquisition targets.

For pharmaceutical stocks in emerging markets, we favour of companies with established commercial channels as well as product development capability. Moreover, we are avoiding mass generic companies in China due to pricing pressure from both competition and government tender policies.

*See glossary beginning on page 68.

Samuel D. Isaly
OrbiMed Capital LLC
Investment Manager

6 June 2014

Contribution by Investment

Principal contributors to and detractors from net asset value performance over the year to 31 March 2014

Top Five contributors	Contribution for the year to 31 March 2014 £'000	Contribution per Share (pence) *
Incyte †	16,102	35.05
Illumina	11,890	25.88
MAKO	9,873	21.49
Intermune	9,179	19.98
Gilead Science	8,981	19.55
	56,025	**121.95**

Top Five detractors		
Infinity	(12,059)	(26.25)
Dynavax Technologies	(2,744)	(5.97)
Vocera	(2,029)	(4.42)
China Resources	(1,718)	(3.74)
Biosensors International	(1,703)	(3.71)
	(20,253)	**(44.09)**

†includes Incyte 4.75% 01/10/15 convertible bond.

*based on 45,940,093 being the undiluted weighted average number of shares in issue during the year ended 31 March 2014.

Champions of Innovation – Industry leading investments in the Portfolio during the year

Bristol-Myers Squibb

The average person is largely unaware, but we are in the midst of a revolution in the treatment of cancer and Bristol-Myers Squibb (BMS) is at the forefront of those efforts. This metamorphosis is based on a simple idea: don't use chemicals to kill tumour cells and healthy cells alike, rather, stimulate the body's own immune system to fight the cancer. While the concept has been around for decades, success of "immuno-oncology" therapy has been fleeting. That has begun to change.

BMS was the first company ever to bring an immuno-oncology product to market in 2011. However, we are on the precipice of the next wave of products that target "PD-1", or Programmed Death-1. PD-1 is a protein found on the surface of T-cells (immune system cells) in the human body. This protein binds with a ligand, or "PD-L1", that is expressed only on tumour cells, and together they protect the cancer cell from attack by the body's own immune system. BMS's partner, Japan-based Ono Pharmaceutical Co., discovered that antibodies directed to PD-1 (aka "anti-PD-1"), could block this interaction, thereby allowing the immune system to resume the attack on the cancer.

The lead compound in this partnership is a monoclonal antibody called nivolumab. To date, BMS has demonstrated the efficacy of nivolumab in a host of different cancers and across histologies, from skin to kidney to lung cancers. However, what is most impressive is the potential for cure. A hallmark of anti-PD-1 therapy compared to current cancer regimens such as chemotherapy or targeted therapy is the incredible durability of response in patients who do respond. Or, put another way, survival in patients who respond to nivolumab therapy may be in fact "cured" of their cancer. While data continues to mature, BMS has shown that some patients with advanced disease, who normally only live for weeks or months, can live for years after nivolumab therapy.

Ono and BMS are collaborating on at least seven other solid tumor types, such as liver, pancreatic, stomach, head & neck, and breast cancers. Utility in blood cancers and virology (most notably HIV) is also being explored. The commercial potential of nivolumab across such a large array of neoplasms is truly unprecedented.

Illumina, Inc.

Illumina, through organic growth and its acquisition of Solexa Technology in November 2006, has transformed itself as one of the most innovative companies not only in life sciences tools, but in all of healthcare. The company's core business of providing innovative tools in research with its menu of next generation sequencing platforms is currently changing how clinicians and scientists are viewing the biology of organisms. The first human genome was decoded in 2000 at a cost north of U.S. $3 billion. Illumina has revolutionised this work by enabling current science to unlock the value of a whole human genome for less than U.S. $1,000. Being able to understand the human genome in its totality will allow clinicians to better comprehend the underlying biology of their patients. This custom understanding will ultimately lead to personalised healthcare; medical care that will be catered to our own body.

Due to its fast paced innovation, Illumina is often regarded as being in the vanguard of technology breakthroughs. It is in this regard that Illumina is not only attracting the attention of healthcare investors, but also garnering interest in the high-growth and high-profiled technology community as well. It's not often we see investment opportunities that can successfully straddle the boundaries of both healthcare and technology. Illumina is doing just that.

Champions of Innovation – continued

InterMune, Inc.

InterMune is an emerging biopharmaceutical company focused on pulmonary disease. Its lead drug is Esbriet (pirfenidone) for the treatment of idiopathic pulmonary fibrosis (IPF). IPF is a progressive scarring of the lungs which causes loss of lung function and ultimately leads to death, typically within 3-5 years of diagnosis. Pirfenidone is a novel anti-fibrotic. The drug was tested in two nearly identical phase III trials which were reported in 2009. One trial met its primary endpoint in terms of reducing the rate of loss of lung function, but the second trial was not successful (although there were some encouraging trends). Because of these conflicting results, the FDA initially rejected the drug, requesting an additional confirmatory phase III trial to support approval. Esbriet did receive E.U. approval in 2011. The drug has now been launched in the majority of European countries, and sales have beaten expectations over the last several quarters.

Based on the totality of the data across trials, and the fact that the statistical strength of the successful phase III trial argued that it was unlikely to be a fluke, we believed that the ongoing confirmatory phase III was likely to be successful. In February 2014, InterMune announced that the trial was indeed a success, leading to a significant jump in the company's share price. In fact, the treatment effect was larger than expected from the previous trials. We are confident that this trial will be sufficient for U.S. approval, expected in 2015.

InterMune is now one of the few biotechnology companies with worldwide rights to a drug with blockbuster potential. As such we believe that the company would be an attractive acquisition target. In particular, Actelion and Gilead have complementary franchises and would be potential acquirers.

Intuitive Surgical, Inc.

While robotic surgery traces its roots back some 30 years, usage today is common place thanks to Intuitive Surgical, one of the pioneers of commercial robots for the surgical suite. The FDA first cleared the company's signature "da Vinci Surgical System" in 2000 for general laparoscopic surgeries such as gall bladder removal and for treatment of severe heartburn. Today, Intuitive Surgical's Da Vinci robotic systems have gained wide spread adoption in urological and gynecological surgery by providing more minimally invasive surgery, better anatomical navigation, and improved visualisation for surgeons.

In order to expand the use of robotics into broader general surgery markets, the company has recently announced the FDA approval of two new robotic systems; the next generation Da Vinci "Xi" and Da Vinci "SP" (Single Port). The improved range of motion and faster setup time of the Xi allows for complex procedures that require operating on multiple areas of the anatomy. This new robotic platform will have applications in complicated colorectal, thoracic and abdominal oncology surgeries.

Soon after the announcement of Xi, Intuitive unveiled their new SP technology which features three fully articulating instruments and a 3D high-definition camera through a single 25 mm cannula. The SP will be commercialised in mid-2015 and will allow surgeons to perform a broad range of procedures through a single incision. We believe that robotics will improve surgical outcomes over time and that Intuitive Surgical is the clear technological and commercial leader in the field.

On behalf of the Board

Sir Martin Smith
Chairman

6 June 2014

Governance / Board of Directors

The Board of Directors, all of whom are non-executive, supervise the management of Worldwide Healthcare Trust PLC and look after the interests of shareholders.

Sir Martin Smith*+

Chairman

Sir Martin Smith joined the Board in 2007. After acting as Head of Corporate Finance for Citibank in Europe, and Chairman of Bankers Trust International, he became a founder of Phoenix Securities, a private investment banking firm. Following the acquisition of Phoenix in 1997 by Donaldson Lufkin and Jenrette ("DLJ"), he chaired DLJ's European Investment Banking Group. He subsequently became a founder and Vice Chairman of New Star Asset Management Group PLC. He is a Director of a number of private companies. He attended Oxford University and has an MBA from Stanford University.

Sarah Bates*+

Sarah Bates joined the Board in 2013. She is currently Chairman of JPMorgan American Investment Trust plc and St James's Place plc and Chairman elect of Witan Pacific Investment Trust plc. She is also a non-executive Director of Polar Capital Technology Trust plc and Development Securities plc. She is a former Chairman of the Association of Investment Companies. She is a member of the Universities Superannuation Fund Investment Committee and an adviser to the East Riding Pension Fund and has a number of voluntary appointments on charity or pension fund investment committees. She attended Cambridge University and has an MBA from London Business School.

Jo Dixon*+

Jo Dixon joined the Board in 2004. She is Chairman of the Audit Committee and also the Senior Independent Director. She is currently a non-executive Director and Chairman of the Audit Committee of Standard Life Equity Income Trust PLC and Baring Emerging Europe PLC and also a non-executive Director of JPMorgan European Investment Trust plc. Jo is a graduate Chartered Accountant having trained with Touche Ross in London. Her career has spanned strategic development, finance and commercial management at a number of companies including The Eden Project, Serco Group plc and Newcastle United PLC and also within the Investment Bank and main group of NatWest.

*Member of the Audit Committee
+Member of the Nominations and Management Engagement & Remuneration Committees

Meeting Attendance

The number of meetings held during the year of the Board and its Committees, and each Director's attendance level, is shown below:

Type and number of meetings held in 2013/14	Board (4)	Audit Committee (2)	Nominations Committee (1)	Management Engagement & Remuneration Committee (1)
Sir Martin Smith	4	2	1	1
Sarah Bates (appointed on 22 May 2013)	4	2	–	–
Jo Dixon	4	2	1	1
Dr David Holbrook	4	2	1	1
Samuel D. Isaly*	4	–	–	–
Doug McCutcheon	4	2	1	1
Anthony Townsend (retired on 17 July 2013)	3	1	1	1

All of the serving Directors attended the Annual General Meeting held on 17 July 2013.
In addition to the above, a number of adhoc special purpose Board and committee meetings were held during the year for the approval of documents, the allotment of new shares and the approval of regulatory announcements.
*Mr Isaly is not a member of any of the Company's committees.

Dr David Holbrook*+

Dr David Holbrook joined the Board in 2007. He is a qualified physician and a Director of MTI Partners Limited, a leading technology venture capital investor. He attended London and Oxford Universities, and has an MBA from Harvard Business School. He has held senior positions in a number of blue chip biopharmaceutical organisations including GlaxoSmithKline and Roche.

Samuel D. Isaly

Sam Isaly joined the Board at launch in 1995. Sam is Managing Partner of OrbiMed Capital LLC, the Company's Investment Manager, and has been a worldwide healthcare investment specialist for more than 30 years having worked in New York and Europe with Chase Manhattan, Société Générale, Crédit Suisse and UBS Warburg.

Doug McCutcheon*+

Doug McCutcheon joined the Board in 2012. Based in Toronto, Canada, Doug is both a Canadian and UK citizen. Doug is the President of Longview Asset Management Ltd. and Gormley Limited, independent investment firms. Doug is involved in several philanthropic organisations with a focus on healthcare and education. Until 2012, Doug was an investment banker at S.G. Warburg and then UBS for 25 years, most recently as the head of Healthcare Investment Banking for Europe, the Middle East, Africa and Asia-Pacific.

*Member of the Audit Committee
+Member of the Nominations and Management Engagement & Remuneration Committees

DIRECTORS' INTERESTS

The beneficial interests of the Directors and their families in the Company were as set out below:

	Shares of 25p each		Subscription Shares of 1p each	
	31 March 2014	1 April 2013	31 March 2014	1 April 2013
Sir Martin Smith	5,859	5,859	400	400
Sarah Bates	7,200	–	–	–
Jo Dixon	3,000	3,000	600	600
Dr David Holbrook	1,094	–	–	–
Samuel D. Isaly	353,600	353,600	720	100,720
Doug McCutcheon	15,000	15,000	–	–

On 24 April 2014, Mr Samuel D. Isaly sold 350,000 Ordinary Shares. Save for this there had been no changes in the above Directors' interests as at 6 June 2014.

Samuel D. Isaly is a partner in OrbiMed Capital LLC which is party to the Investment Management Agreement with the Company and receives fees as described on pages 26 and 27. A number of the partners at OrbiMed Capital LLC have a minority financial interest totalling 20% in Frostrow Capital LLP, the Company's Manager.

Governance / Report of the Directors

The Directors present their annual report on the affairs of the Company together with the audited financial statements and the Independent Auditor's Report for the year ended 31 March 2014.

Business and Status of the Company

The Company is registered as a public limited company in England (Registered Number 3023689) and is an investment company within the terms of Section 833 of the Companies Act 2006 (the 'Act'). Its shares are listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange, which is a regulated market as defined in Section 1173 of the Act.

The Company has received approval from HM Revenue & Customs as an authorised investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 ("CTA 2010") for the year commencing 1 April 2012. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company continues to direct its affairs so as to enable it to qualify for such approval.

Continuation of the Company

A resolution was passed at the Annual General Meeting held in 2009 that the Company continues as an investment trust for a further five year period. In accordance with the Company's Articles of Association, shareholders will have an opportunity to vote on the continuation of the Company at this years' Annual General Meeting and every five years thereafter. (Please see the Notice of the Annual General Meeting beginning on page 72 for further information).

Investment Policy

In order to achieve its investment objective, the Company invests in a diversified portfolio of shares in pharmaceutical and biotechnology companies and related securities in the healthcare sector on a worldwide basis. It uses gearing and derivative transactions to mitigate risk and also to enhance capital returns. Further details concerning the Company's investment policy can be found in the Strategic Report on page 6.

Results and Dividends

The results attributable to shareholders for the year and the transfer to reserves are shown on page 45. Details of the Company's dividend record can be found on page 3.

Gearing and Loan Facility

The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman Sachs & Co. New York ("Goldman Sachs"). Under the terms of the loan facility Goldman Sachs have been granted a first priority security interest or lien over the Company's assets. The loan does not have a fixed term and there is no formal review date. The Company's assets can be held by Goldman Sachs as collateral for the loan provided by them to the Company. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by Goldman Sachs, although the Company maintains the economic benefits from ownership of those assets. Goldman Sachs may take up to 140% of the value of the outstanding loan as collateral. The Company is afforded protection under both the SEC rules and U.S. legislation equal to the value of the net assets held by Goldman Sachs. Interest on the amount borrowed is charged at the Federal Funds effective rate plus one week LIBOR – OIS Spread plus 35 basis points. At the year-end total borrowings amounted to the equivalent of £62.7 million (2013: £31.4 million). The Company was 12% geared at the year-end. (For further information see note 11 on page 56, and note 18 on pages 59 to 64).

Subscription Shares

The Company's Subscription Shares were allotted on 4 September 2009 to Ordinary Shareholders on the register at 5.00 p.m. on 3 September 2009, by way of a bonus issue on the basis of one Subscription Share for every five Ordinary Shares held at that date. This resulted in the issue of 9,730,960 Subscription Shares.

