WORLDWIDE HEALTHCARE TRUST PLC

Annual Report
for the year ended 31 March 2018

Frostrow Capital

OrbiMed Healthcare Fund Management

Investor Disclosure Document
The Alternative Investment Fund Managers Directive requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing on www.worldwidewh.com

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Winner:

Investment Week, Investment Company of the Year 2016,
Category: Specialist (including Hedge Funds)

Strategic Report/Financial Highlights

For the year to 31 March 2018

Net asset value per share (total return)*^	Share price (total return)*^	Benchmark*†^
2.8%	5.3%	(2.5%)
2017: +28.9%	2017: +35.5%	2017: +24.5%

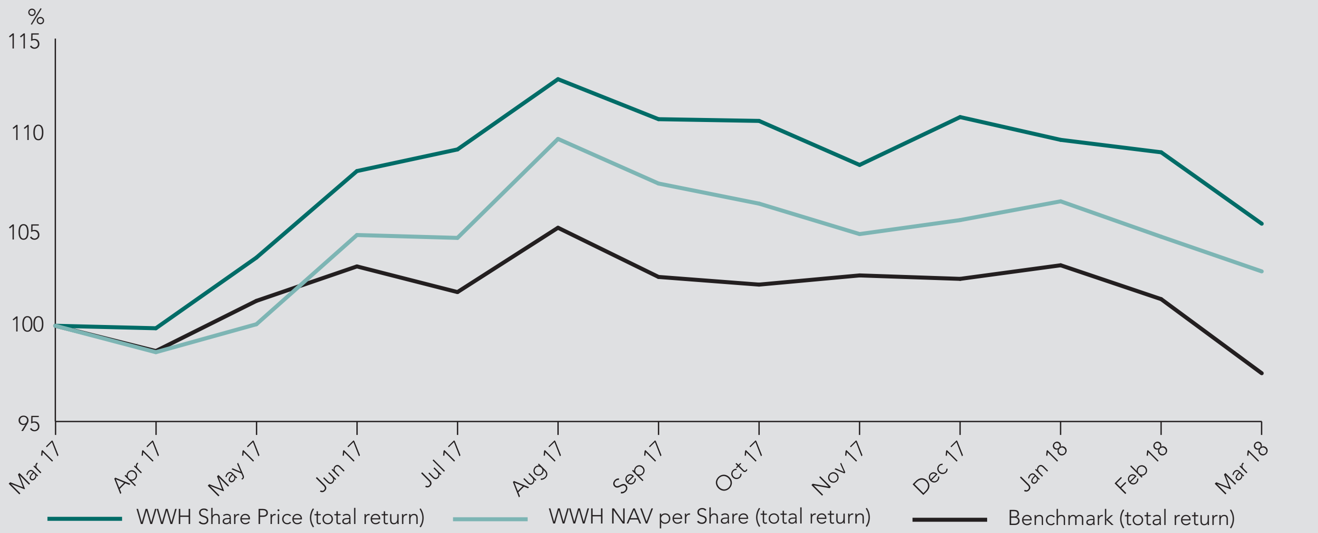
Discount of share price to net asset value per share*^	Dividends per share	Ongoing Charges^
0.3%	17.5p	0.9%
2017: 2.7%	2017: 22.5p	2017: 0.9% (excludes performance fees crystallised during the year)

*Source: Morningstar

† MSCI World Health Care Index on a net total return, sterling adjusted basis. Also see Glossary beginning on page 72.

^ Alternative Performance Measure (see Glossary beginning on page 72).

Total return performance for the year to 31 March 2018



Rebased to 100 as at 31 March 2017
Source: Morningstar, Thomson Reuters & Bloomberg

Investment objective and policy

Worldwide Healthcare Trust PLC is a specialist investment trust that 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 enhance returns and mitigate risk. Performance is measured against the MSCI World Health Care Index on a net total return, sterling adjusted basis ("Benchmark"). Further details of the Company's investment policy are set out in the Strategic Report on pages 6 and 7.

Accessing the global market

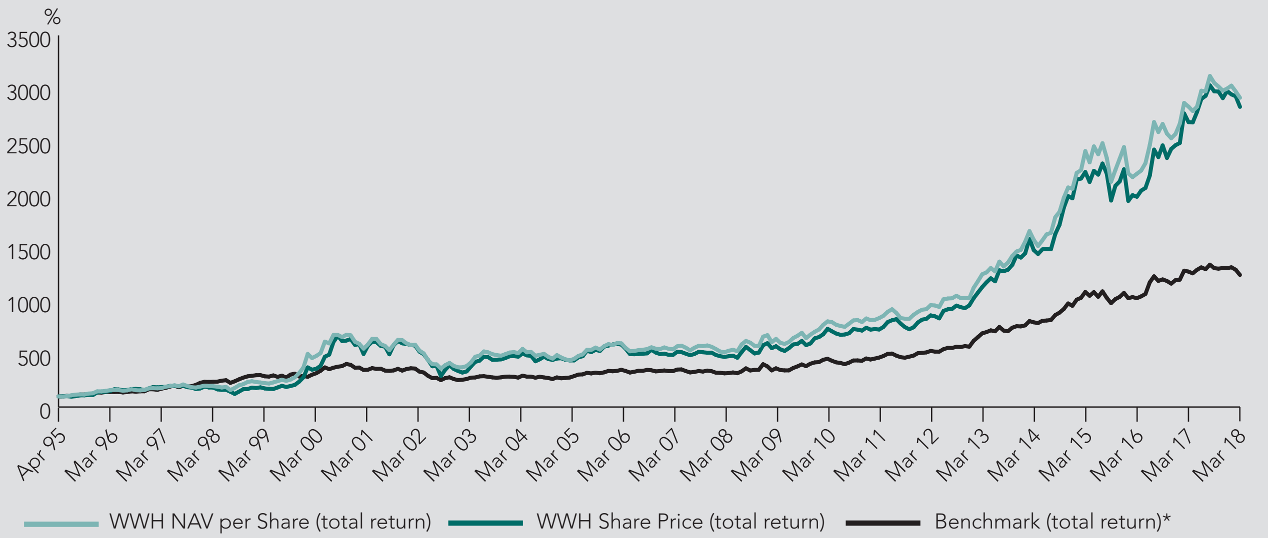
The healthcare sector is global and accessing this market as a UK investor can be difficult. Within the UK, there are diminishing options for investment as the universe of healthcare companies is shrinking through merger and acquisition activity. The Company offers an opportunity to gain exposure to pharmaceutical, biotechnology and related companies in the healthcare sector on a global scale.

Worldwide Healthcare Trust PLC is able to participate in all aspects of healthcare, anywhere in the world because of its broad investment mandate. These may include patented speciality medicines for small patient populations and unpatented generic drugs, in both developed countries and emerging markets. In addition, the Company invests in medical device technologies, life science tools and healthcare services. The overall geographic spread of Worldwide Healthcare Trust PLC is also extensive with investments in the U.S., Europe, Asia and emerging markets.

How to invest

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 enable both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. Further details can be found on pages 75 and 76.

Total return performance since launch to 31 March 2018



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 net total return, sterling adjusted basis. Prior to this date, performance was measured against the Datastream World Pharmaceutical & Biotechnology Index (total return, sterling adjusted)

Historic performance for the years ended 31 March

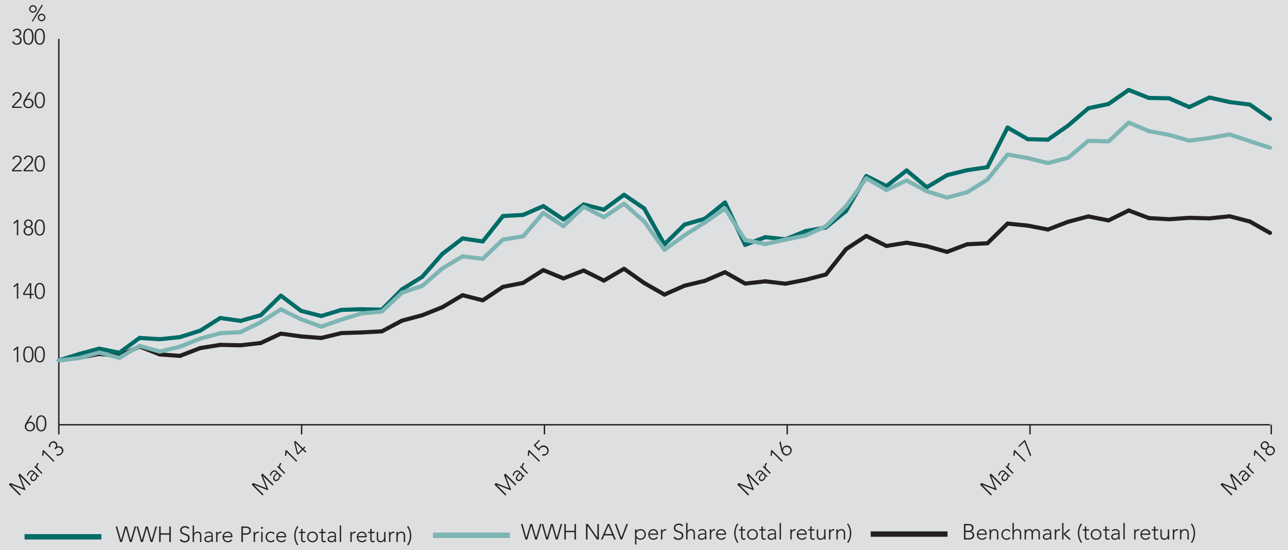
	2013	2014	2015	2016	2017	2018
Net asset value per share (total return)*†	**30.3%**	**25.9%**	**53.0%**	**(9.0%)**	**28.9%**	**2.8%**
Benchmark (total return)*†	**31.4%**	**14.9%**	**35.9%**	**(5.4%)**	**24.5%**	**(2.5%)**
Net asset value per share – basic	1110.2p	1374.3p	2039.3p	1850.9p	2,367.2p	2,411.1p
Net asset value per share – diluted**	1089.6p	1348.2p	2039.3p	1850.5p	2,367.2p	2,411.1p
Share price†	1009.0p	1301.0p	1930.0p	1715.0p	2,304.0p	2,405.0p
Discount of share price to diluted net asset value per share†	7.4%	3.5%	5.4%	7.3%	2.7%	0.3%
Dividends per share	16.5p	15.0p	12.5p	16.5p	22.5p	17.5p
Leverage†	12.7%	13.9%	13.2%	14.0%	16.9%	16.4%
Ongoing charges†	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%
Ongoing charges (including performance fees paid or crystallised during the year)†	1.2%	1.1%	2.2%	2.1%	1.0%	1.2%

*Source: Morningstar

**Dilution to take account of the Company's Subscription Shares (which expired on 31 July 2014) and any shares held in treasury.

†Alternative Performance Measure (see Glossary beginning on page 72).

Five year total return performance to 31 March 2018



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

Sir Martin Smith

Review of the year and performance

Against a background of a modest decline in the global healthcare sector, I am pleased to report that both the Company's share price and the net asset value per share produced a positive total return which outperformed the Company's Benchmark, the MSCI World Health Care Index on a net total return, sterling adjusted basis.

The Company's net asset value per share total return was +2.8% and the share price total return was +5.3%. The Company's Benchmark fell by 2.5% during the year. Both the Company's portfolio and the Benchmark have a high exposure to companies denominated in U.S.$. As such, the strengthening of sterling against the U.S.$ during the year, by 12.0%, acted as a headwind for the Company's performance in absolute terms.

The Company had, on average, leverage of 16.2% (2017: 16.3%) during the year which contributed 0.9% to performance (2017: the contribution to performance was 3.2%).

The long-term performance of the Company continues to be strong and it is pleasing to note that from the Company's inception in 1995 to 31 March 2018, the total return of the Company's net asset value per share has been 2,812.7%, equivalent to a compound annual return of 15.8%. This compares to a cumulative blended Benchmark return of 1,143.9%, equivalent to a compound annual return of 11.6% over the same period.

Further information on the healthcare sector and on the Company's investments can be found in the Portfolio Manager's Review.

Capital

The Company's share price has traded at a premium to the net asset value per share for much of the year. In accordance with the Company's share price premium management policy 3,355,000 new shares were issued during the year at a small premium to the Company's cum income net asset value per share. This issuance gave rise to the receipt of £84.7m of new funds by the Company which have been invested in line with the Company's investment objective. Since the end of the year a further 107,500 new shares have been issued raising £2.6m of new funds. No shares were repurchased by the Company during the year and to the date of this report and no shares were held in treasury.

The Company's share issuance and share buy-back authorities will as usual be proposed for renewal at the Company's Annual General Meeting to be held in September 2018.

Revenue and dividend

Shareholders will be aware that it remains the Company's policy to pursue capital growth for shareholders and to pay dividends at least to the extent required to maintain investment trust status. A first interim dividend of 6.5p per share, for the year ended 31 March 2018, was paid on 9 January 2018 to shareholders on the register on 24 November 2017. The Company's net revenue return for the year as a whole fell slightly to £9.0 million (2017: £10.7 m) due, in part, to a fall in the level of income received, and also to the strength of sterling against the U.S.$. Accordingly, the Board has declared a slightly reduced second interim dividend of 11.0p per share which, together with the first interim dividend already paid, makes a total dividend for the year of 17.5p (2017: 22.5p per share). Based on the closing mid-market share price of 2,680.0p on 14 June 2018, the total dividend payment for the year represents a current yield of 0.7%.

The second interim dividend will be payable on 31 July 2018 to shareholders on the register of members on 22 June 2018. The associated ex-dividend date will be 21 June 2018.

Composition of the Board

In December 2017 Sam Isaly, the former Managing Partner at OrbiMed and the Company's lead portfolio manager, announced his plans to step down as Managing Partner of OrbiMed. He subsequently left the Board of the Company in January 2018 and has recently completed his retirement from OrbiMed. On behalf of the Board, and also shareholders, I would like to thank him for the significant contribution he has made to the affairs of the Company since its inception. The portfolio remains very well positioned in the very capable hands of Sven Borho (one of OrbiMed's Managing Partners) and Trevor Polischuk.

I am delighted that Sven Borho has joined the Board, as announced on 7 June 2018. Sven is a founding Partner of OrbiMed and has been part of the team that manages the Company's portfolio since the Company's inception.
A resolution proposing Sven's appointment to the Board will be considered by shareholders at this year's Annual General Meeting.

Key Information Document

Shareholders may be aware that new regulations, the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation, came into effect from 1 January 2018. Under these regulations, the Company is required to prepare and publish a key information document ("KID") to help potential investors understand the nature, risk and costs of this product and to allow comparison with others.

The KID contains information about the Company in a highly prescribed format, both in terms of the calculation of the numbers and also the narrative, with limited ability to add additional context and explanations. The Board believes that the KID should therefore be considered only in conjunction with other material produced about the Company including the annual report, the half year report and the monthly factsheet which, inter alia, describe the Company's investment objective together with the investment philosophy of our Portfolio Manager. All of these documents are available at www.worldwidewh.com. The Board continues to keep this matter under review.

Outlook

Our Portfolio Manager expects the outlook to continue to be positive for the healthcare sector. In particular, they believe that attractive valuations, merger & acquisition activity, strong innovation, and a favourable regulatory environment and a benign U.S. corporate tax environment will all be key drivers.

Our Portfolio Manager's focus remains on the selection of stocks with strong prospects for capital enhancement and your Board firmly believes that the long-term investor will continue to be well rewarded.

Annual General Meeting

The Board is keen to welcome all shareholders to the Company's Annual General Meeting which offers an opportunity to meet the Directors and also to hear the views of our Portfolio Manager. The Annual General Meeting of the Company will be held at Salters' Hall, 4 Fore Street, London EC2Y 5DE on Thursday, 20 September 2018 from 12 noon.

Following improvements in technology the Company will cease, with effect from our 2019 Annual General Meeting, to issue paper proxy forms to shareholders. Voting on resolutions to be considered at the Company's general meetings (including the Annual General Meeting) will be able to be made via our Registrar's website at www.signalshares.com. A paper proxy form, however, will be available on request from our Registrar.