As each Subscription Share confers the right, but not the obligation, to subscribe for one Ordinary Share, the Directors consider that this meets the criteria for the Subscription Shares to be classified as equity in accordance with FRS 25.

The subscription right conferred by each Subscription Share may be exercised on each of 31 October, 31 January, 30 April and 31 July (or if such date is not a business day, on the next following business day) between (and including) 31 October 2009 and 31 July 2014.

Over the life of the Subscription Shares the subscription price has stepped up from 614 pence per share from 31 October 2009 to 31 July 2010, to 638 pence per share from 1 August 2010 to 31 July 2012 and finally to the current price of 699 pence per share that will apply until 31 July 2014, the date of expiry of the Subscription Shares.

These subscription prices represent premia of 1%, 5% and 15% respectively to the published unaudited net asset value per Ordinary Share as at 5.00 p.m. on 3 September 2009 (including current period revenue) of 607.44 pence per share.

A full description of the Subscription Shares and their terms was publicised via a prospectus issued to existing Ordinary Shareholders on 11 August 2009.

Share Capital

The following shares were allotted by the Company as a result of holders of the Subscription Shares exercising their subscription rights during the year:

49,760 shares were allotted on 2 May 2013 raising £348,000. 75,471 shares were allotted on 1 August 2013 raising £527,000. 211,349 shares were allotted on 1 November 2013 raising £1,477,000. 192,377 shares were allotted on 1 February 2014 raising £1,345,000.

Subsequent to the year-end 369,770 shares were allotted on 1 May 2014 raising £2,585,000.

During the year 328,408 Ordinary Shares held in treasury were reissued at prices representing no more than a 4.9% discount to the prevailing fully diluted cum income net asset value per share, raising £3,530,000 of additional funds for the Company. As at 31 March 2014 there were 46,292,111 Ordinary Shares and 1,860,969 Subscription Shares in issue (2013: 45,434,746 Ordinary Shares and 2,389,926 Subscription Shares).

During the year and to 6 June 2014 no Ordinary Shares or Subscription Shares were re-purchased by the Company.

Warrants

The Company made a bonus issue of Warrants on 17 December 2004 on the basis of one Warrant for every five Ordinary Shares held. Each Warrant conferred the right, but not the obligation, to subscribe for one Ordinary Share on 31 July in each of the years 2005 to 2009 inclusive at an exercise price of 464 pence per Ordinary Share.

A full description of the Warrants and their terms was publicised via a prospectus issued to existing Ordinary Shareholders on 19 November 2004.

Investment Management

Investment Management Agreement:
OrbiMed receives a periodic fee equal to 0.65% p.a. of the Company's net asset value. The Investment Management Agreement may be terminated by either party giving notice of not less than 12 months. OrbiMed under the terms of the agreement provides, inter alia, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment policy of the Company.

Management

Company Management, Company Secretarial and Administrative Services Agreement:
Frostrow receives a periodic fee equal to 0.30% per annum of the Company's market capitalisation up to £150 million, 0.20% per annum of the market capitalisation in excess of £150 million and up to £500 million, and 0.125% per annum of the market capitalisation in excess of £500 million, plus a fixed amount equal to £57,500 per annum.

The notice period on the Company Management, Company Secretarial and Administration Agreement with Frostrow is 12 months, termination can be initiated by either party.

The Manager, under the terms of the agreement provides, inter alia, the following services:

- marketing and shareholder services;
- administrative services;
- advice and guidance in respect of corporate governance requirements;
- maintaining the books of account and record in respect of Company dealing, investments, transactions, dividends and other income, the income account, balance sheet and cash books and statements;
- preparation and dispatch of the audited annual and unaudited interim report and accounts and interim management statements; and
- attending to general tax affairs where necessary.

Performance Fee:
Dependent on the level of long-term outperformance of the Company, the Investment Manager and the Manager are entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's net asset value ('NAV') performance has outperformed the benchmark index. (See page 7 for details of the benchmark).

The fee is calculated quarterly by comparing the cumulative performance of the Company's NAV with the cumulative performance of the benchmark since the launch of the Company in 1995. The performance fee amounts to 16.5% of any outperformance over the benchmark, the investment manager receiving 15% and the manager receiving 1.5% respectively. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards.

In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:

i) The cumulative outperformance of the investment portfolio over the benchmark as at the quarter end date; and

ii) The cumulative outperformance of the investment portfolio over the benchmark as at the corresponding quarter end date in the previous year.

In addition, a performance fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all performance fees paid to date.

In accordance with the above provisions, during the year a performance fee of £1,189,000 became payable as at 30 September 2013, one of the quarterly calculation dates at which a fee could have become payable during the year. This fee became payable with respect to outperformance that had been achieved as at 30 September 2012 and which had been maintained as at 30 September 2013. No fee became payable at any of the other three quarterly calculation dates during the year, being 30 June 2013, 31 December 2013 and 31 March 2014. (Year ended 31 March 2013: total fees crystallised £643,000).

In addition, as described above, during the year a provision is made within the reported daily net asset value per share for potential performance fees that might become payable at future calculation dates, the crystallisation of such potential fees being dependant on outperformance being maintained for the required twelve month period. As at 31 March 2014 incremental outperformance had been achieved by reference to the benchmark index which gave rise to potential performance fees of £8,829,000 payable by 31 March 2015. The payment of this total performance fee amount is contingent on the total outperformance achieved as at 31 March 2014 being maintained as at 31 March 2015 and therefore as at 31 March 2014 the amount provided of £8,829,000 is not an actual liability of the Company, rather a contingent one. In accordance with the Company's accounting policies provision is made for this amount within the Company's accounting records. In the event that this outperformance is lost in full through underperformance during the period to 31 March 2015 then no fee will become payable during the period to 31 March 2015. In the event that some but not all of the outperformance achieved is lost through underperformance during the period to 31 March 2015 then a proportional performance fee amount will crystallise by 31 March 2015.

The sum of the performance fee of £1,189,000 that crystallised as at 30 September 2013 and the provision made as at 31 March 2014 of £8,829,000 is £10,018,000 and this is the amount charged to the capital column of the Company's Income Statement during the year. (Year ended 31 March 2013: a credit of £1,333,000). See note 3 and note 11 to the accounts on pages 52 and 56 of this annual report.

Continuing Appointment of the Manager and Investment Manager

The Board has concluded that it is in shareholders' interests that the Manager and the Investment Manager continue in their roles. The review undertaken by the Board considered the Company's investment performance over both the short and longer terms, together with the quality and adequacy of other services provided.

The Board also reviewed the appropriateness of the terms of the Investment Management and the Company Management, Company Secretarial and Administration Agreements, in particular the length of notice period and the fee structures.

Retail Investors advised by Independent Financial Advisers ("IFAs")

The Company currently conducts its affairs so that its shares can be recommended by IFAs in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.

Directors' & Officers' Liability Insurance Cover

Directors' & officers' liability insurance cover was maintained by the Company during the year ended 31 March 2014. It is intended that this policy will continue for the year ending 31 March 2015 and subsequent years.

Directors' Indemnities

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his or her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Substantial Shares Interest

The Company was aware of the following substantial interests in the voting rights of the Company:

	6 June 2014*		31 March 2014	
Shareholder	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Investec Wealth & Investment	5,112,164	10.96	4,929,850	10.65
Alliance Trust Savings	2,354,764	5.05	2,437,574	5.27
Brewin Dolphin, Stockbrokers	1,995,504	4.28	1,987,451	4.29
Charles Stanley, Stockbrokers	1,929,851	4.14	1,903,695	4.11
Smith & Williamson	1,709,113	3.66	1,727,905	3.73
Spiers & Jeffrey, Stockbrokers	1,696,775	3.64	1,686,694	3.64
Deutsche Bank Private Wealth Management	1,464,304	3.14	1,453,423	3.14
Hargreaves Lansdown	1,452,395	3.11	1,392,284	3.01
Standard Life Wealth	1,442,437	3.09	1,434,634	3.10

As at 31 March 2014 the Company had 46,292,111 shares in issue. As at 6 June 2014 the Company had 46,661,881 shares in issue.

*6 June being the latest practicable date before publication of the Annual Report.

Beneficial Owners of Shares – Information Rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Asset Services, or to the Company directly.

Individual Savings Accounts

The Company's shares are eligible to be held in the stocks and shares component of an ISA or Junior ISA, subject to applicable annual subscription limits (£11,880 for an ISA and £3,840 for a Junior ISA for the 2014/2015 tax year). Investments held in ISAs or Junior ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available for UK resident children aged under 18 and born before 1 September 2002 or after 2 January 2011. Sums received by a shareholder on a disposal of Ordinary Shares held within an ISA or Junior ISA will not count towards the shareholder's annual limit.

The government has announced that with effect from 1 July 2014 ISAs will be replaced with a new simplified product, the New ISA ("NISA") with equal limits for cash and stocks and shares.

The overall NISA limits for 2014/2015 will be £15,000 which offers the option to save in cash, stocks and shares or any combination of the two.

Audit Tender

As reported in the Company's 2013 annual report, the Board, after consideration, agreed that a tender process for the post of Auditor to the Company should take place as Ernst & Young LLP have been in post for over 19 years. The process was held in April 2014 following which a recommendation was made by the Audit Committee that PricewaterhouseCoopers LLP be appointed as Auditor to the Company with effect from the conclusion of the Company's Annual General Meeting to be held on 14 July 2014. A resolution proposing their appointment will therefore be put before shareholders at that meeting.

Further details of the audit tender process can be found in the Audit Committee Report on pages 38 and 39 of the annual report.

S.I. 2007/1093 C.49 Commencement No.2 Order 2007

The following disclosures are made in accordance with S.I. 2007/1093 C.49 Commencement No.2 Order 2007.

Capital Structure

The Company's capital structure is summarised on pages 25 and 26 and in note 13 on page 57.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this Annual Report are given in note 9 to the Notice of Annual General Meeting on page 75.

Political Donations

The Company has not in the past and does not intend in future to make any political donations.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Reports and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

By order of the Board

Frostrow Capital LLP

Company Secretary

6 June 2014

Governance / Statement of Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year. The Directors are responsible for preparing the Financial Statements in accordance with applicable law and regulations. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- followed applicable UK accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the FCA.

The financial statements are published on the Company's website (www.worldwidewh.com) and via Frostrow's website (www.frostrow.com). The maintenance and integrity of these websites, so far as it relates to the Company, is the responsibility of the Manager. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on these websites. Visitors to the websites need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Going Concern

In consideration of the appropriateness of adopting the going concern basis in the preparation of the financial statements, the Directors took into account the following significant issues:

- The views of the Company's significant shareholders with regard to the ordinary resolution to be proposed at the forthcoming Annual General Meeting that the Company continues as an investment trust for a further five years; and
- The net assets of the Company comprises of liquid securities.

Disclosure of Information to the Auditor

So far as the Directors are aware, there is no relevant information of which the Auditor is unaware. The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of such information.

Responsibility Statement of the Directors in respect of the annual financial report

The Directors, whose details can be found on pages 23 and 24, confirm to the best of their knowledge that:

- the Financial Statements, within this Annual Report, have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and the return for the year ended 31 March 2014;
- the Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules; and
- the annual report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Company's performance, business model and strategy.

On behalf of the Board

Sir Martin Smith
Chairman

6 June 2014

This Statement forms part of the Report of the Directors.

The Board confirms that, with the exception of the below, it has in all respects met its obligations under the Listing Rules and the UK Corporate Governance Code throughout the period of this report:

- Director Tenure (Provision B.1.1 of the UK Corporate Governance Code);
- The role of the Chief Executive (Provision A.2.1 of the UK Corporate Governance Code);
- Executive Directors Remuneration Provisions D.2.1, D.2.2, D.2.3 and D.2.4 of the UK Corporate Governance Code); and
- The need for an internal audit (Provision C.3.6 of the UK Corporate Governance Code).

For reasons set out in the AIC Guide and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment trust. Therefore, with the exception of Director tenure, which is addressed further below and the need for an internal audit function which is addressed further on page 38, the Company has not reported further in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of twenty-one principles split into three sections covering:

- The Board
- Board Meetings and relations with OrbiMed and Frostrow
- Shareholder Communications

The Board

AIC Code Principle	Compliance Statement
1. The Chairman should be independent.	The Chairman, Sir Martin Smith, continues to be independent of OrbiMed. There is a clear division of responsibility between the Chairman, the Directors, OrbiMed, Frostrow and the Company's other third party service providers. The Chairman is responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role.
2. A majority of the Board should be independent of the manager.	The Board consists of six non-executive Directors, each of whom (with the exception of Samuel D. Isaly) is independent of OrbiMed. No other member of the Board is a Director of another investment company managed by OrbiMed, nor has any Board member been an employee of the Company, OrbiMed or any of its service providers.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors will submit themselves for annual re-election by shareholders. The individual performance of each Director standing for re-election is evaluated annually by the remaining members of the Board and, if considered appropriate, a recommendation is made that shareholders vote in favour of their re-election at the Annual General Meeting.
4. The Board should have a policy on tenure, which is disclosed in the annual report.	The Nominations Committee considers the structure of the Board and recognises the need for progressive refreshing of the Board. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgment and that there are no relationships or circumstances which are likely to affect their

The Board continued

AIC Code Principle	Compliance Statement
	judgment. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term, although new Directors are appointed with the expectation that they will serve for a minimum period of three years subject to shareholder approval. The terms and conditions of the Directors' appointments are set out in letters of engagement which are available for inspection on request at the office of Frostrow and at the Annual General Meeting.
5. There should be full disclosure of information about the Board.	The Directors' biographical details, set out on pages 23 and 24 demonstrate the wide range of skills and experience that they bring to the Board. Details of the Board's Committees and their composition are set out on page 36. The Audit Committee membership comprises those Directors considered by the Board to be independent. The Chairman of the Company is a member of the Audit Committee, but does not chair it. His membership of the Audit Committee is considered appropriate given the Chairman's extensive knowledge of the financial services industry. Both the Management Engagement & Remuneration and Nominations Committees are comprised of those Directors considered by the Board to be independent. The Chairman of the Company acts as Chairman of the former, in light of the remit of the Committee, and Jo Dixon, as the Senior Independent Director, acts as Chairman of the latter.
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the company.	The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors. When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively. The experience of the current Directors is detailed in their biographies set out on pages 23 and 24. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company will ensure that a diverse group of candidates is considered.
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Senior Independent Director. This involved the circulation of a Board effectiveness checklist, tailored to suit the nature of the Company, followed by discussions between the Senior Independent Director and each of the Directors. The performance of the Chairman was also evaluated by the Senior Independent Director. The review concluded that the Board was working well. During 2012 an independent review of the Board was undertaken, the results of which were considered by the Board. The Board has agreed that an independent review of the Board will be commissioned regularly and a further review will be commissioned in 2015. The Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

The Board continued

AIC Code Principle	Compliance Statement
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The Management Engagement & Remuneration Committee periodically reviews the fees paid to the Directors and compares these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the level of commitment and responsibility of each Board member. Details on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Policy Report and Directors' Remuneration Implementation Report on pages 40 to 42 and in note 4 on page 52. As all of the Directors are non-executive, the Board considers that it is acceptable for the Chairman of the Company to chair meetings when discussing Directors' fees. The Chairman takes no part in discussions regarding his own remuneration. The Board periodically takes advice from external independent advisers on Directors' remuneration.
9. The Independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the annual report.	The Nominations Committee comprises those Directors considered by the Board to be independent. Subject to there being no conflicts of interest, all members of the Committee are entitled to vote on candidates for the appointment of new Directors and on the recommendation for shareholders' approval the Directors seeking re-election at the Annual General Meeting.
10. Directors should be offered relevant training and induction.	New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.