Sir Martin Smith
Chairman

15 June 2018

Strategic Report/Investment Objective and Policy

The Company 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 enhance returns and mitigate risk. Performance is measured against the MSCI World Health Care Index on a net total return, sterling adjusted basis ("Benchmark").

Investment strategy

The implementation of the Company's Investment Objective has been delegated to OrbiMed by Frostrow (as AIFM) under the Board's and Frostrow's supervision and guidance.

Details of OrbiMed's investment strategy and approach are set out in the Portfolio Manager's Review on pages 12 to 14.

While the Board's strategy is to allow flexibility in managing the investments, in order to manage investment risk it has imposed various investment, gearing and derivative guidelines and limits, within which Frostrow and OrbiMed are required to manage the investments, as set out below.

Any material changes to the Investment Objective, Policy and Benchmark or the investment, gearing and derivative guidelines and limits require approval from shareholders.

Investment limits and guidelines

- 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 20% of the portfolio, at the time of acquisition, may be invested in companies in each of the following sectors:
  - healthcare equipment and supplies
  - healthcare technology
  - healthcare providers and services;
- 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.

Derivative strategy and limits

In line with the Investment Objective, derivatives are employed, when appropriate, in an effort to enhance returns and to improve the risk-return profile of the Company's portfolio. There are two types of derivatives currently employed within the portfolio: Options and Equity Swaps;

The Board has set the following limits within which derivative exposures are managed:

- Derivative transactions (excluding equity swaps) 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 counterparty exposure through these is restricted to 12% of the gross assets of the Company at the time of acquisition.

Further details on how derivatives are employed can be found in note 16 beginning on page 64.

The Company does not currently hedge against foreign currency exposure.

Gearing limits

The Board and Frostrow believe that shareholder returns can be enhanced through the use of borrowings at appropriate times for the purpose of investment. The Board has set a maximum gearing level, through borrowing, of 20% of the net assets. OrbiMed are responsible for deciding on the appropriate level of gearing at any one time, subject to acting within the 20% limit.

Leverage limits

Under the AIFMD the Company is required to set maximum leverage limits. Leverage under the AIFMD is defined as any method by which the total exposure of an AIF is increased.

The Company has two current sources of leverage: the overdraft facility, which is subject to the gearing limit; and, derivatives, which are subject to the separate derivative limits. The Board and Frostrow have set a maximum leverage limit of 140% on both the commitment and gross basis.

Further details on the gearing and leverage calculations, and how total exposure through derivatives is calculated, is included in the Glossary beginning on page 72.

Dividend Policy

It is the Company's policy to pay out dividends to shareholders at least to the extent required to maintain investment trust status for each financial year.

Investments held as at 31 March 2018

Investments	Country/region	Market value £'000	% of investments
Alexion Pharmaceuticals	USA	57,271	4.4
Merck	USA	55,992	4.3
Boston Scientific	USA	54,757	4.2
Regeneron Pharmaceuticals	USA	51,477	4.0
Novo Nordisk*	Denmark	48,094	3.7
Bristol-Myers Squibb	USA	41,553	3.2
Vertex Pharmaceuticals	USA	40,269	3.1
Biogen	USA	38,370	3.0
Celgene	USA	35,762	2.8
Chugai Pharmaceutical	Japan	34,355	2.6
Top 10 investments		**457,900**	**35.3**
Edwards Lifesciences	USA	32,419	2.5
Wright Medical	Netherlands	32,277	2.5
Puma Biotechnology	USA	28,214	2.2
Nevro	USA	26,786	2.1
Eisai	Japan	26,617	2.0
Jazz Pharmaceuticals	Ireland	25,473	2.0
Alnylam Pharmaceuticals	USA	25,386	2.0
Agilent Technologies	USA	24,067	1.9
Allergan	Ireland	23,946	1.8
AbbVie	USA	21,778	1.7
Top 20 investments		**724,863**	**56.0**
Intuitive Surgical	USA	20,541	1.6
Galapagos**	Belgium	20,315	1.5
Stryker	USA	18,274	1.4
Amicus Therapeutics	USA	17,958	1.4
Novartis	Switzerland	17,772	1.4
Tenet Healthcare	USA	17,771	1.4
Amgen	USA	16,908	1.3
Shire	USA	16,773	1.3
Bayer	Germany	16,488	1.3
DaVita	USA	16,142	1.2
Top 30 investments		**903,805**	**69.8**
Clovis Oncology	USA	15,504	1.2
Santen Pharmaceutical	Japan	15,328	1.2
Illumina	USA	15,269	1.2
Mylan	Netherlands	14,930	1.2
Universal Health Services	USA	14,754	1.2
Sino Biopharmaceuticals	China	14,687	1.1
Thermo Fisher Scientific	USA	13,290	1.0
Xencor	USA	13,090	1.0
Array BioPharma	USA	12,756	1.0
BeiGene	Cayman Islands	11,701	0.9
Top 40 investments		**1,045,114**	**80.8**
Coherus Biosciences	USA	11,502	0.9
Nippon Shinyaku	Japan	11,155	0.9
ACADIA Pharmaceuticals	USA	10,425	0.8
Aerie Pharmaceuticals	USA	9,927	0.8
Cigna	USA	8,968	0.7
Wright Medical Contingent Value Rights	Netherlands	8,542	0.7
Radius Health	USA	8,194	0.6
Takeda Pharmaceutical	Japan	8,173	0.6
HCA	USA	8,018	0.6
Magellan Health	USA	7,909	0.6
Top 50 investments		**1,137,927**	**88.0**

* includes Novo Nordisk ADR equating to 0.9% of investments.
** includes Galapagos ADR equating to 0.9% of investments.

Investments	Country/region	Market value £'000	% of investments
LifePoint Health	USA	7,855	0.6
Genmab	Denmark	7,548	0.6
Alliance Healthcare Services FRN 20/04/2024 (unquoted)	USA	7,146	0.5
Insmed	USA	6,603	0.5
Siemens Healthineers	Germany	6,314	0.5
Teleflex	USA	6,181	0.5
Abbott Laboratories	USA	6,155	0.5
Insmed 1.75% 15/01/2025 (unquoted)	USA	5,951	0.5
Genoa A QOL Healthcare FRN 28/10/2024 (unquoted)	USA	5,665	0.4
Medical Depot Holdings FRN 21/12/2023 (unquoted)	USA	5,639	0.4
Top 60 investments		**1,202,984**	**93.0**
Bioventus FRN 21/11/2021 (unquoted)	USA	5,602	0.4
Sarepta Therapeutics	USA	5,249	0.4
Ironwood Pharmaceuticals	USA	4,931	0.4
China Medical System	Cayman Islands	4,582	0.4
Bluebird Bio	USA	4,538	0.4
IHH Healthcare	Malaysia	4,423	0.3
Deciphera Pharmaceuticals	USA	3,811	0.3
Fluidigm	USA	3,490	0.3
K2M Group	USA	3,329	0.3
Amedisys	USA	3,216	0.2
Top 70 investments		**1,246,155**	**96.4**
Yestar Healthcare	China	3,079	0.2
Wenzhou Kangning Hospital	China	3,046	0.2
Dentsply Sirona	USA	2,367	0.2
Aegerion Pharmaceuticals 2% 15/08/2019 (unquoted)	USA	2,007	0.1
ImmunoGen	USA	1,636	0.1
CRISPR Therapeutics	Switzerland	817	0.1
Innoviva FRN 18/08/2022 (unquoted)	USA	711	0.1
Novelion Therapeutics	Canada	62	0.0
Alimera Sciences	USA	46	0.0
Total equities and fixed interest investments		**1,259,926**	**97.4**
Emerging Markets Healthcare (Basket)^*	Emerging Markets	21,418	1.7
Jiangsu Hengrui Medicine^	China	18,123	1.4
JP China HC A-Share (Basket)^*	China	17,118	1.3
JPM Gene (Basket)^*	USA	16,942	1.3
Aier Eye Hospital Group^	China	13,493	1.0
India Health Care (Basket)^*	India	10,953	0.8
M&A (Basket)^*	USA	9,594	0.7
Strides Shasun	China	6,493	0.5
Shenzhen Salubris Pharmaceuticals^	China	5,162	0.5
Jiangsu Nhwa Pharmaceutical^	China	4,717	0.3
Ajanta Pharma	India	2,112	0.2
Less: Gross exposure on financed swaps		(92,020)	(7.1)
Total OTC Swaps		**34,105**	**2.6**
Total investments including OTC Swaps		**1,294,031**	**100.0**
Put Options (Long)		161	0.0
Put Options (Short)		(1,058)	(0.1)
Call Options (Long)		426	0.1
Call Options (Short)		(40)	0.0
Total investments including OTC Swaps and Options		**1,293,520**	**100.0**

^ Financed
* See Glossary beginning on page 72 and note 16 beginning on page 64 for further details in relation to the OTC Swaps and Options. Basket swaps may include underlying holdings that are also held directly.

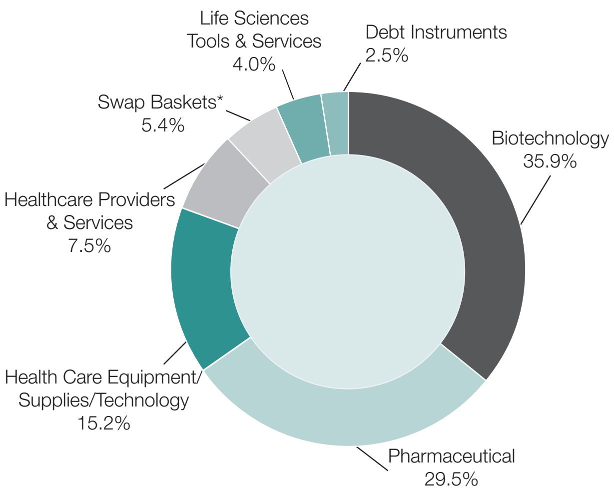
SUMMARY

Investments	Market value £'000	% of investments
Equities (including options & swaps)	1,260,799	97.5
Unquoted debt securities – variable rate	24,763	1.9
Unquoted debt securities – fixed rate	7,958	0.6
Total of all investments	**1,293,520**	**100.0**

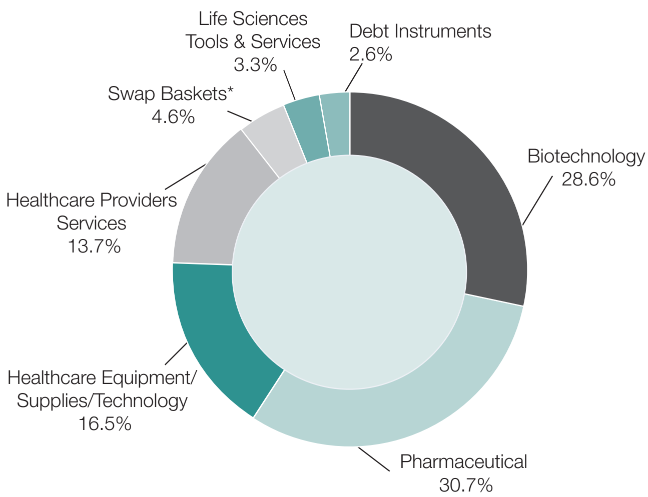
Portfolio distribution

By sector

2018

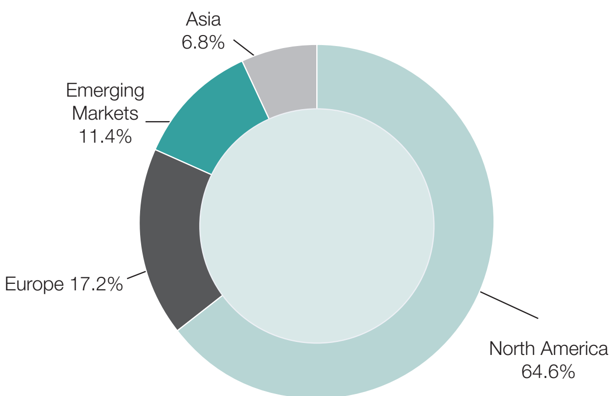


2017

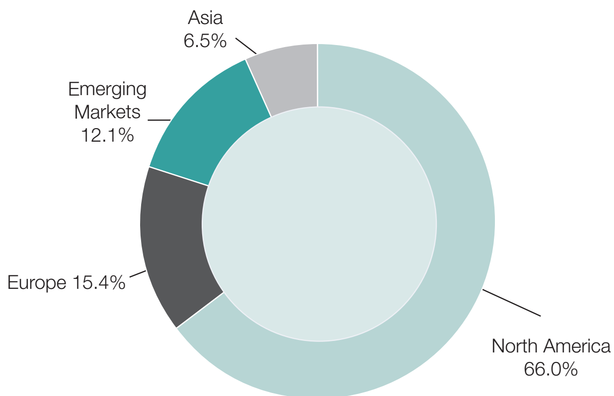


By geography

2018



2017



* See Glossary beginning on page 72.

OrbiMed was founded in 1989 and has evolved over time to be one of the largest dedicated healthcare investment firms 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.$14 billion in assets under management as of 31 March 2018, across a range of funds, including investment trusts, hedge funds, mutual funds, and private equity funds.

Investment strategy and process

Within the guidelines set by the Board, the OrbiMed team work 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 fully 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 a rigorous risk management process to moderate portfolio volatility.

The team

The OrbiMed Investment Team continues to expand and now has over 80 investment professionals that 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, Herzliya (Israel), Shanghai, and Mumbai.

The lead managers with responsibility for the Company's portfolio are as follows:

Sven H. Borho, CFA, is a founder and Managing Partner of OrbiMed. Sven heads the public equity team and he is the portfolio manager for OrbiMed's public equity and hedge funds. He has been a portfolio manager for the firm's funds since 1993 and has played an integral role in the growth of OrbiMed's asset management activities. He started his career in 1991 when he joined OrbiMed's predecessor firm as a Senior Analyst covering European pharmaceutical firms and biotechnology companies worldwide. Sven studied business administration at Bayreuth University in Germany and received a M.Sc. (Econs.), Accounting and Finance, from The London School of Economics; he is a citizen of both Germany and Sweden.

Trevor M. Polischuk, Ph.D., is a Partner at OrbiMed focused on the global pharmaceutical industry. Trevor joined OrbiMed in 2003 and became a Partner in 2011. Previously, he worked at Lehman Brothers as a Senior Research Analyst covering the U.S. pharmaceutical industry. Trevor began his career at Warner Lambert as a member of the Global Marketing Planning team within Parke-Davis. Trevor holds a Doctorate in Neuropharmacology & Gross Human Anatomy and an M.B.A. from Queen's University, Canada.


Sven Borho


Trevor Polischuk

Performance Review

The financial year ended 31 March 2018 was defined by a return of industry fundamentals driving share price returns; although global currency moves did provide some notable volatility. With the shock of "Brexit" and a Republican win in the U.S. Presidential election in 2016 moved to the backburner, investors refocused on more pertinent growth drivers throughout the year. In the healthcare sector that meant reported financials, new drug approvals, pipeline advancements, and merger and acquisition (M&A) activity represented the principal reasons for share price movements. However, despite a solid first nine months, healthcare equities were once again stumped by macro factors that clipped much of the gains in the final quarter of the financial year.

Without question, the start of the Company's financial year began with renewed optimism due to the pro-business agenda from U.S. President Donald Trump that the market embraced. Whilst the President's first year has not been without controversy – in part due to his excessive use of his Twitter account – the penultimate legislation of the year was the passage of a major U.S. tax reform bill that positively impacted corporates' bottom line across industries.

Overall, volatility remained low throughout the year, until a late year spike that was short lived. In fact, the VIX (the Chicago Board Options Exchange measure of volatility of the S&P 500), remained remarkably low and range bound in the first nine months of the financial year, recording an all-time low in November 2017 (8.56) before spiking in February 2018 and reaching a multi-year high (50.30) in tandem with a broad market sell off. The cause was multifold, including monetary tightening by the U.S. Federal Reserve, regulatory uncertainties around major technology companies, inflationary fears, and continued opaqueness around U.S. policy. The result was a spike in correlation that saw equity markets across industry sectors and around the world swoon.