Board Meetings and relations with OrbiMed and Frostrow

12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets regularly throughout the year and a representative of OrbiMed and Frostrow is in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

Board Meetings and relations with OrbiMed and Frostrow continued

AIC Code Principle	Compliance Statement
13. The primary focus at regular board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's share issuance and share buy back policies. The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues. The Audit and Management Engagement & Remuneration Committees respectively, review the Company's risk matrix and the performance and cost of the Company's third party service providers.
14. Boards should give sufficient attention to overall strategy.	The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.
15. The Board should regularly review both the performance of, and contractual arrangements with, the investment manager and the manager (or executives of a self-managed company).	The Management Engagement & Remuneration Committee meets at least once a year. It reviews annually the performance of OrbiMed and Frostrow. The Committee considers the quality, cost and remuneration method (including the performance fee) of the service provided by OrbiMed and Frostrow against their contractual obligations and the Board receives regular reports on compliance with the Investment Restrictions which it has set. It also considers the performance analysis provided by OrbiMed and Frostrow. The Audit Committee reviews the compliance and control systems of both OrbiMed and Frostrow in operation insofar as they relate to the affairs of the Company and the Board undertakes periodic reviews of the arrangements with and the services provided by the Custodian, to ensure that the safeguarding of the Company's assets and security of the shareholders' investment is being maintained.
16. The Board should agree policies with the investment manager and the manager covering key operational issues.	The Investment Management Agreement between the Company and OrbiMed sets out the limits of OrbiMed's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with OrbiMed, which are considered at each Board meeting. A representative from OrbiMed and Frostrow attends each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which OrbiMed is required to refer to the Board. The Board has delegated discretion to OrbiMed to exercise voting powers on its behalf, other than for contentious or sensitive matters which are to be referred to the Board for consideration. The Board has reviewed OrbiMed's Stewardship Policy, which includes its Corporate Governance and Voting Guidelines, and which is published on OrbiMed's website: www.orbimed.co.uk Reports on commissions paid by OrbiMed are submitted to the Board regularly.

Board Meetings and relations with OrbiMed and Frostrow continued

AIC Code Principle	Compliance Statement
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board considers any imbalances in the supply of and the demand for the Company's shares in the market and takes appropriate action when considered necessary. The Board considers the discount or premium to net asset value of the Company's share price at each Board meeting. The Board has implemented a discount control mechanism intended to establish a target level of no more than a 6% discount of share price to the diluted net asset value per share. (See page 7 for further information). At each meeting the Board reviews reports from both OrbiMed and Frostrow on marketing and shareholder communication strategies. It also considers their effectiveness as well as measures of investor sentiment and any recommendations on share buybacks.
18. The Board should monitor and evaluate other service providers.	The Management Engagement & Remuneration Committee reviews, at least annually, the performance of all the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders. The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon, as well as reviewing service providers' anti-bribery and corruption policies to address the provisions of the Bribery Act 2010.

Shareholder Communications

AIC Code Principle	Compliance Statement
19. The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	A detailed analysis of the substantial shareholders of the Company is provided to the Directors at each Board meeting. Representatives of OrbiMed and Frostrow regularly meet with institutional shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Regular reports from the Company's broker are submitted to the Board on investor sentiment and industry issues. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary at the Offices of Frostrow. All shareholders are encouraged to attend the Annual General Meeting, where they are given the opportunity to question the Chairman, the Board and representatives of OrbiMed. OrbiMed will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming Annual General Meeting. The Directors welcome the views of all shareholders and place considerable importance on communications with them.

Shareholder Communications continued

AIC Code Principle	Compliance Statement
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from OrbiMed, Frostrow, the Auditor, legal advisers and the Corporate Stockbroker.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Company places great importance on communication with shareholders and aims to provide them with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative Annual and Half Year reports and Interim Management Statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares. The annual report provides information on OrbiMed's investment performance, portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in the Strategic Report under Risk Management on pages 8 to 10 and in note 18 beginning on page 59. The Investment Portfolio is listed on pages 11 and 12. The Company's website, www.worldwidewh.com, is regularly updated with monthly factsheets and provides useful information about the Company including the Company's financial reports and announcements.

Committees of the Board

During the year the Board delegated certain responsibilities and functions to committees. Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found at the Company's website at www.worldwidewh.com. The membership of the Company's committees comprises those Directors considered independent by the Board. The Nominations and Audit Committees are chaired by Jo Dixon, the Management Engagement & Remuneration Committee by the Chairman of the Company, Sir Martin Smith.

The table on page 24 details the number of Board and Committee meetings attended by each Director. During the year there were four Board meetings, two Audit Committee meetings, one meeting of the Nominations Committee and one meeting of the Management Engagement & Remuneration Committee.

Nominations Committee

The Nominations Committee is responsible for the Board appraisal process and for making recommendations to the Board on the appointment of new Directors. Where appropriate, each Director is invited to submit nominations and external advisers may be used to identify potential candidates.

Management Engagement & Remuneration Committee

The level of Directors' fees is reviewed on a regular basis relative to other comparable investment companies and in the light of Directors' responsibilities. Neither the Chairman nor individual Directors participate in discussions involving personal remuneration. Details of the fees paid to the Directors in the year under review are detailed in the Directors' Remuneration Report and the Directors' Remuneration Policy Report on pages 40 to 42.

This committee also reviews the terms of engagement of the Investment Manager, the Manager and the Company's other service providers.

Audit Committee

The Audit Committee meets at least twice a year and is responsible for the review of the half-year and annual financial statements, the nature and scope of the external audit and the findings therefrom and the terms of appointment of the Auditor, including their remuneration and the provision of any non-audit services by them.

The Audit Committee meets representatives of the Manager and Investment Manager and their Compliance Officers who report as to the proper conduct of business in accordance with the regulatory environment in which the Company, Manager and Investment Manager operate. The Company's external Auditor also attend meetings of this Committee at its request and report on their work procedures and their findings in relation to the Company's statutory audit. They also have the opportunity to meet with the Committee without representatives of the Manager or the Investment Manager being present. The Audit Committee reviews the need for non-audit services to be provided by the Auditor and authorises such on a case by case basis, having consideration to the cost effectiveness of the services and the independence and objectivity of the Auditor. Non-audit fees of £9,000 were paid to Ernst & Young LLP during the year for agreed upon procedures in relation to the Company's performance fee review and other audit related assurances services. In addition, during the year, fees totalling £19,000 were earned in relation to withholding tax reclaim services. The Board has concluded, on the recommendation of the Audit Committee, that the Auditor continued to be independent.

Anti-Bribery and Corruption Policy

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private in the UK or abroad to secure any improper benefit for themselves or for the Company.

The Board applies the same Standards to its service providers in their activities for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found on its website at www.worldwidewh.com. The policy is reviewed regularly by the Audit Committee.

Relations with Shareholders

The Board reviews the shareholder register at each Board meeting. The Company has regular contact with its institutional shareholders particularly through the Manager. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. The full Board attends the Annual General Meeting under the Chairmanship of the Chairman of the Board. Details of proxy votes received in respect of each resolution are made available to shareholders at the meeting and are also published on the Company's website at www.worldwidewh.com. Representatives from the Investment Manager attend the Annual General

Meeting and give a presentation on investment matters to those present. The Company has adopted a nominee share code which is set out below.

The Board receives marketing and public relations reports from the Frostrow to whom the marketing function has been delegated. The Board reviews and considers the marketing plans of the Manager on a regular basis.

The annual and half-year financial reports, the interim management statements and a monthly fact sheet are available to all shareholders. The Board considers the format of the annual and half-year financial reports so as to ensure they are useful to all shareholders and others taking an interest in the Company. In accordance with best practice, the annual report, including the Notice of the Annual General Meeting, is sent to shareholders at least 20 working days before the meeting. Separate resolutions are proposed for substantive issues.

Exercise of Voting Powers

The Board has delegated authority to OrbiMed to vote the shares owned by the Company that are held on its behalf by its custodian, Goldman Sachs. The Board has instructed that OrbiMed submit votes for such shares wherever possible. This accords with current best practice whilst maintaining a primary focus on financial returns. OrbiMed may refer to the Board on any matters of a contentious nature. The Company does not retain voting rights on any shares that are subject to rehypothecation in connection with the loan facility provided by Goldman Sachs.

Nominee Share Code

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available; and
- that investors in the Alliance Trust Savings Scheme or ISA are automatically sent shareholder communications, including details of general meetings, together with a form of direction to facilitate voting and to seek authority to attend.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

By order of the Board

Frostrow Capital LLP
Company Secretary

6 June 2014

Governance / Audit Committee Report

for the year ended 31 March 2014

The Committee, which comprises those Directors considered to be independent by the Board, met twice during the year. Attendance by each Director is shown in the table on page 23.

Responsibilities

The Committee's main responsibilities during the year were:

1. **To review the Company's half-year and annual financial statements.** In particular, the Committee considered whether the annual financial statements are fair, balanced and understandable, allowing shareholders to more easily assess the Company's strategy, investment policy, business model and financial performance.
2. **To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee again reviewed the appropriateness of the Company's anti-bribery and corruption policy.
3. **To recommend the appointment of an external auditor** and agreeing the scope of its work and its remuneration, reviewing its independence and the effectiveness of the audit process.
4. **To consider any non-audit work to be carried out by the auditors.** The Audit Committee has considered the extent and nature of non-audit work performed by the auditor and is satisfied that this did not impinge on their independence and is a cost effective way for the Company to operate.
5. **To consider the need for an internal audit function.** Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.

The Committee's terms of reference are available for review on the Company's website at www.worldwidewh.com.

Meetings and Business

The following matters were dealt with at its meetings:

May 2013

– Review of the Committee's terms of reference
– Review of the Company's results
– Approval of the annual report and financial statements
– Review of risk management, internal controls and compliance
– Review of a report on Frostrow's internal control framework

November 2013

– Review of the Committee's terms of reference
– Review of the auditor's plan for the 2013/2014 audit
– Review of risks, internal control and compliance
– Review of the Company's anti bribery and corruption policy and the measures put in place by the Company's service providers
– Review of the Company's half-year results
– Approval of the half-year report
– Consideration of the implications of the 2012 UK Corporate Governance Code and the required changes to the Company's annual report and financial statements

Financial Statements

The financial statements, and the annual report as a whole, are the responsibility of the Board. The Directors' Responsibility Statement is contained on page 29. The Board looks to the Audit Committee to advise them in relation to the financial statements both as regards their form and content, issues which might arise and on any specific areas requiring judgment.

Significant Reporting Matters

During the year the Committee considered key accounting issues, matters and judgments in relation to the Company's financial statements and disclosures relating to:

Investments

The Committee approached and dealt with this area of risk by:

– Ensuring that all investment holdings and cash/deposit balances have been agreed to an independent confirmation from the custodian or relevant bank;
– reviewing and amending, where necessary, the Company's register of key risks in light of changes to the investment portfolio and the investment environment; and
– gaining an overall understanding of the performance of the investment portfolio both in capital and revenue terms through comparison to the benchmark.

for the year ended 31 March 2014

Taxation
The Committee approached and dealt with the area of risk, surrounding compliance with section 1158 of the Corporation Tax Act 2010, by:

– seeking confirmation from the Manager that the Company meets the eligibility conditions as outlined in section 1158;
– by obtaining written confirmation from HMRC, evidencing the approval of the Company as an investment trust under the regime;
– understanding the risks and consequences if the Company breaches this approval in future years; and
– reviewing the Company's register of key risks relating to tax matters.

External auditor

Meetings:
This year the nature and scope of the audit together with Ernst & Young LLP's audit plan were considered by the Committee on 6 November 2013 without the Auditor being present.

As Chairman of the Committee, I met with Ernst & Young LLP and Frostrow on 22 May 2014 to discuss the outcome of the audit and the draft 2014 annual report and accounts. The Committee then met Ernst & Young LLP on 28 May 2014 to review the outcome of the audit and to discuss the limited issues that arose.

Given the changes to narrative reporting which are incorporated in the annual report for the first time, we have also discussed the presentation of the annual report with the auditor and sought their perspective.

Independence and Effectiveness:
In order to fulfil the Committee's responsibility regarding the independence of the Auditor, we reviewed:

– the senior audit personnel in the audit plan for the year,
– the auditor's arrangements concerning any conflicts of interest,
– the extent of any non-audit services, and
– the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.
– auditor independence

In order to consider the effectiveness of the audit process, we reviewed:

– the Auditor's fulfilment of the agreed audit plan,
– the report arising from the audit itself, and
– feedback from Frostrow on the conduct of the audit.

The Committee is satisfied with the auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

Appointment of New Auditor

The Company's current Auditor, Ernst & Young LLP have been in office since the Company's inception, during which time no audit tender has taken place. Whilst the audit partner has changed periodically in accordance with professional and regulatory standards to protect independence and objectivity, in accordance with best practice the Board felt it was appropriate to undertake a formal audit tender.

The tender process was held in April 2014, following which, the Directors are proposing to appoint PricewaterhouseCoopers as Auditor to the Company commencing with the 2014/15 financial year. As resigning Auditor Ernst & Young LLP will provide the Company with a 'Statement of Circumstances' confirming that it will resign as Auditor to the Company. A copy of the Statement of Circumstances will be available upon request from the Company Secretary.