The net result was a modest decline in global healthcare equities. The MSCI World Healthcare Index, measured on a net total return, sterling adjusted basis, declined by 2.5% for the year ended 31 March 2018. However, we are pleased to report that the Company was able to outperform the Benchmark result and post positive returns for this period. The net asset value per share total return was +2.8% and the share price total return was +5.3%.

Overall, since the Company's inception in 1995 to 31 March 2018, the total return of the Company's net asset value per share is 2,812.7%, equivalent to a compound annual return of 15.8%. This compares to the blended benchmark rise of 1,143.9%, equivalent to a compound annual return of 11.6%.

Contributors to Performance

Overall, outperformance was generated by a mix of sub-sector allocation and stock picking across emerging biotechnology, healthcare services, emerging markets, and life science tools/diagnostics. In emerging biotechnology, overweight positioning and stock picking created approximately 3.5% of both positive absolute contribution and alpha generation. In healthcare services, astute stock picking and catalyst-driven trading led to over 3.0% of positive contribution and an additional 2.5% in alpha generation. In emerging markets, overweight allocation resulted in approximately 1.5% of positive absolute contribution and alpha generation. Finally, in life science tools/diagnostics, stock picking also created positive returns, with over 1.0% of contribution and nearly 0.5% of alpha generation.

The top contributor during the year was **BeiGene**, a China-based, commercial-stage biopharmaceutical company focused on the development of cancer therapies with significant commercial exposure in the large Chinese market as well as worldwide. The shares performed strongly during the year following the announcement of a collaboration with **Celgene** on the development and commercialisation of its solid tumour treatment candidate, tislelizumab, an anti-PD-1 antibody, and the expansion of BeiGene's commercial footprint in the large Chinese market to include Celgene's oncology products Abraxane, Revlimid and Vidaza. BeiGene also continued to progress its own oncology pipeline including the BTK inhibitor, zanubrutinib, which has shown promising data in B cell malignancies, and pamiparib, a PARP inhibitor in development for the treatment of solid tumours.

Another top contributor was **Intuitive Surgical**. The company develops robotic systems and associated instrument sets for use in a broad array of surgical procedures. Robotic procedure volumes accelerated in 2017 against a strong 2016 comparison. Moreover, new system placements, a leading indicator for procedure utilisation strongly outperformed analyst expectations. Hospital adoption and enthusiasm for robotics have dramatically increased in new general surgical categories, notably hernia repair. Competition concerns have abated somewhat as launches have been further delayed and details reveal less comprehensive solutions than expected. Further, investor enthusiasm for the company's flexible catheter system (currently in development) has increased, leading to a strong multi-year outlook for the company. The result was a steady increase in the share price throughout the year.

Juno Therapeutics is a development-stage biotechnology company focused on chimeric antigen receptor (CAR) T cells which are genetically engineered to combat cancer. Juno's lead candidate, JCAR017, has shown a potentially best-in-class profile with an impressive six-month complete response rate of 50% in relapsed or refractory diffuse large B cell lymphoma (DLBCL) and a substantially improved safety and tolerability profile over other CAR T products. In January 2018, Celgene acquired Juno for a 91% premium to its share price.

Jiangsu Hengrui Medicine is the largest drug innovator in China in terms of research and development (R&D) expenditure, spending nearly U.S.$300 million in 2017. The company focuses on oncology and surgery drugs. Besides its leadership in the Chinese pharmaceutical market, the company has been expanding its footprint into the global market. It has approximately ten generic drugs approved in the U.S. and has licensed out many pipeline candidates to overseas pharmaceutical companies. In 2017, the company accomplished some significant milestones, leading to strong share price appreciation. First, Hengrui became the first among its Chinese peers to start a Phase III clinical trial in immuno-oncology, notably for their anti-PD-1 monoclonal antibody. The trial targeted over 400 patients with late-stage non-small cell lung cancer. Second, the company filed for conditional approval of pyrotinib, a novel, irreversible dual tyrosine kinase inhibitor, based on strong survival data from a Phase II study in metastatic breast cancer patients. Third, Hengrui's tyrosine kinase inhibitor for the treatment of gastric cancer, apatinib, was added to the National Drug Reimbursement List in China, resulting in a spike in patient demand. The company's dominant leadership in the Chinese pharmaceutical market is likely sustainable, thanks to the company's strong in-house research, clinical development, and commercialisation capabilities, coupled with continued favourable government healthcare policies.

We believe China will continue to gain market share in the global pharmaceutical market and become a driving force for the innovation in the healthcare sector, such as biological drugs, cell therapy, and healthcare artificial intelligence. Therefore, we expect to maintain a healthy exposure in the China market.

The California-based **Edwards Lifesciences** develops products and services to treat late-stage cardiovascular disease, including transcatheter heart valve replacements, surgical heart valve repair products, and haemodynamic monitoring systems for critical care settings. The company's share price rebounded strongly off of a weak beginning to 2017 with a powerful cadence of earnings reports throughout the year after investors were initially concerned over slowing market growth. More recently, the company also held an investor day event that highlighted continued runway for market penetration and new opportunities in mitral heart valve therapy. This combination of strong outperformance and recovery in investor enthusiasm over the pipeline has resulted in material stock price appreciation.

Detractors from Performance

As is typical in healthcare investing, detractors in the financial year were largely idiosyncratic in nature, with individual stocks from different sectors declining primarily due to unexpected negative catalysts or news flow. A main culprit, often resulting in acute share price declines, is the failure of a clinical trial.

That said, negative offsets to performance were limited. Of most import was our overweight allocation to large capitalisation biotechnology stocks. The group performed poorly when measured in pound sterling terms in the financial year and sold off during the market tumult in the last quarter of the year. This resulted in an approximate 3.0% absolute loss and 1.5% of negative alpha. Other detractors were more modest. Alpha headwinds from medical devices due to stock picking totalled 1.25%. For generic pharmaceuticals, our performance was impeded by approximately 0.75%. Finally, large capitalisation pharmaceuticals combined for less than 2.0% of negative contribution but the alpha impact was neutral given our underweight positioning in the sector.

On a single stock basis, the largest detractor during the year belongs to a different descriptor, such as "reversion to the mean" or perhaps even "profit taking". **Wright Medical** develops joint replacement devices, primarily for shoulder, foot and ankle, trauma and sports medicine procedures, as well as orthobiologic products. In the previous financial year, our investment in the company resulted in the largest contribution to performance. Yet the company's share price had a challenging time in the current financial year, as the company embarked on a sales force expansion plan, accelerated it, and later experienced disruption and a lower ramp to productivity than expected. Anticipated competition also increased as a key competitor, Zimmer Holdings, launched a stemless shoulder product to compete with Wright's "Simpliciti" product, a key high growth product for the company. Nevertheless, there are reasons for optimism for the company as the new sales force matures, the company garners new product approvals, and launches several key new products over the course of 2018 and beyond.

Celgene is a large capitalisation biotechnology company with a global presence and a focus on the therapeutic categories of haematology and immunology/inflammation. The stock performed well during the first half of the Company's financial year but announced a number of negative developments in October 2017 that led to a precipitous drop in investor confidence and a corresponding drop in share price. First, the company announced that a key pipeline asset under development for the treatment of Crohn's disease failed to show sufficient efficacy in a Phase III trial. Second, the company announced lower-than-expected sales for its blockbuster psoriasis drug Otezla (apremilast) in the third quarter. And finally, but not coincidentally, the company lowered its long term 2020 financial guidance. This combination of events led to more than a 30% drop in share price (in local currency) over the course of a month.

Unfortunately, the share price in Celgene bore more weakness when the company announced that their multiple sclerosis late stage candidate, ozanimod, received a "refusal-to-file" letter from the U.S. Food and Drug Administration (FDA), effectively (and surprisingly) denying regulatory review for this novel drug candidate. Moreover, the setbacks at Celgene contributed to a broader selloff in large capitalisation biotechnology stocks as whole. Whilst Celgene's valuation plummeted, a near correction did not happen to close the financial year as investors put the stock in the "sin bin".

As a leader in the revolution in the field of immuno-oncology, investor expectations for **Merck's** Keytruda (pembrolizumab) were understandably high. Only Merck's Keytruda, through an accelerated process, has been able to obtain approval for the treatment of frontline, advanced non-small cell lung cancer. The share price had reflected this success for first half of the financial year. However, when the company announced that the confirmatory trial for Keytruda in frontline lung would be delayed for over a year and the European filing for Keytruda was being withdrawn, the company lost more than U.S.$25 billion in market capitalisation.

Incyte is a commercial-stage biopharmaceutical company focused on novel therapeutics for unmet needs in the treatment of cancer. Shares in Incyte declined as the company faced multiple setbacks during the financial year, including an unexpected delay in the U.S. regulatory filing of its rheumatoid arthritis treatment Olumiant (baricitinib) with partner Eli Lilly. Incyte had previously shown promising early data of its solid tumour treatment candidate epacadostat, a IDO-1 enzyme inhibitor, in combination with PD-1 inhibitors in metastatic melanoma. However, investors grew increasingly skeptical about this pipeline product prior to its pivotal phase III trial readout.

Coherus Biosciences is a pure-play biosimilars company working on developing biosimilar versions to a number of blockbuster biotechnology products, including Neulasta, Enbrel, and Humira. The company encountered several setbacks in the financial year, two of which were of most import. First, the company's lead programme is the development of a biosimilar version of Neulasta, a white blood cell growth factor marketed by **Amgen**. The stock gapped lower after the FDA rejected the filing and asked the company to conduct further testing of its product using a more sensitive assay prior to approval. The delay reduces Coherus' time to market advantage versus other biosimilar competitors. The company suffered additional setbacks in their attempt to overturn a key patent for Humira, **Abbvie's** U.S.$18 billion biologic drug for rheumatoid arthritis, psoriasis, and inflammatory bowel disease. This likely delays the launch of Coherus' biosimilar version of the drug in the U.S. to the early to mid-2020s.

Derivative Overlay Strategy

OrbiMed continues to employ a derivative overlay strategy to glean market intelligence and offer additional outperformance. While the strategy has generated meaningful outperformance since 2006, the cumulative contribution over the last several years has been modestly positive. The options strategy is primarily used to create target effective entry prices for favoured stocks, leverage specific catalysts and capture special situation opportunities. Two derivative specialists implement the strategy in careful consultation with the portfolio management team. OrbiMed adheres to strictly defined risk limits and in practice maintains a net exposure well below the 5% restriction.

In addition to the derivative overlay strategy, we utilise thematic over-the-counter basket swaps for both tactical and strategic investment purposes. Swaps are an efficient and effective way to gain exposure to a therapeutic category or to a specific theme (for example oncology; M&A; geography).

Sven H. Borho and Trevor M. Polischuk
OrbiMed Capital LLC
Portfolio Manager

15 June 2018

Contribution by Investment

Principal contributors to and detractors from net asset value performance

Top five contributors	Contribution £'000	Contribution per share* £
BeiGene	21,178	0.44
Intuitive Surgical	15,777	0.33
Juno Therapeutics†	12,680	0.26
Jiangsu Hengrui Medicine	12,193	0.25
Edwards Lifesciences	9,306	0.19
	71,134	1.47

Top five detractors		
Coherus Biosciences	(10,308)	(0.22)
Incyte†	(11,044)	(0.23)
Merck	(13,081)	(0.27)
Celgene	(16,609)	(0.35)
Wright Medical	(24,532)	(0.51)
	(75,574)	(1.58)

*Calculation based on 47,849,849 shares being the weighted average number of shares in issue during the year ended 31 March 2018.

†Not held in the portfolio as at 31 March 2018.

Global Pharmaceuticals

For the most part, returns for global pharmaceutical stocks mirrored that the of the MSCI World Healthcare Index, with some negative divergence in the final quarter of the financial year, owing mostly to market volatility and rising interest rates. For comparison, net total returns, on a sterling adjusted basis, were -5.2% for global pharmaceutical stocks (as measured by the New York Stock Exchange ARCA Pharmaceutical Index) compared to -2.5% for the MSCI World Healthcare Index.

Underwhelming performance in the subsector during the year can be attributed to a variety of issues. Whilst valuation remains undemanding, political rhetoric coming from the Donald Trump presidency has created a modest but constant overhang for drug stocks, mostly over fears of significant changes to drug pricing legislation in the United States. This has led, in our observation, to less generalist investor participation in the sector. Further, only modest M&A efforts and certainly a lack of transformative business development deals kept many investors at bay.

Nonetheless, we view the overall political landscape as a net positive for therapeutic stocks. A major macro policy overhang for therapeutics stocks entering 2017 was the possible "repeal and replace" of the Affordable Healthcare Act (ACA), or "Obamacare". The ACA was President Barack Obama's healthcare reform law that was designed to provide universal healthcare insurance coverage in the U.S. However, despite the Republican party being in control of both chambers of Congress and the White House, the repeal of Obamacare failed despite many attempts to do so. The removal of this uncertainty was a positive for the sector.

Whilst President Trump failed at his attempts to repeal the ACA, he was successful in getting a major tax reform bill passed into law. Importantly for global biopharmaceutical companies, the new law lowered corporate tax rates to 21% (from 35%) and lowered repatriation taxes to 15.5% (or lower, in some cases) from 35%. This has resulted in higher earnings, increased share buy backs, and larger dividends for large biopharmaceutical companies.

Moreover, the appointment of Dr. Scott Gottlieb as commissioner of the FDA has been a positive for therapeutic stocks, as we had anticipated last year. The calendar year 2017 ended with a record number of new FDA drug approvals with 46. Additionally, Dr. Gottlieb's efforts to address the backlog of generic drug approvals was also successful, with over 1,000 distinct approvals in 2017.

Finally, we view the appointment of Alex Azar as the United States Secretary of Health and Human Services by President Donald Trump as another de-risking event on the political front. Mr. Azar is an ex-pharmaceutical industry executive (from Eli Lilly & Co.) who will be able to walk the fine line between lowering healthcare costs for patients while preserving a market based drug pricing system in the United States.

Overall, we view the fundamentals of the global pharmaceutical companies as positive, albeit unevenly distributed. Valuation, as mentioned, remains undemanding with price to earnings ratios towards the low end of the historical range for the group. Innovation remains strong with a number of data read outs and new drug launches expected in 2018. Earnings growth rates, however, are somewhat disparate, ranging from low single digits to high teens as patent expirations, pipelines, and new products are somewhat dissimilar from company to company.

Biotechnology

After a difficult 2016, which was marked by election-related political overhangs on drug pricing policy in the United States, the biotechnology sector partially rebounded over the course of the financial year, especially in U.S. dollar terms. For the first half of the Company's financial year, the biotechnology recovery was characterised by broad participation by both the large capitalisation and emerging capitalisation names in the biotechnology industry. However, starting in the last quarter of 2017, a marked divergence in performance between the small and large capitalisation members of the sector emerged, with smaller capitalisation biotechnology significantly outperforming their larger capitalisation counterparts.

Investor sentiment for large capitalisation biotechnology soured considerably when Celgene, a bellwether stock for the group, announced multiple negative surprises in the autumn of 2017, including a high profile clinical trial failure, lower than expected sales of a key growth driver, and ultimately a lowering of their long-term guidance. The result was a sudden loss of U.S.$30 billion in market capitalisation within a month which spooked investors, resulting in a broader selloff in large cap biotechnology stocks as generalist investors fled the sector. Smaller capitalistion biotechnology companies did comparatively better as investors believed that the larger capitalisation names would need to acquire emerging biotechnology companies to reaccelerate their growth and deal with future patent expirations on their key products.

Valuations among large capitalisation biotechnology companies remain very attractive, with some companies' trading at historically low double-digit price-to-earnings multiples. While investors have been concerned about declining earnings growth and the exclusivity of many of the large capitalisation companies' lead drugs, we believe many of these concerns are well discounted into share prices. Valuations are so low that we would not be surprised if some of the large capitalisation biotechnology companies themselves became M&A targets. **Takeda Pharmaceutical's** proposed acquisition of **Shire** indicates there may be such M&A appetite.