Ernst & Young LLP will resign with effect from the conclusion of the Annual General Meeting to be held on 14 July 2014. Having satisfied themselves of the appropriateness of the appointment of PricewaterhouseCoopers LLP following the tender process and in accordance with the Companies Act 2006, shareholder approval concerning the appointment of a new Auditor and the authority to fix their remuneration will be sought at the forthcoming Annual General Meeting.

Ernst & Young LLP carried out the audit for the year ended 31 March 2014 and were considered to be independent by the Board. The Directors wish to record their thanks for the audit services provided by Ernst & Young LLP to the Company since its inception, in particular their professionalism and the quality of their work was appreciated.

Full details of the resolution appointing PricewaterhouseCoopers LLP as Auditor can be found within the Notice of Meeting on page 72 and also in the Explanatory Notes to the Resolutions to be proposed at the Annual General Meeting on page 77.

Jo Dixon
Chairman of the Audit Committee

6 June 2014

Governance / Directors' Remuneration Report

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report to shareholders. This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The law requires the Company's auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's audit opinion is included in its report to shareholders on pages 43 and 44. The Remuneration Policy Report on page 42 forms part of this report.

The Engagement & Remuneration Committee considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in-line with the AIC Code.

At the most recent review held on 13 March 2014, it was agreed that there was to be an increase in fees paid to the Directors during the next financial year. Details of the new fee levels can be found on page 42. Myself, as Chairman of the Company, and Jo Dixon, as Chairman of the Audit Committee and Senior Independent Director, currently receive an annual fee of £39,150 and £27,850, respectively. Sarah Bates, Dr David Holbrook, Samuel D. Isaly and Doug McCutcheon each receive an annual fee of £24,750. The last increase in Directors' fees took effect on 1 April 2013.

Directors' Fees

The Directors, as at the date of this report, all served throughout the year and received the fees listed in the table above. These exclude any employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and so fees represent the total remuneration of each Director.

Directors' Emoluments for the Year (audited information)

	Date of Appointment to the Board	Fees 2014 (£)	Fees 2013 (£)
Sir Martin Smith (Chairman)	8 November 2007	39,150	38,000
Sarah Bates	22 May 2013	21,275	–
Jo Dixon	25 February 2004	27,850	27,000
Professor Duncan Geddes†	14 February 1995	–	7,000
Dr David Holbrook	8 November 2007	24,750	24,000
Samuel D. Isaly	14 February 1995	24,750	24,000
Doug McCutcheon	7 November 2012	24,750	10,000
Anthony Townsend*	14 February 1995	7,489	24,000
		170,014	154,000

† retired from the Board on 17 July 2012.
* retired from the Board on 17 July 2013.

A non-binding Ordinary Resolution proposing adoption of the Remuneration Report was put to shareholders at the Annual General Meeting of the Company held on 17 July 2013, and was passed by 98.0% of shareholders voting on the Resolution.

Sums paid to Third Parties (audited information)

Fees due to Dr Holbrook were paid to MTI Partners Limited, his employer, otherwise none of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

Other Benefits

Taxable Benefits – Article 112 of the Company's Articles of Association provides that 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.

Pensions related benefits – Article 125 permits the Company to provide pension or similar benefits for Directors and employees of the Company. However, no pension schemes or other similar arrangements have been established and no Director is entitled to any pension or similar benefits.

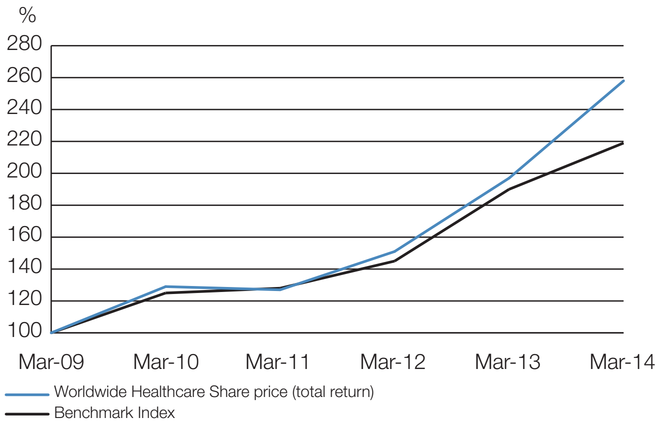
Loss of office

Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

Share Price Total Return

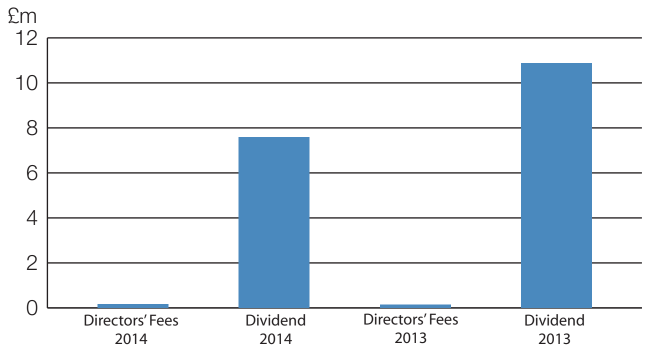
The chart below illustrates the total shareholder return for a holding in the Company's shares as compared to the MSCI World Health Care Index on a net total return, sterling adjusted basis, which the Board has adopted as the measure for both the Company's performance and that of the Investment Manager for the year.

Total Shareholder Return for the Five Years to 31 March 2014



The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution for 2013 and 2014.

Relative Cost of Directors' Remuneration



As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have any employees. There is therefore no Chief Executive Officer or employee information to disclose.

Directors' Interests in the Company's Shares (audited information)

	Ordinary Shares of 25p each 31 March 2014	Ordinary Shares of 25p each 1 April 2013	Subscription Shares of 1p each 31 March 2014	Subscription Shares of 1p each 1 April 2013
Sir Martin Smith (Chairman)	5,859	5,859	400	400
Sarah Bates	7,200	–	–	–
Jo Dixon	3,000	3,000	600	600
Dr David Holbrook	1,094	–	–	–
Samuel D. Isaly	353,600	353,600	720	100,720
Doug McCutcheon	15,000	15,000	–	–
Anthony Townsend*	n/a	21,619	n/a	25,793
Total	385,753	399,078	1,720	127,513

* retired from the Board on 17 July 2013.

On 24 April 2014, Mr Samuel D. Isaly sold 350,000 ordinary shares. Save for this, there had been no changes in the above Directors' interests as at 6 June 2014.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the Remuneration Policy, set out on page 42 of this annual report, and Remuneration Report summarise, as applicable, for the year to 31 March 2014:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Sir Martin Smith
Chairman

6 June 2014

The Company's Remuneration Policy provides that fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. Directors are remunerated in the form of fees payable monthly in arrears, paid to the Director personally or to a specified third party. There are no long-term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. Directors' remuneration comprises solely Directors' fees. The current and projected Directors' fees for 2014 and 2015 are shown in the table below. The Company does not have any employees.

Directors' Fees Current and Projected

	Fees 2015 (£)	Fees 2014 (£)
Sir Martin Smith	41,100	39,150
Sarah Bates*	26,000	21,275
Jo Dixon	29,800	27,850
Dr David Holbrook	26,000	24,750
Samuel D. Isaly	26,000	24,750
Doug McCutcheon	26,000	24,750
Anthony Townsend†	n/a	7,489
	174,900	170,014

* appointed 22 May 2013.

† retired from the Board on 17 July 2013.

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

No communications have been received from shareholders regarding Directors' remuneration.

The remuneration for the non-executive Directors is determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 in aggregate per annum. However, in order that the Company can continue to attract high calibre candidates to join the Board, it is proposed that the aggregate limit be increased to £250,000 per annum. Further details of this proposal can be found within the Explanatory Notes of the Principal Changes to the Company's Articles of Association on page 79. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits including performance related benefits.

It is the Board's intention that the Remuneration Policy will be considered by shareholders at the Annual General Meeting at least once every three years.

An Ordinary Resolution for the approval of this policy will be considered by shareholders at the forthcoming Annual General Meeting.

Financial Statements / Independent Auditor's Report to the Members of Worldwide Healthcare Trust PLC

We have audited the financial statements of Worldwide Healthcare Trust PLC for the year ended 31 March 2014 which comprise the Income Statement, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- Valuation of the investment portfolio.
- Valuation of derivative assets and liabilities.
- Maintenance of investment trust status.
- Calculation of management and performance fees.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our audit opinion in the Auditor's Report. When establishing our overall audit strategy, we determined materiality for the Company to be £6.4 million, which is 1% of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessment, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of materiality, namely £4.8 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

We have reported to the Audit Committee all audit differences in excess of £0.3 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Financial Statements / Independent Auditor's Report to the Members of Worldwide Healthcare Trust PLC

An overview of the scope of our audit

Following our assessment of the risk of material misstatement to the Company's financial statements, our response was as follows:

- we agreed year end prices for quoted and unquoted investments to an independent source;
- we independently revalued the derivative instruments and compared to the Company's valuation, confirming there were no material differences individually or in aggregate;
- we reviewed the Company's compliance with sections 1158 of the corporation Tax Act; and
- we re-performed the calculation of management and performance fees and agreed the inputs to audited source data and service agreements.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 29, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Amarjit Singh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
6 June 2014

Notes:

1. The maintenance and integrity of the Worldwide Healthcare Trust PLC web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements / Income Statement

for the year ended 31 March 2014

	Notes	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Gains on investments held at fair value through profit or loss	9	–	130,246	130,246	–	109,322	109,322
Exchange gains/(losses) on currency balances		–	10,039	10,039	–	(2,322)	(2,322)
Income from investments held at fair value through profit or loss	2	9,048	–	9,048	9,614	–	9,614
Investment management, management and performance fees	3	(249)	(14,758)	(15,007)	(190)	(2,284)	(2,474)
Other expenses	4	(753)	–	(753)	(595)	–	(595)
Net return before finance charges and taxation		8,046	125,527	133,573	8,829	104,716	113,545
Finance costs	5	(20)	(376)	(396)	(9)	(177)	(186)
Net return before taxation		8,026	125,151	133,177	8,820	104,539	113,359
Taxation on net return on ordinary activities	6	(821)	(233)	(1,054)	(1,171)	18	(1,153)
Net return after taxation		7,205	124,918	132,123	7,649	104,557	112,206
Return per share – basic	7	15.7p	271.9p	287.6p	17.1p	233.3p	250.4p
Return per share – diluted	7	15.4p	267.5p	282.9p	16.9p	231.1p	248.0p

The "Total" column of this statement is the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The Company has no recognised gains and losses other than those disclosed in the Income Statement and Reconciliation of Movements in Shareholders' Funds. Accordingly no separate Statement of Total Recognised Gains and Losses has been presented.

No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of these statements.

Financial Statements / Reconciliation of Movements in Shareholders' Funds

For the year ended 31 March 2014

	Ordinary share capital £'000	Subscription share capital £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2013	11,441	24	215,237	260,010	7,803	9,900	504,415
Net return from ordinary activities after taxation	–	–	–	124,918	–	7,205	132,123
Dividend paid in respect of year ended 31 March 2013	–	–	–	–	–	(4,352)	(4,352)
First interim dividend paid in respect of year ended 31 March 2014	–	–	–	–	–	(3,227)	(3,227)
Subscription shares exercised for ordinary shares	132	(5)	3,565	5	–	–	3,697
Shares issued from treasury	–	–	802	2,728	–	–	3,530
At 31 March 2014	11,573	19	219,604	387,661	7,803	9,526	636,186

For the year ended 31 March 2013

	Ordinary share capital £'000	Subscription share capital £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2012	10,997	71	186,300	174,230	7,068	13,131	391,797
Net return from ordinary activities after taxation	–	–	–	104,557	–	7,649	112,206
Dividend paid in respect of year ended 31 March 2012	–	–	–	–	–	(7,705)	(7,705)
First interim dividend paid in respect of year ended 31 March 2013	–	–	–	–	–	(3,175)	(3,175)
Subscription shares exercised for ordinary shares	1,179	(47)	28,929	47	–	–	30,108
Shares purchased to be held in treasury and treasury shares cancelled	(735)	–	–	(19,239)	735	–	(19,239)
Shares issued from treasury	–	–	8	415	–	–	423
At 31 March 2013	11,441	24	215,237	260,010	7,803	9,900	504,415

The accompanying notes are an integral part of these statements.

Financial Statements / Balance Sheet

as at 31 March 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	673,138	515,329
Derivative – OTC swaps	9 & 12	40,325	35,988
		713,463	551,317
Current assets			
Debtors	10	24,243	9,010
Derivative – put and call options	9 & 12	1,067	4,006
		25,310	13,016
Current liabilities			
Creditors: amounts falling due within one year	11	(101,536)	(58,354)
Derivative – put and call options	9 & 12	(1,051)	(1,564)
		(102,587)	(59,918)
Net current liabilities		(77,277)	(46,902)
Total net assets		636,186	504,415
Capital and reserves			
Ordinary share capital	13	11,573	11,441
Subscription share capital	13	19	24
Share premium account		219,604	215,237
Capital reserve	19	387,661	260,010
Capital redemption reserve		7,803	7,803
Revenue reserve		9,526	9,900
Total shareholders' funds		636,186	504,415
Net asset value per share – basic	14	1374.3p	1110.2p
Net asset value per share – diluted for subscription shares	14	1348.2p	1089.6p
Net asset value per share – fully diluted for subscription shares and treasury shares	14	1348.2p	1089.1p

The financial statements on pages 45 to 66 were approved by the Board of Directors and authorised for issue on 6 June 2014 and were signed on its behalf by:

Sir Martin Smith
Chairman

The accompanying notes are an integral part of this statement.

Worldwide Healthcare Trust PLC – Company Registration Number 3023689 (Registered in England)

Financial Statements / Cash Flow Statement

for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	15	1,163	4,202
Servicing of finance			
Interest paid		(396)	(186)
Taxation			
Taxation suffered		(288)	(431)
Financial investments			
Purchases of investments and derivatives		(501,915)	(349,759)
Sales of investments and derivatives		460,445	381,024
Net cash (outflow)/inflow from financial investment		(41,470)	31,265
Equity dividends paid	8	(7,579)	(10,880)
Net cash (outflow)/inflow before financing		(48,570)	23,970
Financing			
Repurchase of own shares	13	–	(19,239)
Issue of shares from treasury	13	3,530	423
Subscription Shares exercised for Ordinary Shares	13	3,697	30,108
Net cash inflow from financing		7,227	11,292
(Increase)/decrease in net debt	16	(41,343)	35,262

The accompanying notes are an integral part of this statement.

1. Accounting Policies

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these financial statements, are set out below:

(a) Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom company law and generally accepted accounting standards (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' dated January 2009 (the 'SORP').

The Company's financial statements are presented in sterling. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Investments Held at Fair Value Through Profit or Loss

Listed investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices.

Unquoted investments are designated by the Board as held at fair value through profit or loss, and are valued by the Directors using primary valuation techniques such as earnings multiples, option pricing models, discounted cash flow analysis, recent transactions and in accordance with IPEVC valuation guidelines.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'gains or losses on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase. All purchases and sales are accounted for on a trade date basis.

(c) Investment Income

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. UK dividends are shown net of tax credits and foreign dividends are grossed up at the appropriate rate of withholding tax.

Income from fixed interest securities is recognised on a time apportionment basis so as to reflect the effective interest rate. Deposit interest is accounted for on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows:

(i) expenses which are incidental to the acquisition or disposal of an investment, categorised as fixed assets held at fair value through profit or loss are charged to the capital column of the Income Statement; and

(ii) expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management and management fees have been charged to the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income, from the Company's portfolio. As a result 5% of the investment management and management fees are charged to the revenue column of the Income Statement and 95% are charged to the capital column of the Income Statement.

Any performance fee accrued or paid is charged in full to the capital column of the Income Statement.

(e) Finance Costs
Finance costs are accounted for on an accruals basis. Finance costs are charged to the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income, from the Company's portfolio. As a result 5% of the finance costs are charged to the revenue column of the Income Statement and 95% are charged to the capital column of the Income Statement. Finance charges, if applicable, including interest payable and premiums on settlement or redemption, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(f) Taxation
The tax effect of different items of expenditure is allocated between capital and revenue using the marginal basis.

Deferred taxation is provided on all timing differences that have originated but not been reversed by the Balance Sheet date other than those differences regarded as permanent. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the reversal of timing differences can be deducted. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(g) Foreign Currency
Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the Balance Sheet date are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or the revenue column of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

(h) Functional and Presentational Currency
The results and financial position of the Company are expressed in sterling, being the Company's functional and presentational currency. In arriving at the functional currency the Directors have considered the following:

(i) the primary economic environment of the Company;

(ii) the currency in which the original capital was raised;

(iii) the currency in which distributions are made;

(iv) the currency in which performance is evaluated; and

(v) the currency in which the capital would be returned to Shareholders on a break up basis.

The Directors are of the opinion that sterling best represents the Company's functional currency.

(i) Cash and cash equivalents
Cash in hand and in banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand, which form an integral part of the Company's cash management, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(j) Derivative Financial Instruments

The Company uses derivative financial instruments (namely put and call options and equity swaps). The merits and rationale behind such strategies are to enhance the capital return of the portfolio, facilitate management of portfolio volatility and improve the risk-return profile of the Company relative to its benchmark.

All derivative instruments are valued at fair value in the Balance Sheet in accordance with FRS 26: 'Financial instruments: Recognition and Measurement'.

The equity swaps are accounted for as Fixed Assets in the Balance Sheet and Options are accounted for as Current Assets and/or Current Liabilities in the Balance Sheet.

Each investment in options is reviewed on a case-by-case basis and are all deemed to be capital in nature. As such, all gains and losses on the above strategies have been debited or credited to the capital column of the Income Statement. All of the put and call options bought and sold during the year have been capital in nature.

All gains and losses on over-the-counter (OTC) equity swaps, during the swap term, are accounted for as investment holding gains or losses on investments. Where there has been a re-positioning of the swap, gains and losses are accounted for on a realised basis. All such gains and losses have been debited or credited to the capital column of the Income Statement.

(k) Capital Reserves

The following are transferred to this reserve:

– gains and losses on the realisation of investments;

– realised and unrealised exchange differences of a capital nature;

– expenses, together with the related taxation effect, in accordance with the above policies; and

– increases and decreases in the valuation of investments held at the year end.

2. Income from Investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Income from investments		
UK listed dividends	247	507
Overseas dividends	7,645	8,124
Fixed interest income	1,151	977
	9,043	9,608
Other income		
Deposit interest	5	6
Total income from investments held at fair value through profit or loss	9,048	9,614
Total income comprises:		
Dividends	7,892	8,631
Interest	1,156	983
	9,048	9,614

3. Investment Management, Management and Performance Fees

	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Investment Management fee	185	3,529	3,714	141	2,674	2,815
Management fee	64	1,211	1,275	49	943	992
Performance fee (write back)	–	10,018	10,018	–	(1,333)	(1,333)
	249	14,758	15,007	190	2,284	2,474

During the year, performance fees totalling £1,189,000 crystallised and became payable (year ended 31 March 2013: £643,000). In addition as at 31 March 2014 a provision for potential future fees of £8,829,000 was made (31 March 2013: a provision reversal of £1,333,000). The sum of the fee that crystallised of £1,189,000 and the possible future fee of £8,829,000 is £10,018,000, this amount being the total charge for the year.

The fees crystallised at each of the following quarterly calculation dates:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
30 June	–	375
30 September	1,189	–
31 December	–	–
31 March	–	268
Fees crystallised during the year ended 31 March	1,189	643

Further details of the performance fee basis can be found in the Report of the Directors on pages 26 and 27 under the heading 'Performance Fee' and in note 11 on page 56.

4. Other Expenses

	2014 Revenue £'000	2013 Revenue £'000
Directors' remuneration	170	154
Auditor's remuneration for the audit of the Company's financial statements	27	26
Auditor's remuneration for audit related assurance services	9	8
Auditor's remuneration for taxation services	19	–
Marketing costs	46	42
Registrar fees	74	63
Broker retainer	30	30
Legal and professional costs*	109	36
Printing	53	41
Stock Exchange listing fees	23	35
Custody fees	4	2
Other costs	189	158
	753	595

*Includes legal fees of £60,000 in connection with advice sought relating to the Alternative Investment Fund Managers Directive.

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on page 40 and in the Directors' Remuneration Policy Report on page 42.

5. Finance Charges

	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Finance charges	20	376	396	9	177	186

6. Taxation on Ordinary Activities

(a) Analysis of charge in year

	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Corporation tax at 23% (2013: 24%)						
Tax relief to capital	–	–	–	18	(18)	–
Tax on capital dividend	–	233	233	–	–	–
Overseas taxation	821	–	821	1,153	–	1,153
	821	233	1,054	1,171	(18)	1,153

(b) Factors affecting current tax charge for the year

Approved investment trusts are exempt from tax on capital gains made within the Company.

The tax charged for the year is lower than the standard rate of corporation tax in the UK for a large company 23% (2013: 24%).

The difference is explained below.

	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Net return before taxation	8,026	125,151	133,177	8,820	104,539	113,359
Corporation tax at 23% (2013: 24%)	1,846	28,785	30,631	2,117	25,089	27,206
Non-taxable gains on investments held at fair value through profit or loss	–	(32,266)	(32,266)	–	(25,680)	(25,680)
Overseas withholding taxation	821	–	821	1,153	–	1,153
Non taxable overseas dividends	(1,792)	–	(1,792)	(1,977)	–	(1,977)
Non taxable UK dividends	(57)	–	(57)	(122)	–	(122)
Expenses charged to capital available to be utilised	–	3,481	3,481	–	573	573
Excess management expenses	3	–	3	–	–	–
Overseas tax suffered on dividend charged to capital	–	233	233	–	–	–
Current tax charge	821	233	1,054	1,171	(18)	1,153

(c) Provision for deferred tax

No provision for deferred taxation has been made in the current or prior year. The Company has not provided for deferred tax on capital profits and losses arising on the revaluation or disposal of investments, as it is exempt from tax on these items because of its status as an investment trust company.

The Company has not recognised a deferred tax asset of £10,982,000 (20% tax rate) (2013: £9,146,000 (23% tax rate)) as a result of excess management expenses and loan expenses. It is not anticipated that these excess expenses will be utilised in the foreseeable future.

Deferred tax has not been provided for in these financial statements, because the Company meets and intends to continue meeting the conditions for approval as an investment trust.

7. Return per Share

	2014 £'000	2013 £'000
Basic		
The return per share is based on the following figures:		
Revenue return	7,205	7,649
Capital return	124,918	104,557
	132,123	112,206
Weighted average number of Ordinary Shares in issue during the year	45,940,093	44,819,199
Revenue return per Ordinary Share	15.7p	17.1p
Capital return per Ordinary Share	271.9p	233.3p
	287.6p	250.4p
Diluted		
Revenue return	7,205	7,649
Capital return	124,918	104,557
	132,123	112,206
Revenue return per Ordinary Share	15.4p	16.9p
Capital return per Ordinary Share	267.5p	231.1p
	282.9p	248.0p
Basic weighted average number of shares in issue during the year ended 31 March 2014	45,940,093	44,819,199
Number of dilutive shares*	753,640	424,586
Diluted shares in issue for the year	46,693,733	45,243,785

The calculation of the diluted total, revenue and capital returns per Ordinary Shares are carried out in accordance with FRS No 22, "Earning per Share". For the purposes of calculating diluted total return, the diluted shares in issue for the year is the weighted average used in the basic calculation plus the number of shares deemed to be issued for no consideration on the exercise of all Subscription Shares calculated by reference to the average share price of the Ordinary Shares during the year.

* Subscription Shares outstanding as at 31 March 2014	1,860,969**A**
Exercise price	699p
Total consideration on exercise	£13.0m
Average share price during the year	£11.75
Theoretical number of shares on exercise	1,107,329**B**
Dilutive shares A-B	753,640

8. Interim Dividend

Under UK GAAP, final dividends are not recognised until they are approved by shareholders and interim dividends are not recognised until they are paid. They are also debited directly from reserves. Amounts recognised as distributable to Ordinary Shareholders for the year ended 31 March 2014 were as follows:

	2014 £'000	2013 £'000
Interim dividend in respect of the year ended 31 March 2012	–	7,705
First interim dividend in respect of the year ended 31 March 2013	–	3,175
Second interim dividend in respect of the year ended 31 March 2013	4,352	–
First interim dividend in respect of the year ended 31 March 2014	3,227	–
	7,579	10,880

In respect of the year ended 31 March 2014, the first interim dividend of 7.0p per share was paid on 10 January 2014, with a second interim dividend of 8.0p payable on 4 July 2014. The associated ex dividend date was 4 June 2014. The total dividends payable in respect of the year ended 31 March 2014 amount to 15.0p per share (2013: 16.5p per share). The aggregate cost of the second interim dividend based on the number of shares in issue at 6 June 2014 will be £3,733,000. In accordance with FRS 21 the second interim dividend will be reflected in the interim accounts for the period ending 30 September 2014. Total dividends in respect of the financial year, which is the basis on which the requirements of s1158 of the Corporation Tax Act 2010 are considered, are set out below:

	2014 £'000	2013 £'000
Revenue available for distribution by way of dividend for the year	7,205	7,649
First interim dividend in respect of the year ended 31 March 2013	–	(3,175)
Second interim dividend in respect of the year ended 31 March 2013	–	(4,352)
First interim dividend in respect of the year ended 31 March 2014	(3,227)	–
Second interim dividend in respect of the year ended 31 March 2014*	(3,733)	–
	245	122

*based on 46,661,881 shares in issue as at 6 June 2014.

9. Investments

	Listed Investments £'000	Securitised Debt Investments (unquoted) £'000	Derivative Financial Instruments £'000	Total £'000
Cost at 1 April 2013	392,183	–	32,096	424,279
Investment holdings gains at 1 April 2013	123,146	–	6,334	129,480
Valuation at 1 April 2013	515,329	–	38,430	553,759
Movement in the year:				
Purchases at cost	393,377	15,877	95,690	504,944
Sales – proceeds	(364,718)	(7,306)	(103,446)	(475,470)
– realised gains on sales	88,191	(636)	16,948	104,503
Net movement in investment holding gains	32,955	69	(7,281)	25,743
Valuation at 31 March 2014	665,134	8,004	40,341	713,479
Cost at 31 March 2014	509,033	7,935	41,288	558,256
Investment holding gains at 31 March 2014	156,101	69	(947)	155,223
Valuation at 31 March 2014	665,134	8,004	40,341	713,479

	2014 £'000	2013 £'000
Gains on investment		
Realised gains based on historical cost – sales	104,503	32,881
Less: amounts recognised as investment holding gains in previous years	(61,164)	(27,881)
Realised gains based on carrying value at previous Balance Sheet date	43,339	5,000
Movement in investment holding gains in the year	86,907	104,322
Gains on investments	130,246	109,322

Purchase transaction costs for the year to 31 March 2014 were £718,000 (year ended 31 March 2013: £819,000). These comprise mainly commission and stamp duty.

Sales transaction costs for the year to 31 March 2014 were £643,000 (year ended 31 March 2013: £733,000). These comprise mainly commission.

10. Debtors

	2014 £'000	2013 £'000
Amounts due from brokers	21,666	6,641
Withholding taxation recoverable	1,666	1,378
VAT recoverable	82	66
Prepayments and accrued income	829	925
	24,243	9,010

11. Creditors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Amounts due to brokers	28,634	25,605
Loan facility*	62,723	31,419
Performance fee accrued^	8,829	268
Other creditors and accruals	1,350	1,062
	101,536	58,354

*The Company's borrowing requirements are met through the utilisation of a loan facility provided by Goldman Sachs. As at 31 March 2014, the loan facility of £62.7 million is net of cash held as collateral against certain swap positions. The amount of cash held as collateral amounted to £4.8 million (see page 59 under the heading 'OTC swaps and collateral requirements' for further details). The overdrawn balance at Goldman Sachs at the year end amounted to £67.5 million. Goldman Sachs may take up to 140% of the value of the overdrawn balance as collateral. Under the terms of the loan facility Goldman Sachs have been granted a first priority security interest or lien over the Company's assets. At 31 March 2014, 138% of the loan was taken as collateral (see note 18 on page 63 under credit risk for further details).

^This amount represents the maximum amount which could become payable if outperformance is maintained for twelve months from 31 March 2014. (See pages 26 and 27 of the Report of Directors and note 3 on page 52 for further details).

12. Derivative Financial Instruments

	2014 £'000	2013 £'000
Fair value of OTC equity swaps	40,325	35,988
Fair value of put and call options (long)	1,067	4,006
Fair value of put and call options (short)	(1,051)	(1,564)
	40,341	38,430

See note 9 on page 55 for movements during the year.