Overall M&A transaction volumes in biotechnology were somewhat muted during most of the financial year, likely due to uncertainty about corporate tax reform in the U.S. We had expected clarity on tax reform could spark an acceleration in M&A activity in the sector, and there does appear to be evidence for this thus far in 2018. Numerous M&A transactions have been announced since passage of the tax reform bill, including Celgene's acquisition of CAR-T company Juno Therapeutics for. U.S$9 billion, Sanofi's acquisition of a haematology company Bioverativ for U.S.$11.6 billion, and **Novartis'** acquisition of gene therapy company AveXis for U.S.$8.7 billion.

Lastly, the level of innovation in the biotechnology sector remains very strong. Completely new modalities of treatment delivering significant clinical benefit emerged. The first two CAR-T cellular therapies, a therapy that involves harvesting a cancer patient's own T-cells, modifying them externally to attack the patient's cancer, and then reinserting them back into the patient, were approved in 2017: Novartis' Kymriah for leukemia and Kite Pharmaceuticals' Yescarta for lymphoma. These cellular therapies have shown dramatic reduction in tumour burden in patients with advanced blood cancers.

Additionally, the very first gene therapy was approved in the United States in late 2017: Spark Therapeutics' Luxturna was approved for the treatment of a rare genetic eye disorder leading to progressive blindness. Other biotechnology companies have also released promising results of gene therapies for disorders such as haemophilia, beta-thalassemia, and sickle cell disease.

Lastly, we saw positive developments in treatments involving modifying the transcription and processing of ribonucleic acid (RNA)*. Biogen continued the launch of their antisense drug Spinraza, which helps restore muscle development in patients with the genetic disease spinal muscular atrophy, and Alnylam announced positive Phase III results for their RNA interference therapy, patisiran, for hereditary ATTR amyloidosis with polyneuropathy. We expect the outlook for the biotechnology sector for the Company's next financial year to remain positive, given low valuations, continued M&A activity, strong innovation, and a favourable regulatory environment.

Specialty Pharmaceuticals

In the reported financial year, concerns over pricing for branded drug franchises remained a notable overhang for specialty pharmaceutical companies and has hampered performance of a majority of sector participants. In addition, U.S. political rhetoric, potential new U.S. government policies/initiatives and aggressive formulary management by third-party payors has not been helpful. That said, we continue to believe that several companies in this sector are well-positioned and primed for outperformance. For this select group, current valuation reflects worst-case scenarios with regards to franchise pricing power but ignores potential contributions from meaningful proprietary pipeline programmes/compounds poised to emerge as valuable growth drivers in the not-to-distant future. As a result, in instances where our due diligence and valuation analyses imply favourable risk-reward profiles, we have increased exposure to select companies with significant pipeline disclosures over the next 12 months.

In Europe, we remain constructive on a select group of companies benefiting from improving trends, new launch cycles, and increased M&A. Some companies should benefit from newly-installed management teams implementing fresh, more effective strategies that enhance shareholder value over time. We expect M&A to remain a dominant theme, as companies continue to pursue creative business combinations driven by potential revenue, operating and tax synergies.

Generic Pharmaceuticals

The all-important US generic market remains in the throes of a systemic price erosion cycle, the result of consolidation of pharmaceutical and wholesaler distribution channels and exacerbated competitive dynamics, the latter stemming from an uptick in the number of generic approvals by the FDA. Despite this challenging backdrop, investors have warmed up to some of the better-positioned companies in the sector in response to initial indications that price declines are moderating. In general, companies with broad, diversified product portfolios have fared better than their more narrowly-focused peers. We anticipate that significant consolidation of the U.S. generic market will enable a more stable and favourable U.S. pricing environment, however this could take considerable time as sector leverage

* See Glossary beginning on page 72.

remains high. Furthermore, we believe segments of the industry have been permanently scarred, leaving acquisition premiums impaired indefinitely.

As anticipated, players with greater geographic reach have benefited from solid performance in key EU and Asian markets, which has provided some offset to weaker US performance. In these markets, pricing erosion remains moderate and in line with expectations, in stark contrast to conditions observed by many US-focused participants. Some sizable markets (Italy, Spain) still offer solid growth potential as generic utilisation continues to ramp up from modest levels. Throughout Asia, economic expansion, favourable demographics, supportive governmental policies, and other contributing factors continue to drive robust generic utilisation.

Medical Devices

The reported financial year was a strong one for Medical Device stocks and was marked by continued, stable growth and further penetration into new high growth therapeutic areas. The sector benefited from a favourable macro environment and a strong U.S. economy, and remained insulated from several political healthcare headwinds, notably healthcare reform and drug pricing. M&A flow was also healthy with Becton Dickinson's acquisition of C.R. Bard and many tuck-ins across the sector.

Looking ahead to the second half of calendar 2018, we expect this positive fundamental backdrop to persist and for companies to lay the groundwork for revenue growth acceleration into 2019 and beyond, while also benefitting on the bottom line from U.S. tax reform. M&A should continue at a steady pace, with several large companies boasting ample firepower for tuck-ins and others ripe for portfolio optimisation and divestitures.

We continue to favour companies that can sustainably deliver premium organic revenue growth through exposure to underpenetrated high growth markets such as transcatheter heart valves, surgical robotics, spinal cord stimulation devices, extremities implants, and left atrial appendage closure technologies. Our investments reflect a preference for companies that have demonstrated strong growth and are poised for further growth inflections with new product launches and/or indication expansions in the second half of 2018 and 2019.

Healthcare Services

The financial year favoured "payers" over "providers". In other words, companies that paid for healthcare services such as U.S. HMOs (Health Maintenance Organisations) significantly outperformed companies that administered services to patients, such as hospitals. This dynamic occurred for two main reasons: utilization of healthcare services came in lower than expected and corporate tax reform disproportionately benefited companies with low financial leverage (due to new rules against interest expense deductibility). Separately, scrutiny regarding drug prices drove underperformance in drug supply chain stocks that stand to profit from higher inflation.

We do not expect HMOs to duplicate their strong outperformance in the coming year for a variety of reasons. First, price competition may intensify driven by non-profit competitors (like Blue Cross Blue Shield) that are motivated to reinvest higher earnings. Second, tax reform benefits may be difficult to retain in a competitive marketplace as payors may give on price to capture share gains. Third, a strengthening economy creates stable or increasing utilisation of healthcare services, putting pressure on costs. Finally, we note valuations are elevated when compared to historical norms. While putative M&A activity may offer support to valuations, it is unclear if regulators will approve pending deals.

We remain cautious on the drug supply chain because they could be negatively impacted by news flow and rhetoric on drug price reform legislation, ongoing opioid litigation, decelerating drug price inflation, and increased competition from new entrants (such as Amazon).

Life Science Tools/Diagnostics

The life sciences tools sector continued its momentum throughout much of the Company's previous financial year. The subsector's leadership position within healthcare diverged more as political, macro, and strategic uncertainties were largely avoided. The lack of a spotlight on the sector has paid dividends in allowing the sector to enjoy an elevated valuation.

On a forward looking fundamental basis, bioprocessing, fueled by increased manufacturing focus for biosimilars and the buoyant capital markets for bio-pharma, continued to be the main driver in organic growth. The sector remains well positioned to capitalise on these secular trends in bio-pharma. However, given the premium valuation ascribed to the sector, headline noise around global tariffs, especially relating to China, is a risk factor that should be taken into consideration. Although impact of the proposed China tariff is difficult to quantify, the noise created in the market is a material downside event for the group given its relatively high exposure into that geography.

Overall, we contend that end markets for tools remain and will continue to be attractive during 2018. Political insularity for the most part, is also attractive given the market's sensitivity on difficult-to-assess twitter headlines. However, all things factored in, elevated valuation is reflective of the said security in the tools subsector.

Emerging Markets

Healthcare companies in emerging markets continue to grow faster than their counterparts in the West, driven by rising income levels, the increase in the proportion of GDP spent on healthcare, and local governments' policy support.

In China, our investment strategy focuses on innovation and high-quality generics in the pharmaceutical sector. The Chinese government has been undertaking various initiatives and reforms to improve the robustness and efficiency of their drug approval system and to increase the quality of generic drugs sold in China. By the end of 2017, the Chinese FDA granted priority review to over 350 drugs which fit into one of the categories including innovative drugs, drugs addressing urgent unmet clinical needs, and first-to-market generics. During the same year, the Chinese FDA issued comprehensive guidance for the mandating of bioequivalence testing, also referred to as quality consistency evaluation, for many of the generic drugs currently marketed in China, to confirm that they truly have equivalent efficacy to the original brand. In December, the Chinese FDA published the first batch of 17 generic drugs that have passed quality consistency evaluation. We expect more batches and favourable policies for those drugs to come in 2018.

The Chinese government also made significant progress towards reimbursement of pharmaceutical products. The long-anticipated new version National Drug Reimbursement List (NRDL) consisting of 2,535 drugs was released in February 2017. The number of reimbursable drugs expanded from the version in 2009 by 18% and we believe the expansion is positive for the industry growth in the next few years. In July 2017, another 36 high-priced drugs were enrolled into NRDL with a range of price cuts after negotiation with the government; this was the very first time that the price negation mechanism was adopted for NDRL in China.

Meanwhile, capital markets are becoming more accessible to Chinese biotechnology companies. The Hong Kong Stock Exchange announced its decision to amend the Main Board Listing Rules (Listing Rules) to allow New Economy companies, including pre-revenue biotechnology companies, to list on the Main Board. We believe this will help expand our investment universe in the region.

In India, our stock selection process takes into account geographic and product revenue/profit mix, pipeline quality and vesting, manufacturing compliance status, and balance sheet health. Manufacturing compliance violations remain a notable risk and we continue to closely monitor dynamics in the US generic market, which has been adversely impacted by a severe pricing erosion cycle.

From an investment perspective, we prefer companies with significant revenue diversity, including meaningful exposure to higher-growth European markets, domestic (Indian) markets, and other emerging markets, as this reduces dependence on the currently challenged U.S. market. We also favour companies with generic portfolios biased toward near-term opportunities targeting difficult to formulate products, including injectables, depots, patches, and certain orals and topicals. We closely scrutinise companies' compliance histories and prefer those with manufacturing redundancies, at least for key products in important markets. Lastly, we keep a keen eye on leverage and are intensely focused on the cash generating abilities of our portfolio companies.

Sven H. Borho and Trevor M. Polischuk
OrbiMed Capital LLC
Portfolio Manager

15 June 2018

The aim of the Strategic Report (on pages 1 to 25) is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors based on the information available to them at the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Business Model

Worldwide Healthcare Trust PLC is an investment trust and has a premium listing on the London Stock Exchange. Its investment objective is set out on page 6. In seeking to achieve this objective, the Company employs Frostrow Capital LLP (Frostrow) as its Alternative Investment Fund Manager (AIFM), OrbiMed Capital LLC (OrbiMed) as its Portfolio Manager, J.P. Morgan Europe Limited as its Depositary and J.P. Morgan Securities LLC as its Custodian and Prime Broker. Further details about their appointments can be found in the Report of the Directors on pages 28 and 29. The Board has determined an investment objective, policy and related guidelines and limits, as described on pages 6 and 7.

The Company is subject to UK and European legislation and regulations including UK company law, UK GAAP, the Alternative Investment Fund Managers Directive, the UK Listing, Prospectus, Disclosure and Transparency Rules, taxation law and the Company's own Articles of Association.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained.

The Board

The Board of the Company comprises Sir Martin Smith (Chairman), Sarah Bates, Dr David Holbrook, Doug McCutcheon and Humphrey van der Klugt. All of these Directors served throughout the year and are independent non-executive Directors. Samuel D. Isaly left the Board on 12 January 2018. Mr Isaly was not considered by the Board to be independent. Subsequent to the year-end, Sven Borho joined the Board (on 7 June 2018). He is not considered by the Board to be an independent Director.

Further information on the Directors can be found on pages 26 and 27.

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

Board focus and responsibilities

With the day to day management of the Company outsourced to service providers the Board's primary focus at each Board meeting is reviewing the investment performance and associated matters, such as, *inter alia*, future outlook and strategy, gearing, asset allocation, investor relations, marketing, and industry issues.

In line with its primary focus, the Board retains responsibility for all the key elements of the Company's strategy and business model, including:

- the Investment Objective, Policy and Benchmark, incorporating the investment and derivative guidelines and limits, and changes to these;
- the maximum level of gearing and leverage the Company may employ;
- a review of performance against the Company's KPIs;
- a review of the performance and continuing appointment of service providers; and
- the maintenance of an effective system of oversight, risk management and corporate governance.

The Investment Objective, Policy, and Benchmark, including the related limits and guidelines, are set out on pages 6 and 7, along with details of the gearing and leverage levels allowed.

Details of the principal KPIs and further information on the principal service providers, their performance and continuing appointment, along with details of the principal risks, and how they are managed, follow within this Business Review.

The Corporate Governance report, on pages 32 to 39, includes a statement of compliance with corporate governance codes and best practice, and the Business Review (pages 22 to 24) includes details of the internal control and risk management framework within which the Board operates.

Key performance indicators (KPI)

The Board assesses the Company's performance in meeting its objectives against key performance indicators (also referred to as Alternative Performance Measures) as follows:

- Net asset value ('NAV') per share total return against the Benchmark;
- Discount/premium of share price to NAV per share; and
- Ongoing charges ratio.

Information on the Company's performance is provided in the Chairman's Statement and the Portfolio Manager's Review and a record of these measures is shown on pages 1, 2 and 3. Further information regarding these Alternative Performance Measures can be found in the Glossary beginning on page 72.

NAV per share total return against the Benchmark

The Directors regard the Company's NAV per share total return as being the overall measure of value delivered to shareholders over the long term. This reflects both net asset value growth of the Company and dividends paid to shareholders.

The Board considers the most important comparator, against which to assess the NAV per share total return performance, to be the MSCI World Health Care Index measured on a net total return, sterling adjusted basis. As noted on page 6 Frostrow and OrbiMed have flexibility in managing the investments and are not limited by the constraints of the Benchmark. As a result, investment decisions may be made that differentiate the Company from the Benchmark and therefore the Company's performance may also be different to that of the Benchmark.

A full description of performance during the year under review is contained in the Portfolio Manager's Review beginning on page 12 of this Annual Report.

Share price discount/premium to NAV per share

The share price discount/premium to NAV per share is considered a key indicator of performance as it impacts the share price total return of shareholders and can provide an indication of how investors view the Company's performance and its Investment Objective.

Ongoing charges ratio

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

Principal service providers

The principal service providers to the Company are the AIFM, Frostrow Capital LLP (Frostrow), the Portfolio Manager, OrbiMed Capital LLC (OrbiMed), the Custodian and Prime Broker J.P. Morgan Securities LLC, and the Depositary, J.P. Morgan Europe Limited. Details of their key responsibilities follow and further information on their contractual arrangements with the Company are included in the Report of the Directors beginning on page 28.

Alternative Investment Fund Manager (AIFM)

Frostrow under the terms of its AIFM agreement with the Company provides, *inter alia*, the following services:

- oversight of the portfolio management function delegated to OrbiMed Capital LLC;
- investment portfolio administration and valuation;
- risk management services;
- marketing and shareholder services;
- share price discount and premium management;
- administrative and secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- maintenance of the Company's website;
- preparation and dispatch of annual and half year reports and monthly fact sheets; and
- ensuring compliance with applicable legal and regulatory requirements.

During the year, under the terms of the AIFM Agreement, Frostrow received a fee as follows:

On market capitalisation up to £150 million: 0.3%; in the range £150 million to £500 million: 0.2%; in the range £500 million to £1 billion: 0.15%; in the range £1 billion to £1.5 billion: 0.125%; over £1.5 billion: 0.075%. In addition, Frostrow receives a fixed fee per annum of £57,500.

Frostrow is no longer entitled to performance fees, however it was entitled to receive any performance fee that crystallised during the year ended 31 March 2018 in respect of cumulative outperformance attained by 31 March 2017.

Portfolio Manager

OrbiMed under the terms of its portfolio management agreement with the AIFM and the Company provides, *inter alia*, the following services:

- the seeking out and evaluating of 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 objective and policy of the Company.

OrbiMed receives a base fee of 0.65% of NAV and a performance fee of 15% of outperformance against the Benchmark as detailed on page 28.

Depositary, Custodian and Prime Broker

J.P. Morgan Europe Limited acts as the Company's Depositary and J.P. Morgan Securities LLC as its Custodian and Prime Broker.

J.P. Morgan Europe Limited, as Depositary, must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, the AIFMD and the Company's Articles of Association. The Depositary must in the context of this role act honestly, fairly, professionally, independently and in the interests of the Company and its shareholders.

The Depositary receives a variable fee based on the size of the Company as set out on pages 28 and 29.

J.P. Morgan Europe Limited has discharged certain of its liabilities as Depositary to J.P. Morgan Securities LLC. Further details of this arrangement are set out on pages 28 and 29. J.P. Morgan Securities LLC, as Custodian and Prime Broker, provides the following services under its agreement with the Company:

- safekeeping and custody of the Company's investments and cash;
- processing of transactions;
- provision of an overdraft facility. Assets up to 140% of the value of the outstanding overdraft can be taken as collateral. Such assets may be used by the Prime Broker and such use may include being loaned, sold, rehypothecated or transferred by the Prime Broker; and
- foreign exchange services.

AIFM and Portfolio Manager evaluation and re-appointment

The performance of the AIFM and the Portfolio Manager is reviewed continuously by the Board and the Company's Management Engagement & Remuneration Committee (the "Committee") with a formal evaluation being undertaken each year. As part of this process, the Committee monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Committee also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objectives set by the Board have been met. The Committee reviewed the appropriateness of the appointment of the AIFM and the Portfolio Manager in March 2018 with a positive recommendation being made to the Board.

The Board believes the continuing appointment of the AIFM and the Portfolio Manager, under the terms described on page 21, is in the interests of shareholders as a whole. In coming to this decision, it took into consideration, *inter alia*, the following:

- the quality of the service provided and the depth of experience of the company management, company secretarial, administrative and marketing team that the AIFM allocates to the management of the Company; and
- the quality of the service provided and the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio and the long-term performance of the portfolio in absolute terms and by reference to the Benchmark.

Principal risks

In fulfilling its oversight and risk management responsibilities, the Board maintains a framework of key risks which affect the Company and the related internal controls designed to enable the Directors to manage and/or mitigate these risks. The risks can be categorised under the following broad headings:

- Investment (including leverage risks);
- Operational (including financial, corporate governance, accounting, legal, cyber security and regulatory risks); and
- Strategic (including shareholder relations and share price performance).

Further information on the internal control and risk management framework can be found below and information on the use of financial instruments and their associated risks, including exposures to market risk and counterparty risk can be found in note 16 beginning on page 64.

The following section details the risks the Board consider to be the most significant to the Company.

Market risks

By the nature of its activities and Investment Objective, the Company's portfolio is exposed to fluctuations in market prices (from both individual security prices and foreign exchange rates) and due to exposure to the global healthcare sector, it is expected to have higher volatility than the wider market. As such investors should be aware that by investing in the Company they are exposing themselves to market risks and those additional risks specific to the sectors in which the Company invests, such as political interference in drug pricing. In addition, the Company uses leverage (both through derivatives and gearing) the effect of which is to amplify the gains or losses the Company experiences.

To manage these risks the Board and the AIFM have appointed OrbiMed to manage the investment portfolio within the remit of the investment objective and policy, and imposed various limits and guidelines, set out on pages 6 and 7. These limits ensure that the portfolio is diversified, reducing the risks associated with individual stocks, and that the maximum exposure (through derivatives and an overdraft facility) is limited. The compliance with those limits and guidelines is monitored daily by Frostrow and OrbiMed and reported to the Board monthly.

In addition, OrbiMed reports at each Board meeting on the performance of the Company's portfolio, which encompasses the rationale for stock selection decisions, the make-up of the portfolio, potential new holdings and, derivative activity and strategy (further details on derivatives can be found in note 16 beginning on page 64).

The Company does not currently hedge its currency exposure.

Investment management key person risk
There is a risk that the individuals responsible for managing the Company's portfolio may leave their employment or may be prevented from undertaking their duties.

The Board manage this risk by:

- appointing OrbiMed, who operate a team environment such that the loss of any individual should not impact on service levels;
- receiving reports from OrbiMed at each Board meeting, such report includes any significant changes in the make-up of the team supporting the Company;
- meeting the wider team, outside the designated lead managers, at OrbiMed's offices and encouraging the participation of the wider OrbiMed team in investor updates; and
- delegating to the Management Engagement & Remuneration Committee, responsibility to perform an annual review of the service received from OrbiMed, including, *inter alia*, the team supporting the lead managers and succession planning.

Counterparty risk
In addition to market and foreign currency risks, discussed above, the Company is exposed to risk arising from the use of counterparties. If a counterparty were to fail, the Company could be adversely affected through either delay in settlement or loss of assets.

The most significant counterparty the Company is exposed to is J.P. Morgan Securities LLC which is responsible for the safekeeping of the Company's assets and provides the overdraft facility to the Company. As part of the arrangements with J.P. Morgan Securities LLC they may take assets, up to 140% of the value of the drawn overdraft, as collateral and have first priority security interest or lien over all of the Company's assets. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by J.P. Morgan Securities LLC, although the Company maintains the economic benefit from the ownership of those assets it does not hold any of the rights associated with those assets. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan Securities LLC. The Company is, however, afforded protection in accordance with SEC rules and U.S. legislation equal to the value of the assets that have been rehypothecated.

This risk is managed by the Board through:

- reviews of the arrangements with, and services provided by, the Depositary and the Custodian and Prime Broker to ensure that the security of the Company's assets is being maintained. Legal opinions are sought, where appropriate, as part of this review. Also, the Board regularly monitors the credit rating of the Company's Custodian and Prime Broker;
- monitoring of the assets taken as collateral (further details can be found in note 16 beginning on page 64);
- reviews of OrbiMed's approved list of counterparties, the Company's use of those counterparties and OrbiMed's process for monitoring, and adding to, the approved counterparty list;
- monitoring of counterparties, including reviews of internal control reports and credit ratings, as appropriate;
- by only 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
- J.P. Morgan Securities LLC is subject to regular monitoring by J.P. Morgan Europe Limited, the Company's Depositary, and the Board receives regular reports from J.P. Morgan Europe Limited.

Service provider risk
The Board is reliant on the systems of the Company's service providers and as such disruption to, or a failure of, those systems could lead to a failure to comply with law and regulations leading to reputational damage and/or financial loss to the Company.

To manage these risks the Board:

- receives a monthly compliance report from Frostrow, which includes, *inter alia*, details of compliance with applicable laws and regulations;
- reviews internal control reports, key policies, including measures taken to combat cyber security issues, and also the disaster recovery procedures of its service providers;
- maintains a risk matrix with details of risks the Company is exposed to, the controls relied on to manage those risks and the frequency of the controls operation; and
- receives updates on pending changes to the regulatory and legal environment and progress towards the Company's compliance with these.

Shareholder relations and share price performance risk
The Company is also exposed to the risk, particularly if the investment strategy and approach are unsuccessful, that the Company may underperform resulting in the Company becoming unattractive to investors and a widening of the share price discount to NAV per share.

In managing this risk the Board:

- reviews the Company's Investment Objective in relation to market, and economic, conditions and the operation of the Company's peers;
- discusses at each Board meeting the Company's future development and strategy;
- reviews the shareholder register at each Board meeting;
- actively seeks to promote the Company to current and potential investors; and
- has implemented a discount control mechanism.

The operation of the discount control mechanism and Company promotional activities have been delegated to Frostrow, who report to the Board at each Board meeting on these activities.

Company promotion

The Company has appointed Frostrow to provide marketing and investor relations services, in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse and stable shareholder register and will trade at a superior rating to its peers.

Frostrow actively promotes the Company in the following ways:

Engaging regularly with institutional investors, discretionary wealth managers and a range of execution-only platforms: Frostrow regularly talks and meets with institutional investors, discretionary wealth managers and execution-only platform providers to discuss the Company's strategy and to understand any issues and concerns, covering both investment and corporate governance matters;

Making Company information more accessible: Frostrow works to raise the profile of the Company by targeting key groups within the investment community, holding annual investment seminars, overseeing PR output and managing the Company's website and wider digital offering, including Portfolio Manager videos and social media.

Disseminating key Company information: Frostrow performs the Investor Relations function on behalf of the Company and manages the investor database. Frostrow produces all key corporate documents, distributes monthly Fact Sheets, Annual Reports and updates from OrbiMed on portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders: Frostrow maintains regular contact with sector broker analysts and other research and data providers, and conducts periodic investor perception surveys, liaising with the Board to provide up-to-date and accurate information on the latest shareholder and market developments.

Discount control mechanism (DCM)

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, share issuance and share buy-backs, where appropriate.

The Board implemented the DCM in 2004. This established a target level of no more than a 6% share price discount to the ex-income NAV per share.

Under the DCM, the Company's shares being offered on the stock market, when the discount reaches a level of 6% or more, may be bought back and held as treasury shares (See Glossary beginning on page 72). Treasury shares can be sold back to the market at a later date at a discount narrower than that at which they were bought and no greater than a 5% discount to the cum income NAV per share.

Shareholders should note, however, that it remains possible for the share price discount to the NAV 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 NAV per share in an asset class such as healthcare is another factor over which the Board has no control.

In recent years the Company's successful performance has generated substantial investor interest. Whenever there are unsatisfied buying orders for the Company's shares in the market, the Company has the ability to issue new shares at a small premium to the cum income NAV per share. This is an effective share price premium management tool.

Details of share issuance are set out on page 30. No shares were repurchased during the year and to the date of this report.

Social, economic and environmental matters

The Directors, through the Company's Portfolio 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 in Canada and one in the U.S.. The Board holds the majority of its regular meetings in the United Kingdom, with one meeting held each year in New York, and has a policy that travel, as far as possible, is minimal, thereby minimising the Company's greenhouse gas emissions. Further details concerning greenhouse gas emissions can be found within the Report of the Directors on page 30.

Board diversity

The Company supports the objectives of the Davies Report to improve the performance of corporate boards 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 will continue to take them into account in its Board appointments.

Brexit

The Board continues to consider the potential risks to the Company as a result of the UK's vote to leave the EU. Currently, other than the impact of exchange rates on the Company's investment values (which is covered under Market Risks), the Board does not consider that the Brexit vote has significantly altered the risk profile of the Company as substantially all the Company's investments are based outside the EU, and the majority of shareholders are UK based.

Long term viability

The Board has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks and uncertainties which have been identified, and the steps taken by the Board to mitigate these as far as possible, are shown on pages 22 to 24.

The Board believes it is appropriate to assess the Company's viability over a five year period. This period is also deemed appropriate due to our Portfolio Manager's long-term investment horizon and also what we believe to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as shown on page 22 to 24.

The Directors also took into account the liquidity of the portfolio when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due. In addition, the Board noted that shareholders have an opportunity to vote on the continuation of the Company every five years; a resolution regarding the continuance of the Company will next be put to shareholders at the Annual General Meeting to be held in 2019.

The Directors do not expect there to be any significant change in the principal risks that have been identified or the adequacy of the mitigating controls in place, and do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. The Directors believe that only a substantial financial crisis affecting the global economy could have an impact on this assessment.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five year period.

Alternative performance measures

The Financial Statements (on pages 52 to 70) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 3 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on pages 20 and 21.

Performance and future developments

An outline of performance, investment activity and strategy, and market background during the year, as well as the future outlook, is provided in the Chairman's Statement on pages 4 and 5 and the Portfolio Manager's Review and Sector Outlook on pages 12 to 19.

It is expected that the Company's strategy will remain unchanged in the coming year.

By order of the Board
Frostrow Capital LLP
Company Secretary
15 June 2018

Sir Martin Smith

Independent Non-Executive Chairman.

Joined the Board in 2007 and became Chairman in 2008. Remuneration: £47,700pa.

Sir Martin Smith has been involved in the financial services sector for more than 40 years. He was a founder and senior partner of Phoenix Securities, becoming Chairman of European Investment Banking for Donaldson, Lufkin & Jenrette (DLJ) following the acquisition of Phoenix by DLJ. He was subsequently a founder of New Star Asset Management Ltd. and has a number of other directorships and business interests, including being Chairman of GP Bullhound, and a directorship with Oxford Capital Partners.

His pro-bono interests include serving as Chairman of the Orchestra of the Age of Enlightenment and serving on the boards of a number of other arts organisations including the Glyndebourne Arts Trust and also ClientEarth. He has chaired the English National Opera and is a Governor of the Ditchley Foundation.

Shareholding in the Company: 11,871 (Beneficial) 2,725 (Trustee)

Sarah Bates

Independent Non-Executive Director.

Joined the Board in 2013.
Remuneration: £30,130pa.

Sarah is currently non-executive Chair of St James's Place plc. Sarah has announced her intention to retire from her responsibilities at St.James's Place and it is expected that this will take place in early July 2018. Sarah is also non-executive Chair of Polar Capital Technology Trust plc, and a former Chair of the Association of Investment Companies. Sarah is a member of the Investment Committee of the Universities Superannuation Scheme and from 1 July 2018, of the Investment Committee of the BBC Pension Scheme. Sarah is Chair of Trustees of the Diversity Group Charity and is a Trustee of the Liver Group Charity. She also has a number of voluntary appointments on charity investment committees. Sarah attended Cambridge University and has an MBA from London Business School.

Shareholding in the Company: 7,200

Sven Borho

Non-Executive Director.

Joined the Board in 2018.
Remuneration: £30,130pa.

Sven H. Borho, CFA, is a founder and Managing Partner of OrbiMed. Sven heads the public equity team and he is the portfolio manager for OrbiMed's public equity and hedge funds. He has been a portfolio manager for the firm's funds since 1993 and has played an integral role in the growth of OrbiMed's asset management activities. He started his career in 1991 when he joined OrbiMed's predecessor firm as a Senior Analyst covering European pharmaceutical firms and biotechnology companies worldwide. Sven studied business administration at Bayreuth University in Germany and received a M.Sc. (Econs.), Accounting and Finance, from The London School of Economics; he is a citizen of both Germany and Sweden.

Sven does not sit on any of the Company's Board Committees.

Shareholding in the Company: Nil

Dr David Holbrook

Independent Non-Executive Director.

Joined the Board in 2007.
Remuneration: £32,320pa.

A qualified physician, David manages the new seed fund established by LifeArc (formerly known as MRC Technology). David is also a Trustee of the Liver Group Charity. He was formerly Investment Director of the life science activities of the seed fund of the University of Cambridge. David 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.

David is Chairman of the Nominations Committee and is the Senior Independent Director.

Shareholding in the Company:
1,094

Humphrey van der Klugt, FCA

Independent Non-Executive Director.

Joined the Board in 2016.
Remuneration £36,920pa.

Humphrey is a Director of JPM Claverhouse Investment Trust plc and Allianz Technology Trust PLC. He was formerly Chairman of Fidelity European Values PLC and a Director of Murray Income Trust PLC and BlackRock Commodities Income Investment Trust plc. Prior to this Humphrey was a fund manager and Director of Schroder Investment Management Limited and in a 22 year career was a member of their Group Investment and Asset Allocation Committees. Prior to joining Schroders, he was with Peat Marwick Mitchell & Co (now KPMG) where he qualified as a Chartered Accountant in 1979.

Humphrey is Chairman of the Audit Committee.

Shareholding in the Company:
1,500

Doug McCutcheon

Independent Non-Executive Director.

Joined the Board in 2012.
Remuneration: £30,130pa.

Doug is the President of Longview Asset Management Ltd. and Gormley Limited, independent investment firms. 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. Doug is involved in several philanthropic organisations with a focus on healthcare and education. He attended Queen's University, Canada.

Doug is Chairman of the Management Engagement & Remuneration Committee.

Shareholding in the Company:
15,000

All Directors seek either appointment or re-appointment to the Board at the Annual General Meeting each year.