13. Share Capital

	Ordinary shares number	Treasury shares number	Total ordinary shares in issue number	Total subscription shares in issue number
Issued and fully paid	45,434,746	328,408	45,763,154	2,389,926
Ordinary Shares re-issued from treasury	328,408	(328,408)	–	–
Subscription Shares converted to Ordinary Shares	528,957	–	528,957	(528,957)
At 31 March 2014	46,292,111	–	46,292,111	1,860,969

	£'000
Issued and fully paid:	
46,292,111 Ordinary Shares of 25p	11,573
1,860,969 Subscription Shares of 1p	19

During the year ended 31 March 2014 no Ordinary Shares were bought back by the Company (2013: 2,411,340 Ordinary Shares were bought back by the Company at a cost of £19,239,000). No Ordinary Shares were held in treasury at 31 March 2014 (2013: 328,408). There were 328,408 Ordinary Shares issued from treasury raising proceeds of £3,530,000 (2013: £423,000). 528,957 new Ordinary Shares were issued during the year as a result of holders of Subscription Shares exercising their subscription rights, raising £3,697,000 (2013: 4,714,922, raising £30,108,000). There were no Subscription Shares bought back for cancellation during the year (2013: nil). The Subscription Shares are treated as equity as described on page 25.

At the year-end there were 1,860,969 Subscription Shares in issue (2013: 2,389,926).

14. Net asset value per share

	2014	2013
Net asset value per share – basic	1,374.3p	1,110.2p
Net asset value per share – diluted for Subscription Shares	1,348.2p	1,089.6p
Net asset value per share – fully diluted for Subscription Shares and Treasury Shares	1,348.2p	1,089.1p

Net asset value per share – basic

The net asset value per share is based on the assets attributable to equity shareholders of £636,186,000 (2013: £504,415,000) and on the number of Ordinary Shares in issue at the year end of 46,292,111 (2013: 45,434,746). As at 31 March 2014, there were 1,860,969 Subscription Shares in issue (2013: 2,389,926).

Net asset value per share – diluted for Subscription Shares

The net asset value per share diluted assumes all outstanding Subscription Shares were exercised at 699p resulting in assets attributable to equity shareholders of £649,194,000 and on 48,153,080 Ordinary Shares (2013: assumed all outstanding Subscription Shares were exercised at 699p resulting in assets attributable to shareholders of £521,121,000 and on 47,824,672 Shares).

Net asset value per share – fully diluted for Subscription Shares and Treasury Shares

At the year end there were no Ordinary Shares held in treasury and so there was no dilution arising as a result of Treasury Shares. At the previous year end the net asset value per share fully diluted for Subscription Shares and Treasury Shares assumed that all outstanding Subscription Shares were exercised at 699p and the Treasury Shares were sold back to the market at 1,009p resulting in assets attributable to equity shareholders of £524,435,000 and on 48,153,080 Ordinary Shares.

15. Reconciliation of operating return to net cash inflow from operating activities

	2014 £'000	2013 £'000
Gains before finance costs and taxation	133,573	113,545
Less: capital gain before finance costs and taxation	(125,527)	(104,716)
Revenue return before finance costs and taxation	8,046	8,829
Expenses charged to capital	(14,758)	(2,284)
Decrease in prepayments and accrued income	96	339
Increase in other debtors	(16)	(19)
Increase/(decrease) in creditors and accruals	8,849	(1,510)
Net taxation suffered on investment income	(1,054)	(1,153)
Net cash inflow from operating activities	1,163	4,202

16. Reconciliation of net cash flow movement to movement in net debt

	2014 £'000	2013 £'000
(Increase)/decrease in net debt resulting from cashflows	(41,343)	35,262
Exchange movements	10,039	(2,322)
Movement in net debt in the year	(31,304)	32,940
Net debt at start of year	(31,419)	(64,359)
Net debt at end of year	(62,723)	(31,419)

Represented by:

	At 1 April 2013 £'000	Cash flows £'000	Exchange movements £'000	At 31 March 2014 £'000
Net debt	(31,419)	(41,343)	10,039	(62,723)

17. Related parties

The following are considered to be related parties:

- OrbiMed Capital LLC
- The Directors of the Company

Details of the relationship between the Company and OrbiMed Capital LLC, the Company's Investment Manager, is disclosed in the Report of the Directors on page 26. Samuel D. Isaly is a Director of the Company, and also the Managing Partner at OrbiMed Capital LLC. During the year ended 31 March 2014, OrbiMed Capital LLC earned £3,714,000 in respect of Investment Management fees, of which £1,019,000 was outstanding at the year-end. In addition, a performance fee of £1,081,000 crystallised and became payable at 30 September 2013, being one of the calculation dates (see pages 26 and 27 for further details). All material related party transactions have been disclosed in notes 3 and 4 on page 52. Details of the remuneration of all Directors can be found on pages 40 and 42. Details of the Directors' interests in the capital of the Company can be found on pages 24 and 41.

A number of the partners at OrbiMed Capital LLC have a minority financial interest totalling 20% in Frostrow Capital LLP, the Company's Manager. Details of the fees paid to Frostrow Capital LLP by the Company can be found in the note 3 on page 52.

18. Financial instruments

Risk management policies and procedures

The Company's financial instruments comprise securities and other investments, derivative instruments, cash balances, loans, debtors and creditors that arise directly from its operations.

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective as stated on page 6. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets.

The main risks that the Company faces arising from its financial instruments are:

(i) market risk (including foreign currency risk, interest rate risk and other price risk)

(ii) liquidity risk

(iii) credit risk

These risks and the Directors' approach to the management of them, are set out in the Report of Directors on pages 8 to 10 and have not changed from the previous accounting period. The Investment Manager, in close co-operation with the Board of Directors, co-ordinates the Company's risk management.

(i) Market risk

The Company's portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objective. Further information on the portfolio is set out on pages 11 to 13.

Management of the risks:

Derivative instruments are used to mitigate market price risk, enhance the capital returns, facilitate management of portfolio volatility and to improve the risk-return profile of the portfolio.

Use of derivatives

The following strategies have been used during the financial year.

Put and Call Options

- Buy calls: provides leveraged long exposure, facilitates exposure while minimising capital at risk.
- Buy puts: provides leveraged protection, facilitates exposure while minimising capital at risk.
- Sells calls: against an existing position, provides partial protection from a decline in stock price; facilitates commitment to an exit strategy and exit price that is consistent with fundamental analysis.
- Sell puts: provides an effective entry price at which to add to an existing position, or provides an effective entry price at which to initiate a new position.

OTC Swaps and collateral requirements

The Company uses OTC swap positions to gain access to single stock exposure in India and China because the Company is not locally registered to trade in either market. All of the single stock swaps are fully funded with the exception of 250,000 shares held in China Resources. This position is not fully funded. As a consequence collateral cash to the value of £0.3 million was held against this position.

In addition, at the year end the Company held one basket swap, OrbiMed Emerging Market Basket, which represents exposure to a basket of healthcare single stocks in the emerging markets. This position is not fully funded and as a result collateral cash to the value of approximately £4.5 million was held against this position. Subsequent to the year-end, the basket swap has been sold and the associated collateral cash has been returned to the Company.

During the year under review, dividend income was received from the following swap positions:-

Sun Pharmaceutical (position now sold), Aurobindo, Lupin and OrbiMed Emerging Markets Basket.

Offsetting disclosure

Swap basket trades and OTC derivatives are traded under an ISDA† Master Agreements. The Company currently has agreements in place with Goldman Sachs and JP Morgan.

These agreements create a right of set-off that becomes enforceable only following a specified event of default, or in other circumstances not expected to arise in the normal course of business. As a result, as the right of set-off is not unconditional, for financial reporting purposes, the Company does not offset derivative assets and derivative liabilities.

†International Swap Dealers Association Inc.

The Company's gross exposure to market risk is represented by the fair value of the derivative instruments at the year end as shown in the table below.

Fair Value of Derivative instruments and gross exposure to market risk

	2014 Assets £'000	2014 Liabilities £'000	2014 Notional exposure £'000	2013 Assets £'000	2013 Liabilities £'000	2013 Notional exposure £'000
Put options	420	(979)	71,171	280	(734)	66,479
Call options	647	(72)	62,629	3,726	(830)	63,929
OTC Swaps	40,325	(17,979)	17,979	35,988	(17,690)	17,690
	41,392	(19,030)	151,779	39,994	(19,254)	148,098

(a) Foreign currency risk

A significant proportion of the Company's portfolio including the put and call options and the OTC swaps are denominated in currencies other than sterling (the Company's functional currency, and the currency in which it reports its results). As a result, movements in exchange rates can significantly affect the sterling value of those items.

Year end spot rates	2014	2013
U.S. dollar	1.667	1.518
Japanese yen	171.691	142.765
Swiss franc	1.473	1.438
Euro	1.210	1.183

Foreign currency exposure and sensitivity

The fair values of the Company's monetary assets and liabilities that are denominated in foreign currency as at 31 March 2014 are shown below:

	2014 Current assets £'000	2014 Current liabilities £'000	2014 Investments £'000	2013 Current assets £'000	2013 Current liabilities £'000	2013 Investments £'000
U.S. dollar	19,019	(91,501)	568,891	6,980	(56,689)	396,264
Swiss franc	3,380	–	64,285	1,238	–	67,045
Japanese yen	396	–	46,120	441	(545)	42,793
Euro	123	–	13,765	117	–	23,457
Hong Kong dollar	1,226	–	17,130	–	–	8,573
Singapore dollar	–	–	3,288	–	–	5,088
	24,144	(91,501)	713,479	8,776	(57,234)	543,220

Management of the risks

The Investment Manager and Manager monitor the Company's exposure to foreign currencies on a daily basis and report to the Board on a regular basis. The Investment Manager does not hedge against foreign currency movements, but takes account of the risk when making investment decisions.

Foreign currency borrowing facilities are available and are currently being utilised, to limit the Company's exposure to anticipated future changes in exchange rates, which might otherwise adversely affect the value of portfolio investments.

Income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that the income is included in the financial statements and its receipt.

Foreign currency sensitivity

The following table details the sensitivity of the Company's profit or loss after taxation for the year and shareholders' funds to a 10% increase and decrease in sterling against the U.S. dollar (2013: 10% increase and decrease), a 10% increase and decrease in sterling against the Japanese yen (2013: 10% increase and decrease), and a 10% increase and decrease in sterling against the Swiss franc (2013: 10% increase and decrease).

These percentages have been determined based on market volatility in exchange rates over the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each Balance Sheet date.

	2014 USD £'000	2014 YEN £'000	2014 CHF £'000	2013 USD £'000	2013 YEN £'000	2013 CHF £'000
Sterling depreciates	61,835	5,185	7,234	41,788	4,831	7,857
Sterling appreciates	(46,859)	(4,243)	(5,919)	(32,259)	(3,953)	(6,207)

(b) Interest rate risk

Interest rate movement may affect:

– the interest payable on the Company's variable rate borrowings;

– the level of income receivable from floating and fixed rate securities and cash at bank and on deposit;

– the fair value of investments of fixed interest securities.

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 and borrowing under the multicurrency loan facility.

The Company, generally, does not hold significant cash balances (except when required for collateral against the Company's derivative positions), with short term borrowing being used when required.

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

Interest rate exposure

The Company has a loan facility with Goldman Sachs which is repayable on demand. At 31 March 2014 £62.7 million (net of cash collateral) was drawn down under this facility (see page 25 and note 11 on page 56) (2013: £31.4 million). The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below.

Floating rate

The floating interest rate exposure of the financial assets and financial liabilities to interest rate risk at 31 March 2014 in respect of cash was nil (2013: nil). At 31 March 2014 there was an overdraft position at Goldman Sachs of £62,723,000 (2013: £31,419,000).

Interest rate sensitivity

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's profit before tax for the year ended 31 March 2014 and the net assets would increase/decrease by £627,000 (2013: increase/decrease by £314,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances.

Fixed rate

At 31 March 2014, the Company held 4.4% of the portfolio in convertible bonds and securitised debt (2013: 2.7% of the portfolio). The exposure is shown in the table below:

31 March 2014	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Convertible bonds – US Dollars	3.62	0.95	23,635	–
Second lien loans – US Dollars	1.98	2.16	8,004	–
			31,639	
Liabilities				
Bank loan facility – US Dollars	–	–	–	(62,723)
				(62,723)

31 March 2013	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Convertible bonds – US Dollars	3.28	2.58	15,015	–
			15,015	
Liabilities				
Bank loan facility – US Dollars	–	–	–	(31,419)
				(31,419)

(c) Other price risk

Other price risk may affect the value of the Company's investments. If market prices of all of the Company's financial instruments including the derivatives at the Balance Sheet date had been 25% higher or lower (2013: 25% higher or lower) while all other variables remained constant, the revenue return would have decreased/increased by £85,000 (2013: £66,000), and the capital return would have increased/decreased by £176,760,000 (2013: £137,191,000) and the return on equity would have increased/decreased by £176,675,000 (2013: 137,125,000). The calculations are based on the portfolio valuations as at the respective Balance Sheet dates and are not representative of the year as a whole.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable within one week. The Company has a loan facility repayable on demand with Goldman Sachs.

Interest on the facility is charged at the Federal Funds effective rate plus 1 week LIBOR-OIS Spread plus 35 basis points. (See page 25 and also glossary beginning on page 68).

In order to ensure diversification within the portfolio, the Board gives guidance to the Investment Manager concerning exposure limits to individual companies. Geographical and sectoral exposure are also reviewed regularly by the Directors.

Liquidity exposure and maturity

Contractual maturities of the financial liabilities as at 31 March 2014, based on the earliest date on which payment can be required are as follows:

	2014 3 months or less £'000	2014 Not more than one year £'000	2014 Total £'000
Current liabilities:			
Borrowings under the loan facility	62,723	–	62,723
OTC Swap (unfunded bullet swap†)	17,979	–	17,979
Amounts due to brokers and accruals	20,834	–	20,834
Derivatives – Put options (short)	979	–	979
Derivatives – Call options (short)	72	–	72
	102,587	–	102,587

	2013 3 months or less £'000	2013 Not more than one year £'000	2013 Total £'000
Current liabilities:			
Borrowings under the loan facility	31,419	–	31,419
OTC Swap (unfunded bullet swap†)	17,690	–	17,690
Amounts due to brokers and accruals	9,245	–	9,245
Derivatives – Put options (short)	734	–	734
Derivatives – Call options (short)	830	–	830
	59,918	–	59,918

(iii) Credit risk

Credit risk is the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

The carrying amounts of financial assets best represent the maximum credit risk at the Balance Sheet date. The Company's listed investments are held on its behalf by Goldman Sachs acting as the Company's custodian.