Meeting attendance

The number of scheduled 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 2017/18	Board (4)	Audit Committee (2)	Nominations Committee (1)	Management Engagement & Remuneration Committee (1)
Sir Martin Smith^	4	–	1	1
Sarah Bates	4	2	1	1
Dr David Holbrook	4	2	1	1
Samuel D. Isaly*	3	–	–	–
Humphrey van der Klugt	4	2	1	1
Doug McCutcheon	4	2	1	1

*Left the Board on 12 January 2018. Mr Isaly was not a member of any of the Company's Committees.

^ Sir Martin is not a member of the Audit Committee

Sven Borho joined the Board on 7 June 2018. He does not sit on any of the Company's Committees.

All of the serving Directors attended the Annual General Meeting held on 14 September 2017.

The Directors present their Annual Report on the affairs of the Company together with the audited financial statements and the Independent Auditors' Report for the year ended 31 March 2018.

Significant agreements

Details of the services provided under these agreements are included in the Strategic Report on pages 21 to 22.

Alternative Investment Fund Management agreement

As described on page 21, Frostrow is the designated AIFM for the Company on the terms and subject to the conditions of the alternative investment fund management agreement between the Company and Frostrow (the "AIFM Agreement").

The notice period on the AIFM Agreement with Frostrow is 12 months, termination can be initiated by either party.

During the year under review, Frostrow charged a variable base fee, which was dependent on the size of the Company. (Further details of this fee can be found on page 21).

Portfolio management agreement

Under the AIFM Agreement Frostrow has delegated the portfolio management function to OrbiMed, under a portfolio management agreement between it, the Company and Frostrow (the "Portfolio Management Agreement").

OrbiMed receives a periodic fee equal to 0.65% p.a. of the Company's NAV and a performance fee as set out in the Performance Fee section below. Its agreement with the Company may be terminated by either party giving notice of not less than 12 months.

Performance fee

Dependent on the level of long-term outperformance of the Company, OrbiMed is entitled to a performance fee. The performance fee is calculated by reference to the amount by which the Company's NAV performance has outperformed the Benchmark (see inside front cover 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 15.0% of any outperformance over the Benchmark. Provision is 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 payable is based on the lower of:

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

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

The effect of this is that outperformance has to be maintained for a twelve month period before it is paid.

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.

The performance fee charge for the year was £9.7m and is represented by a provision for potential future performance fee payments of £9.7m as at 31 March 2018. The 2017 charge of £4.7m comprised of a £3.4m provision for potential future performance fees as at 31 March 2017 and £1.3m of performance fees that crystallised and became payable during the year ended 31 March 2017.

The maximum amount that could become payable by 31 March 2019 is £9.7m if the current level of outperformance is maintained. The £3.4m provided for as at 31 March 2017 crystallised during the year. £2.4m has been paid in accordance with the performance fee provisions and £1.0m is payable as at 31 March 2018.

Depositary agreement

The Company appointed J.P. Morgan Europe Limited (the "Depositary") as its Depositary in accordance with the AIFMD on the terms and subject to the conditions of the Depositary agreement between the Company, Frostrow and the Depositary (the "Depositary Agreement").

Under the terms of the Depositary Agreement the Company has agreed to pay the Depositary a fee calculated at 1.75bp on net assets up to £150 million, 1.50 bps on net assets between £150 million and £300 million, 1.00bps on net assets between £300 million and £500 million and 0.50bps on net assets above £500 million.

The Depositary has delegated the custody and safekeeping of the Company's assets to J.P. Morgan Securities LLC (the "Custodian and Prime Broker") pursuant to a delegation agreement between the Company, Frostrow, the Depositary and the Custodian and Prime Broker (the "Delegation Agreement").

The Delegation Agreement transfers the Depositary's liability for the loss of the Company's financial instruments held in custody by the Custodian and Prime Broker to the Custodian and Prime Broker in accordance with the AIFMD. The Company has consented to the transfer and reuse of its assets by the Custodian and Prime Broker (known as "rehypothecation") in accordance with the terms of an institutional account agreement between the Company, the Custodian and Prime Broker and certain other J.P. Morgan entities (as defined therein). See page 23 for further details.

Prime brokerage agreement

The Company appointed J.P. Morgan Securities LLC on the terms and subject to the conditions of the prime brokerage agreement between the Company, Frostrow and the Depositary (the "Prime Brokerage Agreement"). The Custodian and Prime Broker receives interest on the drawn overdraft as detailed in note 12 on page 63.

The Custodian and Prime Broker is a registered broker-dealer and is regulated by the United States Securities and Exchange Commission.

Continuation of the Company

In accordance with the Company's Articles of Association, shareholders will have an opportunity to vote on the continuation of the Company at the 2019 Annual General Meeting and every five years thereafter.

The rules concerning the amendment of the Company's Articles of Association are contained in the Company's Articles of Association and in the Companies Act 2006.

Results and dividends

The results attributable to shareholders for the year and the transfer to reserves are shown on pages 52 to 54. Details of the Company's dividend record can be found on page 3.

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, Link Asset Services, or to the Company directly.

Directors' & officers' liability insurance cover

Directors' & officers' liability insurance cover was maintained by the Company during the year ended 31 March 2018. It is intended that this policy will continue for the year ending 31 March 2019 and subsequent years.

Substantial interests in share capital

The Company was aware of the following substantial interests in the voting rights of the Company as at 31 May 2018, the latest practicable date before publication of the Annual Report:

	31 May 2018		31 March 2018	
Shareholder	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Investec Wealth & Investment Limited	6,074,115	12.2	6,080,733	12.2
Alliance Trust Savings Limited	3,105,309	6.2	3,044,751	6.1
Rathbone Brothers plc	2,969,141	5.9	2,959,766	5.9
Hargreaves Lansdown plc	2,428,970	4.9	2,435,123	4.9
Charles Stanley & Co Limited	2,359,221	4.7	2,267,585	4.6
Speirs & Jeffrey Limited	2,149,338	4.3	2,136,223	4.3
Quilter Cheviot Investment Management	2,033,143	4.1	2,076,343	4.2

As at 31 March 2018 the Company had 49,861,278 shares in issue. As at 31 May 2018 there were 49,968,778 shares in issue.

Directors' indemnities

During the year under review and to the date of this report, indemnities were 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.

Capital structure

The Company's capital structure is composed solely of ordinary shares.

During the year under review and to the date of this report, no shares were bought back by the Company to be held in treasury.

During the year, a total of 3,355,000 new shares were issued at an average premium of 0.7% to the prevailing cum income NAV per share.

Since the year end, to the date of this report, 107,500 new shares have been issued at an average premium of 0.7% to the prevailing cum income NAV per share.

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 80.

Political and charitable donations

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

Modern Slavery Act 2015

The Company does not provide goods or services in the normal course of business, and as a financial investment vehicle does not have customers. The Directors do not therefore consider that the Company is required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking.

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 ensures that its service providers apply the same standards 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.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

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 Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), including those within our underlying investment portfolio.

Common Reporting Standard (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and will be an annual requirement going forward. The Registrars, Link Asset Services, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Corporate governance

The Corporate Governance Statement is set out on pages 32 to 39.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made under Listing Rule 9.8.4.

By order of the Board

Frostrow Capital LLP
Company Secretary

15 June 2018

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 judgements 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 Frostrow. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditors accept 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

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as 12 months after approval of the financial statements. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments and the ability of the Company to meet all of its liabilities, including the overdraft and ongoing expenses from its assets.

Disclosure of information to the auditors

So far as the Directors are aware, there is no relevant information of which the Auditors are 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 Auditors are 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 26 and 27, 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 2018;
- 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

15 June 2018

Corporate Governance Statement

The Corporate Governance Statement on pages 32 to 39, forms part of the Report of the Directors on pages 28 to 30.

The Board is committed to achieving and demonstrating high standards of Corporate Governance.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code'), and by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide') (which incorporates the UK Corporate Governance Code ('UK Code')), will provide better information to shareholders.

The Financial Reporting Council has confirmed that by following the AIC Code and the AIC Guide, boards of investment companies will meet their obligations in relation to the UK Code and paragraph 9.8.6 of the UK Listing Rules.

The AIC Code and AIC Guide address the principles set out in the UK Code as well as additional principles and recommendations on issues that are specific to investment trusts. The AIC Code can be viewed at www.theaic.co.uk.

The Principles of the AIC Code

The AIC Code is made up of 21 principles split into three sections covering:

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

Statement of Compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as follows:

The UK Code includes certain provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore, with the exception of the need for an internal audit function which is addressed further on page 40, the Company has not reported further in respect of these provisions.

The Board

AIC Code Principle	Compliance Statement
1. The Chairman should be independent.	The Chairman, Sir Martin Smith, continues to be independent of the AIFM and the Portfolio Manager. There is a clear division of responsibility between the Chairman, the Directors, the AIFM, the Portfolio Manager 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. With the exception of Sven Borho, all Directors are considered by the Board to be independent of the AIFM and the Portfolio Manager. No member of the Board is a Director of another investment company managed by Frostrow or OrbiMed, nor (with the exception of Samuel D. Isaly, until 12 January 2018, the date he ceased to be a Director of the Company, and Sven Borho) has any Board member been an employee of the Company, OrbiMed, Frostrow or any of its service providers. Sir Martin Smith and Dr David Holbrook have both served on the Board for more than nine years from the date of their first election. Given the strongly independent mindsets of Sir Martin Smith and Dr Holbrook, the Board is firmly of the view that they can be considered independent.
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 submit themselves for annual election or re-election by shareholders. The individual performance of each Director standing for election or 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 election or re-election at the Annual General Meeting. Sven Borho joined the Board on 7 June 2018. Accordingly, a resolution proposing his appointment as a Director of the Company will be considered by shareholders at the Annual General Meeting to be held on 20 September 2018.
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 refreshment. 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 their ability to act independently and, following formal performance evaluations, believes that each of the independent Directors is independent in character and judgment and that there are no relationships or circumstances which are likely to affect their 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 appointment which are available for inspection on request at the office of the Company's AIFM and at the Annual General Meeting.

AIC Code Principle	Compliance Statement
5. There should be full disclosure of information about the Board.	The Directors' biographical details, set out on pages 26 and 27 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 38 of this annual report.
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. Following a skills audit carried out during the year it was agreed that the Board was equipped with the necessary skills and experience required for the sound stewardship of the Company and to enable the Directors to hold meaningful debates at its meetings. When considering new appointments, the Committee 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 26 and 27. The Company's policy on diversity is set out on page 25.
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 an external independent review of the Board, its committees and individual Directors was carried out by an independent third party, Lintstock. The Board reviewed the report from Lintstock in June 2018 and the Chairman is leading on implementing those changes recommended by the report that the Board considered should be made. The review concluded that the Board worked in a collegiate efficient and effective manner, and did not identify any material weaknesses or concerns. The Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company. Further independent review will be commissioned in 2021.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The Management Engagement & Remuneration Committee 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 Report on pages 43 to 45. Individual Directors take no part in discussions regarding their 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.	Subject to there being no conflicts of interest, all members of the Nominations Committee are entitled to vote on candidates for the appointment of new Directors and on the recommendation for shareholders' approval of the Directors seeking election or re-election at the Annual General Meeting. The membership of the Committee comprises solely those Directors considered to be independent by the Board. Details of the Board's commitment to diversity are set out on page 25. The appointment of Sven Borho to the Board was considered and agreed by the independent Directors. A specialist recruitment firm was not engaged as part of this process.

AIC Code Principle	Compliance Statement
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 Frostrow, who 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 not applicable to the Company.

Board Meetings and relations with the Frostrow and OrbiMed

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 the AIFM and the Portfolio Manager is in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.
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.
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.

AIC Code Principle	Compliance Statement
15. The Board should regularly review both the performance of, and contractual arrangements with, the AIFM and the Portfolio manager (or executives of a self-managed company).	The Board has delegated the following activities to its committees: The Management Engagement & Remuneration Committee meets at least once a year and reviews the performance of the AIFM and the Portfolio Manager. This Committee considers the quality, cost and remuneration method (including the performance fee) of the service provided by the AIFM and the Portfolio Manager against their contractual obligations. It also considers the performance analysis provided by the AIFM and the Portfolio Manager. The Audit Committee reviews the risk matrix and oversees the risk and control environment of the Company, including monitoring the internal control system in operation at its principal service providers. Further details can be found on pages 40 to 42.
16. The Board should agree policies with the AIFM and the Portfolio Manager covering key operational issues.	The Portfolio Management Agreement between the Company, the AIFM and the Portfolio Manager sets out the limits of the Portfolio Manager's authority, beyond which Board approval is required. The Board has agreed detailed guidelines and limits with the AIFM and the Portfolio Manager, which are considered at each Board meeting. Representatives from the AIFM and the Portfolio Manager attend each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which the Portfolio Manager is required to refer to the Board. The AIFM has delegated the management of the Company's portfolio and also the voting powers relating to the securities held therein to the Portfolio Manager. Contentious or sensitive matters are referred to the Board for consideration. The Board has reviewed the Portfolio Manager's Proxy Voting and Class Action Policy which includes its Corporate Governance and Voting Guidelines. Reports on commissions paid by the Portfolio Manager are submitted to the Board regularly.
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 has put in place a discount control mechanism as described on page 24.
18. The Board should monitor and evaluate other service providers.	The Management Engagement & Remuneration Committee reviews, 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, and also regarding the prevention of the facilitation of tax evasion.

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.	Details of the Company activities undertaken to promote the Company and manage relations with shareholders are set out on page 24. In addition, 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. 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. The Directors welcome the views of all shareholders and place considerable importance on communications with them.
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 the AIFM and the Portfolio Manager, the Company's Auditors, 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. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares. In line with its primary focus, the Board retains responsibility for all key elements of the Company's strategy and business model. Further details can be found in the Business Review on page 20. The Annual Report provides information on the Portfolio Manager'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 Principal Risks on pages 22 to 24 and in note 16 beginning on page 64. The Portfolio is listed on pages 8 to 10. 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.

The Board and Committees

Responsibility for effective governance lies with the Board. The governance framework of the Company reflects the fact that as an Investment Company it has no employees and outsources portfolio management to OrbiMed and risk management, company management, company secretarial, administrative and marketing services to Frostrow.

The Board

Chairman – Sir Martin Smith

Senior Independent Director – Dr David Holbrook

Four additional non-executive Directors, all considered independent, except for Sven Borho (and previously Samuel D. Isaly) as noted on page 33.

Key responsibilities:

– to provide leadership and set strategy, values and standards within a framework of prudent effective controls which enable risk to be assessed and managed;

– to ensure that a robust corporate governance framework is implemented; and

– to challenge constructively and scrutinise performance of all outsourced activities.

Management Engagement & Remuneration Committee

Chairman

Doug McCutcheon

All Independent Directors

Key responsibilities:

– to review regularly the contracts, the performance and remuneration of the Company's principal service providers; and

– to set the Directors' Remuneration Policy of the Company.

Audit Committee

Chairman

Humphrey van der Klugt, FCA*

All Independent Directors (excluding the Chairman, Sir Martin Smith)

Key responsibilities:

– to review the Company's financial reports;

– to oversee the risk and control environment and financial reporting; and

– to review the performance of the Company's external Auditors.

Nominations Committee

Chairman

Dr David Holbrook

All Independent Directors

Key responsibilities:

– to review regularly the Board's structure and composition; and

– to make recommendations for any changes or new appointments.

* The Directors believe that Humphrey van der Klugt has the necessary recent and relevant financial experience to Chair the Company's Audit Committee.

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.

Relations with shareholders

Details of the Company's activities undertaken to promote the Company and manage relations with shareholders are set out on page 24.

The Board supports the principle that the Annual General Meeting be used to communicate with investors, with all Directors attending 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 Portfolio 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 later on this page.

The annual and half-year financial reports, and a monthly fact sheet are available to all shareholders. The Board, with the advice of Frostrow, reviews 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.

Annual General Meeting

THE FOLLOWING INFORMATION TO BE DISCUSSED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 10 Authority to allot shares

Resolution 11 Authority to disapply pre-emption rights

Resolution 12 Authority to sell shares held in Treasury on a non pre-emptive basis

Resolution 13 Authority to buy back shares

Resolution 14 Authority to hold General Meetings (other than the Annual General Meeting) on at least 14 clear days' notice.

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 77 to 81. Explanatory notes regarding the resolutions can be found on pages 82 and 83.

Exercise of voting powers

The Board and the AIFM have delegated authority to OrbiMed to vote the shares owned by the Company that are held on its behalf by J.P. Morgan Securities LLC. 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 held as collateral in connection with the overdraft facility provided by J.P. Morgan Securities LLC.

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

15 June 2018

Introduction from the Chairman

I am pleased to present my formal report to shareholders as Chairman of the Audit Committee, for the year ended 31 March 2018.

Composition and Meetings

The Committee comprises those Directors considered to be independent by the Board. The Chairman of the Board is not a member of the Committee but will attend meetings by invitation. Attendance by each Director is shown in the table on page 27. The Board has taken note of the requirements that the Committee as a whole should have competence relevant to the sector in which the Company operates and that at least one member of the Committee should have recent and relevant financial experience. The Committee is satisfied that the Committee is properly constituted in both respects. I was appointed Chairman of the Committee in 2016 and am a Fellow of the Institute of Chartered Accountants in England and Wales, I am also the Chairman of the Audit Committee of two other public companies; the other Committee members have a combination of financial, investment and other relevant experience gained throughout their careers.

Responsibilities

The Audit Committee's main responsibilities during the year were:

1. **To review the Company's half-year and annual report.** In particular, the Audit Committee considered whether the annual report is 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. Further details of the Audit Committee's review are included in the Internal Controls and Risk Management section on page 41.
3. **To recommend the appointment of external Auditors,** 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 reviews the need for non-audit services to be provided by the Auditors 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 Auditors.
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 Audit Committee has determined there is no requirement for such a function.

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

Significant Issues Considered by the Audit Committee during the year

Financial Statements

The Board has asked the Committee to confirm that in its opinion the Board can make the required statement that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial position, performance, business model and strategy. The Committee has given this confirmation on the basis of its review of the whole document, underpinned by involvement in the planning for its preparation and review of the processes to assure the accuracy of factual content.

Significant Reporting Matters

Overall accuracy of the Annual Report

The Audit Committee dealt with this matter by considering the draft Annual Report, a letter from Frostrow in support of the letter of representation made by the Board to the Auditors and the Auditors' Report to the Audit Committee.

Valuation and ownership of the Company's investments and derivatives

The Audit Committee dealt with this matter by:

- ensuring that all investment holdings and cash/deposit balances had been agreed to an independent confirmation from the custodian or relevant counterparty;
- reconfirming its understanding of the processes in place to record investment transactions and income, and to value the portfolio;
- reviewing and amending, where necessary, the Company's register of key risks in light of changes to the portfolio and the investment environment;
- gaining an overall understanding of the performance of the portfolio both in capital and revenue terms through comparison to the Benchmark; and

- conducting a review of how the Company's derivative positions were monitored.

Other Reporting Matters

Calculation of AIFM, Portfolio Management and Performance fees

The AIFM, Portfolio Management and Performance fees are calculated in accordance with the AIFM and Portfolio Management Agreements. The Auditors independently recalculate any performance fee prior to payment. The Auditors also recalculate the AIFM and Portfolio Management fee as part of the audit.

Taxation

The Committee approached and dealt with ensuring compliance with Section 1158 of the Corporation Tax Act 2010, by seeking confirmation that the Company continues to meet the eligibility conditions on a monthly basis.

Investment Performance

The Committee gained an overall understanding of the performance of the investment portfolio both in capital and revenue terms through ongoing discussions and analysis with the Company's Portfolio Manager and also with comparison to suitable key performance indicators (see pages 20 and 21).

Accounting Policies

During the year the Committee ensured that the accounting policies were applied consistently throughout the year. In light of there being no unusual transactions during the year or other possible reasons, the Committee agreed that there was no reason to change the policies.

Going Concern

Having reviewed the Company's financial position and liabilities, the Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis.

Internal controls and risk management

As set out on page 22 the Board is responsible for the risk assessment and review of internal controls of the Company, undertaken in the context of the overall investment objective.

The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature of the Company, with all management functions outsourced to third party service providers;
- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall investment objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, a risk matrix has been developed which covers all key risks the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place. The Board has delegated to the Audit Committee the responsibility for the review and maintenance of the risk matrix and it reviews, in detail, the risk matrix each time it meets, bearing in mind any changes to the Company, its environment or service providers since the last review. Any significant changes to the risk matrix are discussed with the whole Board.

Viability Statement

The Board is required to make a longer-term viability statement in relation to the continuing operations of the Company. The Committee reviewed papers produced in support of the statement made by the Board which assesses the viability of the Company over a period of five years. The Company is a long-term investor and the Committee believes that is appropriate to recommend to the Board that the Company's viability should be assessed over a five-year period, also taking account of the Company's current position and the potential impact of the Company's principal risks and uncertainties as shown in the Strategic Report.

External Auditors

Meetings:

This year the nature and scope of the audit together with PricewaterhouseCoopers LLP's audit plan were considered by the Committee on 8 November 2017. I, as Chairman of the Committee, had a meeting with them specifically to discuss the audit and any issues that arose (of which there were none of any significance). The Committee then met PricewaterhouseCoopers LLP on 24 May 2018 to formally review the outcome of the audit and to discuss the limited issues that arose. The Committee also discussed the presentation of the Annual Report with the Auditors and sought their perspective.

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

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

Non-Audit Services

The Company operates on the basis whereby the provision of all non-audit services by the Auditors has to be pre-approved by the Audit Committee. Such services are only permissible where no conflicts of interest arise, the service is not expressly prohibited by audit legislation, where the independence of the Auditors is not likely to be impinged by undertaking the work and the quality and the objectivity of both the non-audit work and audit work will not be compromised.

Non-audit fees of £3,500 were payable to the Auditors during the year for agreed upon procedures in relation to their review of the Company's performance fee payments.

The Audit Committee has considered the extent and nature of non-audit work performed by the Auditors and is satisfied that this did not impinge on their independence and is a cost effective way for the Company to operate.

Audit Tendering

PricewaterhouseCoopers LLP have been the Auditors since July 2014, which was the last occasion an audit tender was held. Formal Audit tender guidelines have been adopted to govern the Audit tender process.

As a public company listed on the London Stock Exchange, the Company is subject to the mandatory Auditor rotation requirements of the European Union. The Company will put the external audit out to tender at least every 10 years and change Auditors at least every 20 years.

Auditors' Reappointment

PricewaterhouseCoopers LLP have indicated their willingness to continue to act as Auditors to the Company for the forthcoming year and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Committee reviews the scope and effectiveness of the audit process, including agreeing the Auditor's assessment of materiality and monitors the Auditor's independence and objectivity. It conducted a review of the performance of the Auditors during the year and concluded that performance was satisfactory and there were no grounds for change.

Audit Committee confirmation

The Audit Committee confirms that it has carried out a review of the effectiveness of the system of internal financial control and risk management during the year, as set out above and that:

(a) An ongoing procedure for identifying, evaluating and managing significant risks faced by the Company was in place for the year under review and up to 15 June 2018. This procedure is regularly reviewed by the Board; and

(b) It is responsible (on behalf of the Board) for the Company's system of internal controls and for reviewing its effectiveness and that it is designed to manage the risk of failure to achieve business objectives. This can only provide reasonable not absolute assurance against material misstatement or loss.

Humphrey van der Klugt, FCA
Chairman of the Audit Committee

15 June 2018

Introduction from the Chairman

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. A non-binding 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 Auditors' audit opinion is included in its report to shareholders on pages 46 to 51.

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

A non-binding Ordinary Resolution proposing the adoption of the Directors' Remuneration Report was put to shareholders at the Annual General Meeting of the Company held on 14 September 2017, and was passed with 98.5% of the votes cast by shareholders voting in favour of the Resolution.

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' Remuneration Policy

The Directors' 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, pension arrangements, bonuses, or other benefits in place and fees are not specifically related to the Directors' performance, either individually or collectively.

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 £250,000 in aggregate per annum.

A binding resolution to approve the Directors' Remuneration Policy was put to shareholders at the Annual General Meeting held in 2017, and was passed with 98.4% of shareholders voting in favour of the Resolution. The aforementioned Directors' Remuneration Policy provisions apply until the next time that they are put to shareholders for the renewal of that approval, which must be at intervals of not more than three years, or if the Directors' Remuneration Policy is varied. As approval of this policy was last granted by shareholders at the Annual General Meeting held in September 2017, shareholder approval will again be sought at the Annual General Meeting to be held in 2020.

Directors' appointment

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.

Directors' fees

At the most recent Management Engagement & Remuneration Committee held on 6 March 2018 it was agreed that the Directors' fees would be, with effect from 1 April 2018, as follows:

The Chairman of the Company, and Humphrey van der Klugt, as Chairman of the Audit Committee, receive an annual fee of £47,700 and £36,920, respectively. Dr David Holbrook, as the Senior Independent Director will receive an annual fee of £32,320, Sarah Bates, Doug McCutcheon and Sven Borho each receive an annual fee of £30,130.

The Directors, as at the date of this report, all served throughout the year. The table overleaf excludes any employer's national insurance contributions, if applicable.

The Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Directors' emoluments for the year (audited)

	Date of Appointment to the Board	Fees (£) 2018	Taxable Expenses† 2018	Total 2018	Fees (£) 2017	Taxable Expenses† 2017	Total 2017
Sir Martin Smith	8 November 2007	45,850	695	46,545	43,650	655	44,305
Humphrey Van Der Klugt	15 February 2016	35,500	253	35,753	30,685	386	31,071
Sarah Bates	22 May 2013	28,970	–	28,970	27,570	–	27,570
Dr David Holbrook	8 November 2007	31,070	–	31,070	28,670	50	28,720
Samuel D. Isaly^	14 February 1995	22,730	–	22,730	27,570	–	27,570
Doug McCutcheon	7 November 2012	28,970	–	28,970	27,570	–	27,570
Jo Dixon*	25 February 2004	–	–	–	16,055	1,183	17,238
Total		193,090	948	194,038	201,770	2,274	204,044

† Taxable expenses primarily comprise travel and associated expenses incurred by the Directors in attending Board and Committee meetings in London. These are reimbursed by the Company and, under HMRC Rules, are subject to tax and National Insurance and therefore are treated as a benefit in kind within this table.

* Retired from the Board on 21 September 2016.

^ Ceased to be a Director on 12 January 2018.

Sven Borho joined the Board on 7 June 2018.

In certain circumstances, under HMRC rules travel and other out of pocket expenses reimbursed to the Directors may be considered as taxable benefits. Where expenses are classed as taxable under HMRC guidance, they are shown in the taxable expenses column of the Directors' remuneration table along with the associated tax liability.

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

Sums paid to third parties

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.

Directors' interests in the Company's shares (audited)

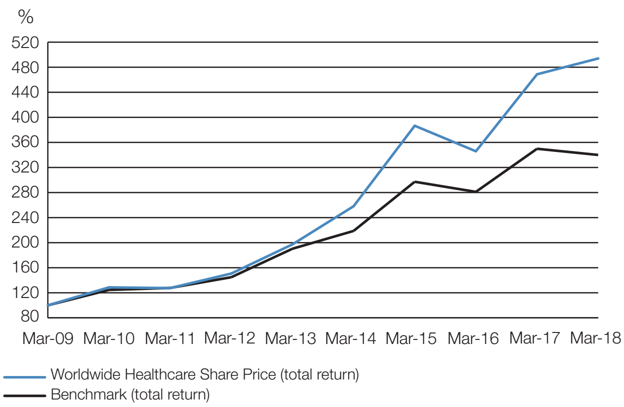
	Ordinary Shares of 25p each 31 March 2018	31 March 2017
Sir Martin Smith	11,871	11,871
– Trustee	2,725	2,725
Sarah Bates	7,200	7,200
Dr David Holbrook	1,094	1,094
Samuel D. Isaly*	n/a	3,600
Humphrey van der Klugt	1,500	1,500
Doug McCutcheon	15,000	15,000
	39,390	42,990

*Ceased to be a Director on 12 January 2018

Share price total return

The chart below illustrates the total shareholder return for a holding in the Company's shares as compared to the Benchmark, which the Board has adopted as the key measure of the Company's performance.

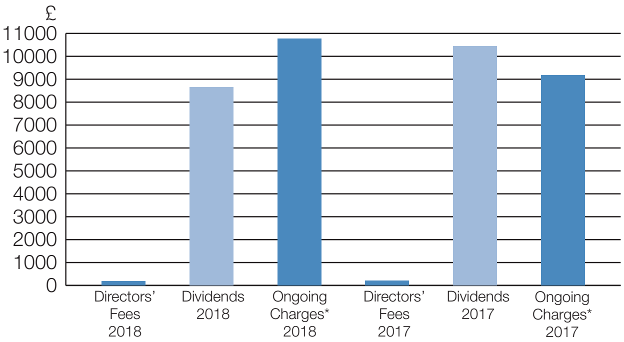
Total shareholder return for the nine years to 31 March 2018



Rebased to 100 as at March 2009
Source: Morningstar, Thomson Reuters and Bloomberg

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and ongoing charges for 2017 and 2018.

Relative cost of Directors' remuneration



* See Glossary beginning on page 72.

Annual statement

On behalf of the Board, I confirm that the Directors' Remuneration Policy, set out on page 43 of this Annual Report, and Directors' Remuneration Report summarise, as applicable, for the year to 31 March 2018:

(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.

Doug McCutcheon
Chairman of the Management Engagement & Remuneration Committee

15 June 2018

Independent Auditors' Report to the Members of Worldwide Healthcare Trust PLC

Report on the financial statements

Our opinion

In our opinion, Worldwide Healthcare Trust PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 March 2018; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than those disclosed in note 4 to the financial statements, we have provided no non-audit services to the company in the period from 1 April 2017 to 31 March 2018.

Our audit approach

Overview

- Overall materiality: £12.0 million (2017: £11.0 million), based on 1% of net assets.
- The Company is a standalone Investment Trust Company and engages Frostrow Capital LLP (the "AIFM") to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM and J.P. Morgan Europe Limited with whom the AIFM has engaged to provide certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- Income from investments.
- Valuation and existence of investments.
- Performance fee.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Company's financial statements, including, but not limited to the Companies Act 2006 and section 1158 of the Corporation Tax Act 2010. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiries with management and testing the Company's compliance with section 1158 in the current year. We also tested the tax disclosures in Note 6. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the area of focus
Income from investments Refer to page 55 and 56 (Accounting Policies) and page 58 and 62 (Notes to the Accounts). ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as either income or capital if one is particularly underperforming in line with the total return objective of the Company. We focused on the accuracy and completeness of dividend income amounting to £12,204,000 for the year and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). We also focused on the calculation of realised and unrealised gains and losses on investments amounting to a gain of £30,702,000 for the year. This is because incomplete or inaccurate income (both revenue and capital) could have a material impact on the company's net asset value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No material misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested all investment holdings in the portfolio, to ensure that all dividends declared in the market by investment holdings had been recorded. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any material misstatements which required reporting to those charged with governance.

Key audit matter	How our audit addressed the area of focus
Income from investments	We also checked that the gains or losses on investments held at fair value comprised realised and unrealised gains or losses, we tested a sample of disposal proceeds to bank statements. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end, and also tested the reconciliation of opening and closing investments. Our testing did not identify any material misstatements which required reporting to those charged with governance.
Valuation and existence of investments Refer to pages 40 and 41 (Audit Committee Report), page 55 and 56 (Accounting Policies) and pages 62 (Notes to the Financial Statements). The investment portfolio at 31 March 2018 principally comprised listed equity investments, OTC swaps, options and unquoted debt investments and totalled £1,293,520,000. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	• Quoted investments: We tested the valuation of quoted investments by agreeing the prices used to third party sources. We tested the existence of the quoted investment portfolio by agreeing the holdings to an independent custodian confirmation from J.P. Morgan Securities LLC as at 31 March 2018. No material differences were identified which required reporting to those charged with governance. • Unquoted debt investments: We tested the valuation of unquoted debt investments by agreeing the prices used to third party sources. We tested the existence of the unquoted debt investments by agreeing the holdings to independent confirmations from the administrative agents for each investment at 31 March 2018. No material differences were identified which required reporting to those charged with governance. • OTC derivative financial instruments (swaps): We tested the valuation of the OTC derivatives by agreeing the prices used for a sample in the valuation to independent third party sources as at 31 March 2018. We tested the existence of the OTC derivatives by agreeing the holdings to an independent confirmation from J.P. Morgan Securities LLC and the Broker, Goldman Sachs International. No material differences were identified which required reporting to those charged with governance.