Bankruptcy or insolvency of a custodian may cause the Company's rights with respect to securities held by that custodian to be delayed, however, the Board monitors the Company's risk to its custodians by reviewing continuously their internal control reports and their credit ratings.

Certain of the Company's assets are held by Goldman Sachs as collateral against the loan provided by them to the Company. Such assets held by Goldman Sachs are available for rehypothecation†. As at 31 March 2014, assets with a total market value of £93.1 million (31 March 2013: £50.1 million) were held as collateral against the loan facility which equates to 138% of the overdrawn position at Goldman Sachs of £67.5 million (see note 11 on page 56 for further details).

Management of the risk

The risk is not significant, and is managed as follows:

- by only dealing with brokers which have been approved by OrbiMed Capital LLC and banks with high credit ratings;
- by setting limits to the maximum exposure to any one counterparty at any time;
- by investing in markets that operate DVP (Delivery Versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process; and
- by monitoring the assets subject to rehypothecation†.

†See glossary beginning on page 68.

Credit risk exposure

	2014 Balance Sheet £'000	2013 Balance Sheet £'000
Fixed interest and convertible securities	31,638	15,015
Derivative – OTC equity swaps	40,325	35,988
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable	24,243	9,010
Derivative – Put options (long)	420	280
Derivative – Call options (long)	647	3,726

Fair value of financial assets and financial liabilities

The fair value of the financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments and derivatives) or the Balance Sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accrual, cash at bank, bank overdraft and amounts due under the loan facility).

Hierarchy of investments

The Company has classified its financial assets designated at fair value through profit or loss and the fair value of derivative financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments designated at fair value through profit or loss	649,096	16,038	8,004	673,138
Fair value (long and short) put options	–	(560)	–	(560)
Fair value of (long and short) call options	–	576	–	576
Fair value of OTC equity swaps	–	40,325	–	40,325
Assets measured at fair value	649,096	56,379	8,004	713,479

As at 31 March 2014, the put and call options, the equity swaps, and Incyte Corporation 4.75% 01/10/15 convertible bond and Endologix 2.5% 15/12/18, have been classified as level 2. Ikaria Second Lien Loan 8.75% 04/02/22 and Sheridan Second Lien Term Loan 18/12/21 have been classified as level 3. All of the remaining investments have been classified as level 1.

As of March 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments designated at fair value through profit or loss	506,475	8,854	–	515,329
Fair value of (long and short) put options	–	(454)	–	(454)
Fair value of (long and short) call options	–	2,896	–	2,896
Fair value of OTC equity swaps	–	35,988	–	35,988
Assets measured at fair value	506,475	47,284	–	553,759

As at 31 March 2013, the put and call options, the equity swaps and the Incyte Corporation 4.75% 01/10/5 convertible bond were classified as level 2. All the remaining investments were classified as level 1.

Level 3 Reconciliation

Please see below a reconciliation disclosing the changes during the year for the financial assets and liabilities designated as fair through profit or loss classified as being Level 3.

	2014 £'000
Assets as at 1 April	0
Purchases	15,877
Sales	(7,306)
Realised losses	(636)
Investment holding gains	69
Assets as at 31 March	8,004

As at 31 March 2014, the two securitised debt instruments, Ikaria Second Lien Loan 8.75% 04/02/22 (Ikaria) and Sheridan Second Lien Term Loan 18/12/21 (Sheridan) have been classified as level 3. Both positions have been valued using the estimated fair values as provided by the counterparties.

If the value of Ikaria and Sheridan were to increase or decrease by 10%, while all other variables had remained constant, the return and net assets attributable to shareholders for the year ended 31 March 2014 would have increased/decreased by £800,000.

Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the income and capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing to the lower of £120 million or 20% of the Company's net assets.

The capital structure of the Company consists of the equity share capital, retained earnings and other reserves as disclosed on the Balance Sheet on page 47.

Gearing for this purpose is defined as total assets less current liabilities (before deducting any prior charges), minus cash and cash equivalents divided by Shareholders' funds, expressed as a percentage. As at 31 March 2014, the Company had a gearing percentage of 12.0% (2013: 9.8%).

The Board with the assistance of the Investment Manager and the Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This includes a review of:

– the planned level of gearing, which takes into account the Investment Manager's view of the market;

– the need to buy back equity shares, either for cancellation or to hold in treasury, in light of any share price discount to net asset value per share in accordance with the Company's share buy-back policy;

– the need for new issues of equity shares, including issues from treasury; and

– the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

19. Capital reserve

	Capital Reserve – Other £'000	Capital Reserve*– Investment Holding Gains £'000	Total £'000
At 31 March 2013	130,530	129,480	260,010
Transfer on disposal of investments	61,164	(61,164)	–
Net gains on investments	43,339	86,907	130,246
Expenses charged to capital less tax relief thereon	(15,367)	–	(15,367)
Subscription shares exercised	5	–	5
Shares issued from treasury	2,728	–	2,728
Exchange gain on currency balances	10,039	–	10,039
At 31 March 2014	232,438	155,223	387,661

*Investment holding gains relate to the revaluation of investments held at the reporting date. (See note 9 on page 55 for further details).

Under the terms of the revisions made to the Company's Articles of Association in 2013, sums within "capital reserves – other" are also available for distribution.

Further Information / Shareholder Information

Financial Calendar

31 March	Financial Year End
June	Final Results Announced
July	Annual General Meeting
31 September	Half Year End
November	Half Year Results Announced
January/July	Dividends Payable
February/August	Interim Management Statement Announced

Annual General Meeting

The Annual General Meeting of Worldwide Healthcare Trust PLC will be held at Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Monday, 14 July 2014 at 12 noon.

Dividends

The Company pays two interim dividends in January and July each year. Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, can complete a mandate form for the purpose. Mandates may be obtained from the Company's Registrars, Capita Asset Services, on request.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

Change of Address

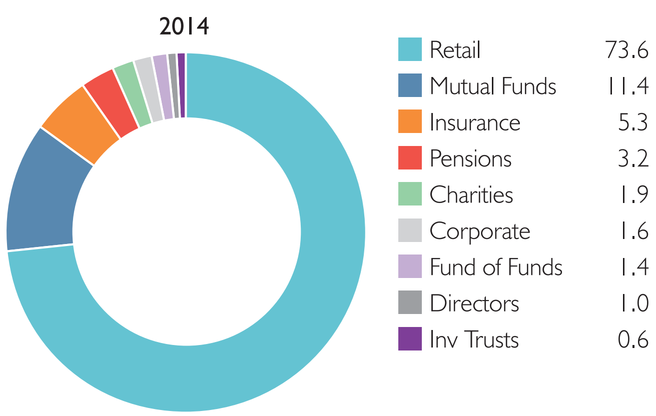
Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Capita Asset Services, under the signature of the registered holder.

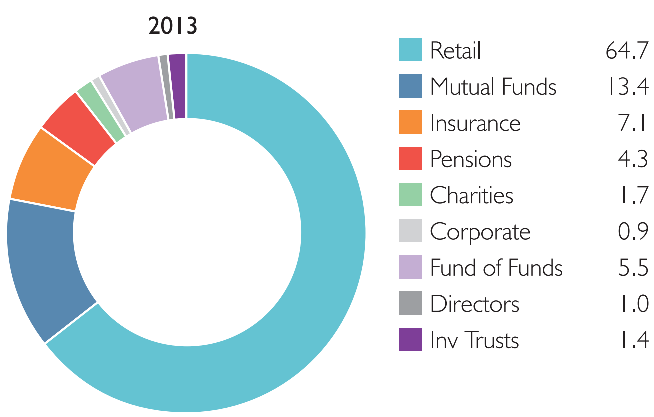
Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained on the Company's website at www.worldwidewh.com and is published daily via the London Stock Exchange.

Profile of the Company's Ownership

% of Ordinary Shares held at 31 March





Further Information / Glossary

Alternative Investment Fund Managers Directive
The Alternative Investment Fund Managers Directive (the "Directive") is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts). There is a one-year transition period within which alternative funds must comply with the provisions of the Directive.

Association of Southeast Asian Nations (ASEAN)
A political and economic organisation of ten countries located in Southeast Asia which was formed in 1967. Membership comprises: Indonesia, Malaysia, the Phillippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar and Vietnam.

Bullet swap
A Swap with a single payment at maturity.

Diluted Net Asset Value
This is a method of calculating the net asset value ("NAV") of a company that has issued, and has outstanding, convertible loan stocks, warrants, subscription shares or options. The calculation assumes that the holders have exercised their right to convert or subscribe, thus increasing the number of shares among which the assets are divided.

Discount or Premium
A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Gearing
Calculated using the Association of Investment Companies definition.

Total assets, less current liabilities (before deducting any prior charges (such as borrowings)) minus cash/cash equivalents divided by Shareholders' funds, expressed as a percentage.

For years prior to 2013, the calculation was based on prior charges as a percentage of average net assets.

LIBOR-OIS Spread
This is the difference between LIBOR and the Overnight Indexed Swap (OIS) rates. The spread between the two rates is considered to be a measurement of health of the banking system.

London Interbank Offered Rate (LIBOR)
The interest rate at which banks can borrow unsecured funds from other banks in London wholesale money markets, as measured by daily surveys of the British Bankers' Association. The published rate is a trimmed average of the rates obtained in the survey.

MSCI World Health Care Index
The MSCI World Health Care Index is comprised of large and mid capitalisation companies across the following 23 developed markets countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, the UK and the U.S. The total return of the Index is used which assumes the reinvestment of any dividends paid by its constituents. The performance of the Index is calculated in U.S.$ terms. Because the Company's reporting currency is £ the prevailing U.S.$/£ exchange rate is applied to obtain a £ based return.

Further Information / Glossary

NAV per share (pence)
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. The share price is determined by the relationship between the demand and supply of the shares.

NAV Total Return
The theoretical total return on shareholders' funds per share, including the assumed £100 original investment at the beginning of the period specified, reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts/premiums.

Ongoing Charges
Ongoing charges are calculated by taking the Company's annualised ongoing charges, excluding performance fees and exceptional items, and expressing them as a percentage of the average month end net asset value of the Company over the year.

Overnight Indexed Swap (OIS)
An interest rate swap that serves as a measure of investor expectations of an average effective overnight rate over the term of the swap.

Rehypothecation
The pledging of securities in customer margin accounts as collateral for a loan.

Share Price Total Return
Return to the investor on mid-market prices assuming that all dividends paid were reinvested.

Total Assets
Total assets less current liabilities before deducting prior charges. Prior charges include all loans for investment purposes.

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

Treasury Shares
Shares previously issued by a company that have been bought back from shareholders to be held by the company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

Further Information / How to Invest

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	https://www.barclaysstockbrokers.co.uk/Pages/index.aspx
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
Fast Trade	http://www.fastrade.co.uk/wps/portal
FundsDirect	http://www.fundsdirect.co.uk/Default.asp?
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://investments.hsbc.co.uk/
iDealing	http://www.idealing.com/
IG Index	http://www.igindex.co.uk/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	http://www.jbrearley.co.uk/Marketing/index.aspx
Natwest Stockbrokers	http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	http://uk.saxomarkets.com/
TD Direct Investing	http://www.tddirectinvesting.co.uk/

Capita Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Capita Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

Type of trade	Online	Telephone
Share certificates	1% of the value of the deal	1.5% of the value of the deal
Costs	(Minimum £21.00, max £125.00)	(Minimum £28.50, max £175.00)

The above charges are correct at the time of printing and may be subject to change. Please visit www.capitadeal.com for up-to-date changes.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, shareholder reference number, full postcode and your date of birth. Your shareholder reference number can be found on your latest statement or certificate where it will appear as either a 'folio number' or 'investor code'. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares. The Maximum deal size for online trades is £25,000. Deals in excess of this amount can be transacted by telephone. Charges will be confirmed at the time of dealing.

For further information on this service please contact: www.capitadeal.com (online dealing) or 0871 664 0364† (telephone dealing).

If calling from outside of the UK please dial +44 (0) 203 367 2686.

†Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.00 a.m. to 4.30 p.m. Monday to Friday.

Further Information / How to Invest

Risk warnings

- *Past performance is no guarantee of future performance.*
- *The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.*
- *As the shares in an investment trust are traded on a stockmarket, 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 and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.*

Further Information / Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Worldwide Healthcare Trust PLC will be held at Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Monday, 14 July 2014 from 12 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and, if thought fit, to accept the Audited Accounts and the Report of the Directors for the year ended 31 March 2014
2. To re-elect Ms Jo Dixon as a Director of the Company
3. To re-elect Dr David Holbrook as a Director of the Company
4. To re-elect Mr Samuel D. Isaly as a Director of the Company
5. To re-elect Sir Martin Smith as a Director of the Company
6. To re-elect Mrs Sarah Bates as a Director of the Company
7. To re-elect Mr Doug McCutcheon as a Director of the Company
8. To appoint PricewaterhouseCoopers LLP as the Company's Auditor and to authorise the Directors to determine their remuneration
9. To receive and approve the Directors' Remuneration Report for the year ended 31 March 2014
10. To receive and approve the Company's Remuneration Policy

Auditors have to be appointed at each general meeting at which the annual report and accounts are presented to shareholders. On the recommendation of the Audit Committee, the Board is proposing to appoint PricewaterhouseCoopers LLP as Auditor to the Company following a formal tender process and the subsequent resignation of Ernst & Young LLP with effect from the conclusion of the Annual General Meeting to be held on 14 July 2014.

Accordingly, shareholder approval is now sought to appoint PricewaterhouseCoopers LLP as Auditor of the Company and to authorise the Directors to determine their remuneration. As resigning Auditor, Ernst & Young LLP will provide the Company with a 'Statement of Circumstances' confirming that it resigned as Auditor of the Company following the tender process. A copy of the 'Statement of Circumstances' will be available from the Company Secretary upon request.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 12, 13, 14, 15, 16 and 17 will be proposed as special resolutions:

Authority to Allot Shares

11. THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal amount of £1,166,547 (being 10% of the issued share capital of the Company at 6 June 2014) and representing 4,666,188 shares of 25 pence each (or, if less, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in General Meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Disapplication of Pre-emption Rights

12. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 13 set out in the notice convening the Annual General Meeting at which this resolution is proposed ("Notice of Annual General Meeting")) the Directors be and are hereby generally empowered pursuant to Section 570 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 11 set out in the Notice of Annual General Meeting or otherwise as if Section 561(1) of the Act did not apply to any such allotment:

    (a) pursuant to an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25p each in the capital of the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

(b) provided that (otherwise than pursuant to sub-paragraph (a) above) this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,166,547, being 10% of the issued share capital of the Company as at 6 June 2014 and representing 4,666,188 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that (i) the number of equity securities to which this power applies shall be reduced from time to time by the number of treasury shares which are sold pursuant to any power conferred on the Directors by resolution 13 set out in the Notice of Annual General Meeting and (ii) no allotment of equity securities shall be made under this power which would result in Shares being issued at a price which is less than the net asset value per Share as at the latest practicable date before such allotment of equity securities as determined by the Directors in their reasonable discretion,

and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

13. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 12 set out in the Notice of Annual General Meeting) the Directors be and are hereby generally empowered pursuant to Section 570 of the Companies Act 2006 (the "Act") to sell relevant shares (within the meaning of Section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act ("treasury shares")), for cash as if Section 561(1) of the Act did not apply to any such sale provided that:

(a) where any treasury shares are sold pursuant to this power at a discount to the then prevailing net asset value of ordinary shares of 25p each in the capital of the Company ("Shares"), such discount must be (i) lower than the discount to the net asset value per Share at which the Company acquired the Shares which it then holds in treasury and (ii) not greater than 5% to the prevailing fully diluted cum income net asset value per Share at the latest practicable time before such sale (and for this purpose the Directors shall be entitled to determine in their reasonable discretion the discount to their net asset value at which such Shares were acquired by the Company and the net asset value per Share at the latest practicable time before such Shares are sold pursuant to this power); and

(b) this power shall be limited to the sale of relevant shares having an aggregate nominal value of £1,166,547 being 10% of the issued share capital of the Company as at 6 June 2014 and representing 4,666,188 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that the number of relevant shares to which power applies shall be reduced from time to time by the number of Shares which are allotted for cash as if Section 561(1) of the Act did not apply pursuant to the power conferred on the Directors by resolution 12 set out in the Notice of Annual General Meeting,

and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in General Meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require treasury shares to be sold after such expiry and the Directors may sell treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to Repurchase Ordinary Shares

14. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares") (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

(a) the maximum aggregate number of Shares authorised to be purchased is 6,994,615 (representing approximately 14.99% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed);

(b) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;

(c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock

Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade and the highest then current independent bid on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments);

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

Authority to Repurchase Subscription Shares

15. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of subscription shares of 1p each in the capital of the Company ("Subscription Shares") for cancellation provided that:

(a) the maximum aggregate number of Subscription Shares authorised to be purchased is 223,530 (representing approximately 14.99% of the issued Subscription Share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed;

(b) the minimum price (exclusive of expenses) which may be paid for a Subscription Share is 1p;

(c) the maximum price (exclusive of expenses) which may be paid for a Subscription Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Subscription Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Subscription Share is purchased and (ii) the higher of the price of the last independent trade and the highest then current independent bid on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments);

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Subscription Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Subscription Shares in pursuance of any such contract.

Adoption of New Articles of Association

16. THAT the Articles of Association set out in the document produced to the meeting and signed by the Chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the Articles of Association of the Company.

Full explanatory notes of the principal changes to the Articles of Association are set out on page 79 of this annual report.

General Meetings

17. THAT as permitted by the EU Shareholders' Rights Directive (2007/36/EC) any General Meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the Articles of Association of the Company provided that the authority shall expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of the resolution.

Continuance of the Company

18. To approve the continuance of the Company as an investment trust for a further period of five years.

By order of the Board

Frostrow Capital LLP
Company Secretary
6 June 2014

Registered Office:
One Wood Street
London EC2V 7WS

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.

2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

3. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 12 noon Thursday, 10 July 2014.

4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.

5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.

6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at 5.30 p.m. on Thursday, 10 July 2014 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.

9. As at 6 June 2014 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 46,661,881 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 June 2014 are 46,661,881.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).

15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Capita Asset Services on 0871 664 0300 (calls cost 10p per minute plus network extras). Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday.

17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

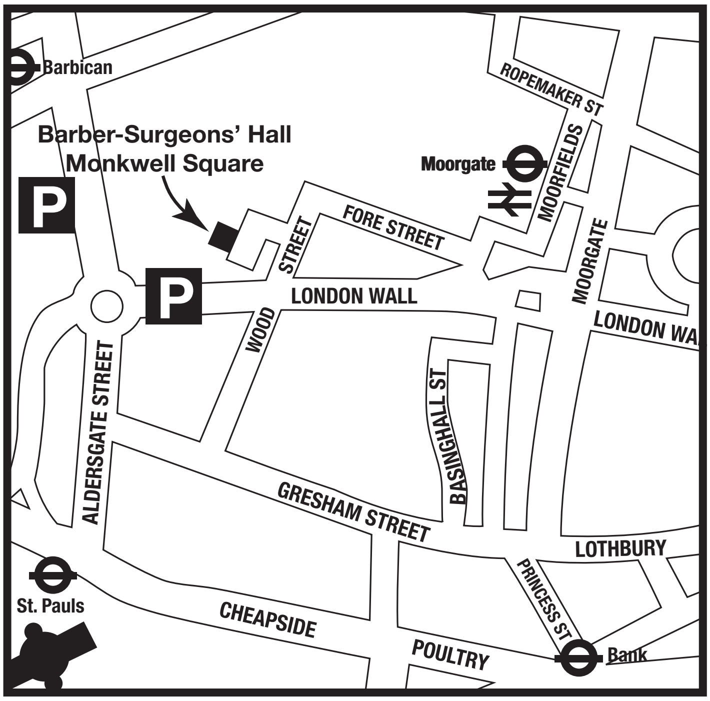
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

    In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments (see page 65) then, subject to paragraph 4, the proxy appointment will remain valid.

19. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

LOCATION OF THE ANNUAL GENERAL MEETING

Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL



Further Information / Explanatory Notes to the Resolutions

Resolution 1 – *To receive the Annual Report and Accounts*
The Annual Report and Accounts for the year ended 31 March 2014 will be presented to the Annual General Meeting (AGM). These accounts accompany this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolutions 2 to 7 – Re-election of Directors
Resolutions 2 to 7 deal with the re-election of each Director. Biographies of each of the Directors can be found on pages 23 to 24 of the annual report.

The Board has confirmed, following a performance review, that the Directors standing for re-election continue to perform effectively.

Resolution 8 – Appointment of Auditor and the determination of their remuneration
Resolution 8 relates to the appointment of PricewaterhouseCoopers LLP as the Company's independent Auditor to hold office until the next AGM of the Company and also authorises the Directors to set their remuneration.

Resolutions 9 to 10 – Remuneration Policy and Remuneration Report
It is now mandatory for all listed companies to put both their Report on Directors' Remuneration and their Remuneration Policy to a shareholder vote. The Report on Directors' Remuneration and the Remuneration Policy are set out in full in the annual report on pages 40 to 42.

Resolutions 11, 12 and 13
Ordinary Resolution No. 11 in the Notice of AGM will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,166,547 (equivalent to 4,666,188 shares, or 10% of the Company's existing issued share capital on 6 June 2014, being the nearest practicable date prior to the signing of this Report). Such authority will expire on the date of the next AGM or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next AGM.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution No. 12 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 6 June 2014, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution No. 11. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (as amended) (the "Treasury Share Regulations") the Company is permitted to buy-back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. The Treasury Share Regulations require such sale to be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued share capital on a non pre-emptive basis pursuant to Resolution 12, Resolution 13, if passed, will give the Directors authority to sell shares held in treasury on a non pre-emptive basis. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares. It is the intention of the Board that any re-sale of treasury shares would only take place at a narrower discount to the net asset value per share than that at which they had been bought into treasury, and in any event at a discount no greater than 5% to the prevailing fully diluted cum income net asset value per share, and this is reflected in the text of Resolution 13. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market. The number of treasury shares which may be sold pursuant to this authority is limited to 10% of the Company's existing share capital on 6 June 2014 (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution 12, as described above). This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier.

The Directors intend to use the authority given by Resolutions Nos. 11, 12 and 13 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Further Information / Explanatory Notes to the Resolutions

Resolutions 14 and 15

The Directors wish to renew the authority given by shareholders at the previous AGM. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of Ordinary Shares, when they are trading at a discount to net asset value per share, and also Subscription Shares, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the AGM.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per Ordinary Share and 1p per Subscription Share. Existing shares which are purchased under this authority will either be cancelled or held as Treasury Shares. Any Subscription Shares purchased will be cancelled.

Special Resolution No. 14 in the Notice of AGM will renew the authority to purchase in the market a maximum of 14.99% of Ordinary Shares in issue on 6 June 2014, being the nearest practicable date prior to the signing of this Report, (amounting to 6,994,615 Ordinary Shares). Special Resolution 15 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of the Subscription Shares in issue as 6 June 2014, being the nearest practicable date prior to the signing of this Report, (amounting to 223,530 Subscription Shares). Such authority will expire on the date of the next AGM or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next AGM or earlier if the authority has been exhausted.

Resolution 16

Special Resolution No. 16 seeks shareholder approval to make certain changes to the Company's Articles of Association *inter alia* to reflect changes prompted by the introduction of the Alternative Investment Fund Managers Directive. Full explanatory notes of the principal changes to the Articles of Association are set out on page 79 of this annual report.

Resolution 17

Special Resolution No. 17 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) at 14 clear days' notice.

Resolution 18

Ordinary Resolution No. 18 seeks shareholder approval for the Company to continue as an investment trust for a further period of five years.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM as the Directors intend to do in respect of their own beneficial holdings totalling 35,753 shares.

Further Information / Explanatory Notes of the Principal Changes to the Company's Articles of Association

Set out below is a summary of the principal differences between the current and the proposed new Articles of Association (the "Articles"). These changes to the new Articles, to be adopted at the Annual General Meeting to be held on Monday, 14 July 2014 relate to:

AIFM Directive

The AIFM Directive (AIFMD) is a European-wide directive aimed at providing oversight and transparency of non-UCITS funds managed, domiciled and/or distributed in the European Economic Area and was to be transposed into the laws of Member States on 22 July 2013. Since the Company constitutes an alternative investment fund and therefore falls within the scope of the AIFMD, the Articles have been amended in order to provide the Board with the ability to prescribe, vary or revoke the Company's management and governance rules that the Company must comply with, to enable the Company and any alternative investment fund manager that it may appoint, from time to time to conduct portfolio management and risk management on its behalf, to comply with or for the purposes of, the AIFMD and the "AIFM Rules" being the AIFMD and all applicable rules and requirements implementing the AIFMD, including without prejudice to the generality of the foregoing, the Alternative Investment Fund Managers' Regulations (SI 2013/1773) and all relevant provisions of The FCA Handbook. In particular, the Articles have been amended, so that the Board may authorise a depositary appointed by the Company on the terms and conditions prescribed in the AIFM Rules, together with any further requirements that may be prescribed by the Board, to discharge itself of liability, where the Company holds assets in a country other than the United Kingdom, and the law of that country does not satisfy certain delegation requirements that are specified in the AIFM Rules.

FATCA

Sections 1471 to 1474 of the US Internal Revenue Code 1986 ("FATCA") imposes a system of information reporting and a withholding tax on "withholdable" payments made by US persons and others to certain entities including foreign financial institutions such as the Company that do not meet specific information reporting requirements. On 1 September 2013 the UK International Tax Compliance (United States of America) Regulations 2013 (the "Regulations") entered into force. The Regulations were made to implement the agreement between the US and the UK that enables UK financial institutions to meet their FATCA obligations without having to enter into an agreement directly with the US Internal Revenue Service. The Articles of Association have been amended in order to provide the Company with the ability to require shareholders to co-operate with it in ensuring that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a "Nonparticipating Financial Institution" for the purposes of FATCA and consequently having to pay withholding tax to the IRS. The Articles of Association have also been amended to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of the Company's shareholders as a whole. The amendments to the Company's Articles of Association will enable the Company to require the Company's shareholders to forfeit their shares in the event that such shareholders may cause the Company to make or become subject to FATCA or suffer any other detriment under FATCA, or if such shareholders do not comply with their obligations to co-operate with the Company's efforts to comply with FATCA as more particularly described above.

A copy of the current Articles and of the proposed new Articles marked up to show the proposed amendments will be available for inspection at the offices of Frostrow Capital LLP during normal business hours and will be available for inspect at the AGM, in each case until conclusion of the meeting.

Directors' Fees

The new Articles have been updated to reflect the increase in the maximum aggregate annual amount that can be paid to the Directors' fees from £200,000 to £250,000 (exclusive of any applicable VAT).

Further Information / Company Information

Directors
Sir Martin Smith (Chairman)
Sarah Bates
Jo Dixon
Dr David Holbrook
Samuel D. Isaly
Doug McCutcheon

Company Registration Number
3023689 (Registered in England)

The Company is an investment company as defined under Section 833 of the Companies Act 2006

The Company was incorporated in England and Wales on 14 February 1995. The Company was incorporated as Finsbury Worldwide Pharmaceutical Trust PLC.

Website
Website: www.worldwidewh.com

Registered Office
One Wood Street
London EC2V 7WS

Investment Manager
OrbiMed Capital LLC
601 Lexington Avenue, 54th Floor
New York NY 10022
Website: www.orbimed.com

Registered under the U.S. Securities & Exchange Commission

Manager, Administrator and Company Secretary
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Telephone: 0203 008 4910
E-mail: info@frostrow.com
Website: www.frostrow.com

Authorised and regulated by the Financial Conduct Authority

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

Custodian and Banker
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New York, NY10282

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Ernst & Young LLP
1 More London Place
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Registrars
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Telephone (in UK): 0871 664 0300†
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Facsimile: + 44 (0) 1484 600911
E-mail: shareholderenquiries@capita.co.uk
Website: www.capitaassetservices.com

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

†Calls cost 10p per minute plus network charges and may be recorded for training purposes. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday.

Stockbroker
Winterflood Securities Limited
The Atrium Building
Cannon Bridge, 25 Dowgate Hill
London EC4R 2GA

Share and Subscription Share Price Listings
The price of your shares and subscription shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times and The Scotsman.

The Company's net asset value per share is announced daily and is available, together with the share price, on the TrustNet website at www.trustnet.com.

Identification Codes

Shares:	SEDOL	:	0338530
	ISIN	:	GB0003385308
	BLOOMBERG	:	WWH LN
	EPIC	:	WWH
Subscription Shares:	SEDOL	:	B3VMCB0
	ISIN	:	GB00B3VMCB07
	BLOOMBERG	:	WWHS LN

Disability Act
Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita Registrars, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. 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 RNID) you should dial 18001 followed by the number you wish to dial.

A member of the Association of Investment Companies

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