Performance Fee Refer to page 41 (Audit Committee Report), page 56 (Accounting Policies) and page 58 (Notes to the Financial Statements). The performance fee charge for the year was £9.7m. As at 31 March 2018, there was a performance fee accrual of £10.7m. £9.7m of which was recognised as a provision for potential future payments and £1m was payable, relating to outperformance achieved as at that date. Performance fees totalling £3.4m were paid or payable relating to outperformance achieved during the year	We focused on this area because the performance fee is calculated using a complex methodology as set out in the AIFM Agreement and Portfolio Management Agreement. We independently recalculated the performance fee using the methodology set out in the AIFM Agreement and Portfolio Management Agreement and agreed the inputs to the calculation, including the benchmark data, to independent third party sources, where applicable. No material misstatements were identified by our testing which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

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

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at the Administrator to the extent relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality – £12.0 million (2017: £11.0 million).

How we determined it – 1% of net assets.

Rationale for benchmark applied – We applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £601,000 (2017: £550,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

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

Reporting obligation

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Outcome

We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

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

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

- The Directors' confirmation on page 22 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 25 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Other Code Provisions

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

- The statement given by the Directors, on page 31, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 40 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 31, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 14 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 March 2015 to 31 March 2018.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London 15 June 2018

Financial Statements/Income Statement

For the year ended 31 March 2018

	Notes	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Gains on investments	9	–	30,702	30,702	–	260,256	260,256
Exchange gains/(losses) on currency balances		–	7,942	7,942	–	(9,113)	(9,113)
Income from investments	2	12,204	–	12,204	13,098	–	13,098
AIFM, Portfolio management and performance fees	3	(493)	(19,099)	(19,592)	(423)	(12,751)	(13,174)
Other expenses	4	(908)	–	(908)	(718)	–	(718)
Net return before finance charges and taxation		**10,803**	**19,545**	**30,348**	**11,957**	**238,392**	**250,349**
Finance costs	5	(82)	(1,552)	(1,634)	(43)	(785)	(828)
Net return before taxation		**10,721**	**17,993**	**28,714**	**11,914**	**237,607**	**249,521**
Taxation on net return	6	(1,764)	229	(1,535)	(1,231)	79	(1,152)
Net return after taxation		**8,957**	**18,222**	**27,179**	**10,683**	**237,686**	**248,369**
Return per share	**7**	**18.7p**	**38.1p**	**56.8p**	**22.9p**	**509.0p**	**531.9p**

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 shown above and therefore no separate Statement of Total Comprehensive Income has been presented.

The accompanying notes are an integral part of these statements.

Financial Statements/Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 31 March 2017	**11,627**	**233,539**	**833,484**	**8,221**	**14,032**	**1,100,903**
Net return after taxation	–	–	18,222	–	8,957	27,179
Dividend paid in respect of year ended 31 March 2017	–	–	–	–	(7,447)	(7,447)
First interim dividend paid in respect of year ended 31 March 2018	–	–	–	–	(3,153)	(3,153)
New shares issued	839	83,867	–	–	–	84,706
At 31 March 2018	**12,466**	**317,406**	**851,706**	**8,221**	**12,389**	**1,202,188**

For the year ended 31 March 2017

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 31 March 2016	**11,960**	**233,537**	**617,314**	**7,888**	**11,059**	**881,758**
Net return after taxation	–	–	237,686	–	10,683	248,369
Dividend paid in respect of year ended 31 March 2016	–	–	–	–	(4,702)	(4,702)
First interim dividend paid in respect of year ended 31 March 2017	–	–	–	–	(3,008)	(3,008)
Shares purchased for treasury	–	–	(27,533)	–	–	(27,533)
Shares issued from treasury	–	2	6,017	–	–	6,019
Shares cancelled from treasury	(333)	–	–	333	–	–
At 31 March 2017	**11,627**	**233,539**	**833,484**	**8,221**	**14,032**	**1,100,903**

The accompanying notes are an integral part of these statements.

Financial Statements/Statement of Financial Position

As at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	9	1,259,926	1,157,562
Derivative – OTC swaps	9 & 10	34,105	34,410
		1,294,031	**1,191,972**
Current assets			
Debtors	11	6,601	5,865
Derivative – put and call options	9 & 10	587	1,191
Cash		9,932	10,780
		17,120	**17,836**
Current liabilities			
Creditors: amounts falling due within one year	12	(107,865)	(108,623)
Derivatives – put and call options	9 & 10	(1,098)	(282)
		(108,963)	**(108,905)**
Net current liabilities		**(91,843)**	**(91,069)**
Total net assets		**1,202,188**	**1,100,903**
Capital and reserves			
Share capital	13	12,466	11,627
Share premium account		317,406	233,539
Capital reserve	17	851,706	833,484
Capital redemption reserve		8,221	8,221
Revenue reserve		12,389	14,032
Total shareholders' funds		**1,202,188**	**1,100,903**
Net asset value per share	**14**	**2,411.1p**	**2,367.2p**

The financial statements on pages 52 to 70 were approved by the Board of Directors and authorised for issue on 15 June 2018 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)

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

These financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' ('UK GAAP') and the guidelines set out in the Statement of Recommended Practice ('SORP'), updated in January 2017, for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies ('AIC'), the historical cost convention, as modified by the valuation of investments and derivatives at fair value and on a going concern basis, as set out on page 31.

The Company has taken advantage of the exemption from preparing a Cash Flow Statement under FRS 102, as it is an investment fund and its investments are substantially all highly liquid and carried at fair (market) value.

The Company's financial statements are presented in sterling, being the functional and presentational currency of the Company. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

In addition, investments and derivatives held at fair value are categorised into a fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – Quoted prices in active markets.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data), either directly or indirectly.
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable).

Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

(b) Investments

Investments are measured initially, and at subsequent reporting dates, at fair value, and are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned. For quoted securities fair value is either bid price or last traded price, depending on the convention of the exchange on which the investment is listed. Unquoted debt investments are fair valued using prices from independent market sources. Changes in fair value and gains or losses on disposal are included in the Income Statement as a capital item.

1. ACCOUNTING POLICIES continued

(c) Derivative financial instruments

The Company uses derivative financial instruments (namely put and call options and equity swaps).

All derivative instruments are valued initially, and at subsequent reporting dates, at fair value in the Statement of Financial Position.

The equity swaps are accounted for as Fixed Assets and Options are accounted for as Current Assets or Current Liabilities.

Options are reviewed on a case-by-case basis and gains and losses are charged to the capital column of the Income Statement, where the option has been entered into to generate or protect capital returns. All of the put and call options bought and sold during the current and comparative year were capital in nature.

All gains and losses on over-the-counter (OTC) equity swaps are accounted for as 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.

Cash collateral held by counterparties is included within cash, except where there is a right of offset against the overdraft facility.

(d) Investment income

Dividends receivable 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. 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.

(e) Expenses

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

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement; and
- 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 portfolio management and AIFM 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 portfolio management and AIFM 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.

(f) 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 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.

(g) 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 Statement of Financial Position 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 rate of tax enacted or substantially enacted.

(h) 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 Statement of Financial Position date are translated into sterling at the exchange rates ruling at that date.

Exchange gains/losses on foreign currency balances

Any gains or losses on the translation of foreign currency balances, including the foreign currency overdraft, 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.

(i) Capital reserve

The following are transferred to this reserve:

- gains and losses on the disposal of investments;
- exchange differences of a capital nature, including the effects of changes in exchange rates on foreign currency borrowings;
- expenses, together with the related taxation effect, in accordance with the above policies; and
- changes in the fair value of investments and derivatives.

This reserve can be used to distribute realised capital profits by way of dividend. Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve.

(j) Capital redemption reserve

This reserve arose when ordinary shares were redeemed by the Company and subsequently cancelled. When ordinary shares are redeemed by the Company and subsequently cancelled, an amount equal to the par value of the ordinary share capital is transferred from the ordinary share capital to the capital redemption reserve.

(k) Revenue reserve

The revenue reserve is distributable by way of dividend.

(l) Dividend payments

Dividends paid by the Company on its shares are recognised in the financial statements in the year in which they are paid and are shown in the Statement of Changes in Equity.

2. INCOME FROM INVESTMENTS

	2018 £'000	2017 £'000
Income from investments		
Overseas dividends	9,600	10,735
Fixed interest income	2,250	2,023
	11,850	**12,758**
Other income		
Derivatives	233	290
Deposit interest	121	50
Total income from investments	**12,204**	**13,098**
Total income comprises:		
Dividends	9,600	10,735
Interest	2,604	2,363
	12,204	**13,098**

3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
AIFM fee	109	2,076	2,185	89	1,693	1,782
Portfolio management fee	384	7,293	7,677	334	6,340	6,674
Performance fee	–	9,730	9,730	–	4,718	4,718
	493	**19,099**	**19,592**	**423**	**12,751**	**13,174**

Further Details on the above fees are set out in the Strategic Report on page 21 and in the Report of the Directors on page 28.

4. OTHER EXPENSES

	2018 Revenue £'000	2017 Revenue £'000
Directors' remuneration	193	202
Auditors' remuneration for the audit of the Company's financial statements	30	27
Auditors' remuneration for non-audit services	3	4
Marketing expenses	50	58
Registrar fees	55	63
Broker fees	30	14
Legal and professional costs	7	18
Stock Exchange listing fees	151*	23
Depositary and custody fees	132	139
Other costs	257	170
	908	**718**

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on page 44.

* Includes £124,000 (2017: Nil) in respect of Stock Exchange Block Listing fees required as a result of the issuance of new shares by the Company during the year.

5. FINANCE COSTS

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Finance costs	82	1,552	1,634	43	785	828

6. TAXATION ON NET RETURN

(a) Analysis of charge in year

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Corporation tax at 19% (2017: 20%)						
Tax relief to capital	229	(229)	–	79	(79)	–
Overseas taxation	1,535	–	1,535	1,152	–	1,152
	1,764	**(229)**	**1,535**	**1,231**	**(79)**	**1,152**

6. TAXATION ON NET RETURN continued

(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 (2017: lower) than the standard rate of corporation tax of 19% (2017: 20%).

The difference is explained below.

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Net return before taxation	10,721	17,993	28,714	11,914	237,607	249,521
Corporation tax at 19% (2017: 20%)	2,037	3,419	5,456	2,383	47,522	49,905
Non-taxable gains on investments	–	(7,342)	(7,342)	–	(50,229)	(50,229)
Overseas withholding taxation	1,535	–	1,535	1,152	–	1,152
Non taxable overseas dividends	(1,748)	–	(1,748)	(2,103)	–	(2,103)
Excess management expenses	(278)	3,923	3,645	(280)	2,707	2,427
Tax relief to capital	229	(229)	–	79	(79)	–
Double taxation relief expensed	(11)	–	(11)	–	–	–
Total tax charge	**1,764**	**(229)**	**1,535**	**1,231**	**(79)**	**1,152**

(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 £18,995,000 (17% tax rate) (2017: £15,813,000 (17% 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.

7. RETURN PER SHARE

	2018 £'000	2017 £'000
The return per share is based on the following figures:		
Revenue return	8,957	10,683
Capital return	18,222	237,686
	27,179	**248,369**
Weighted average number of ordinary shares in issue during the year	47,849,849	46,695,120
Revenue return per ordinary share	18.7p	22.9p
Capital return per ordinary share	38.1p	509.0p
	56.8p	**531.9p**

The calculation of the total, revenue and capital return per ordinary share is carried out in accordance with IAS 33, "Earnings per Share".

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 in these financial statements were as follows:

	2018 £'000	2017 £'000
Second interim dividend in respect of the year ended 31 March 2016	–	4,702
First interim dividend in respect of the year ended 31 March 2017	–	3,008
Second interim dividend in respect of the year ended 31 March 2017	7,447	–
First interim dividend in respect of the year ended 31 March 2018	3,153	–
	10,600	**7,710**

In respect of the year ended 31 March 2018, the first interim dividend of 6.5p per share was paid on 9 January 2018. A second interim dividend of 11.0p is payable on 31 July 2018, the associated ex dividend date will be 21 June 2018. The total dividends payable in respect of the year ended 31 March 2018 amount to 17.5p per share (2017: 22.5p per share). The aggregate cost of the second interim dividend, based on the number of shares in issue at 15 June 2018, will be £5,497,000. In accordance with FRS 102 the second interim dividend will be reflected in the financial statements for the year ending 31 March 2019. 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:

	2018 £'000	2017 £'000
Revenue available for distribution by way of dividend for the year	8,957	10,683
First interim dividend in respect of the year ended 31 March 2018	(3,153)	–
Second interim dividend in respect of the year ended 31 March 2018*	(5,497)	–
First interim dividend in respect of the year ended 31 March 2017	–	(3,008)
Second interim dividend in respect of the year ended 31 March 2017	–	(7,447)
Net retained revenue	307	**228**

*based on 49,968,778 shares in issue as at 15 June 2018.

9. INVESTMENTS

	Quoted Investments £'000	Unquoted Debt Investments £'000	Derivative Financial Instruments £'000	Total £'000
Cost at 1 April 2017	924,045	28,137	28,037	980,219
Investment holding gains at 1 April 2017	203,042	2,338	7,282	212,662
Valuation at 1 April 2017	**1,127,087**	**30,475**	**35,319**	**1,192,881**
Movement in the year:				
Purchases at cost	1,072,461	15,413	1,206	1,089,080
Sales – proceeds	(980,261)	(10,333)	(28,937)	(1,019,531)
– realised gains on sales	186,517	2,065	12,750	201,332
Net movement in investment holding gains	(178,599)	(4,899)	13,256	(170,242)
Valuation at 31 March 2018	**1,227,205**	**32,721**	**33,594**	**1,293,520**
Cost at 31 March 2018	1,202,762	35,282	13,056	1,251,100
Investment holding gains/(losses) at 31 March 2018	24,443	(2,561)	20,538	42,420
Valuation at 31 March 2018	**1,227,205**	**32,721**	**33,594**	**1,293,520**

	2018 £'000	2017 £'000
Gains on investments		
Gains on disposal	201,332	180,694
Effective interest rate amortisation	(388)	(90)
Less: amounts recognised as investment holding gains in previous years	(128,450)	(81,728)
Gains based on carrying value at previous Statement of Financial Position date	**72,494**	**98,876**
Movement in investment holding gains in the year	(41,792)	161,380
Gains on investments	**30,702**	**260,256**

Purchase transaction costs for the year to 31 March 2018 were £836,000 (year ended 31 March 2017: £713,000). Sales transaction costs for the year to 31 March 2018 were £804,000 (year ended 31 March 2017: £587,000). These comprise mainly commission.

10. DERIVATIVE FINANCIAL INSTRUMENTS

	2018 £'000	2017 £'000
Fair value of OTC equity swaps	34,105	34,410
Fair value of put and call options (long)	587	1,191
Fair value of put and call options (short)	(1,098)	(282)
	33,594	**35,319**

See note 9 above for movements during the year.

11. DEBTORS

	2018 £'000	2017 £'000
Amounts due from brokers	3,415	2,751
Withholding taxation recoverable	1,762	1,575
VAT recoverable	25	15
Prepayments and accrued income	1,399	1,524
	6,601	**5,865**

12. CREDITORS Amounts falling due within one year

	2018 £'000	2017 £'000
Amounts due to brokers	3,545	4,783
Overdraft drawn*	91,351	98,337
Performance fee provision	9,731	3,387
Performance fee payable	959	–
Other creditors and accruals	2,279	2,116
	107,865	**108,623**

*The Company's borrowing requirements are met through the utilisation of an overdraft facility provided by J.P. Morgan Securities LLC. The overdraft is drawn down in U.S. dollars. Interest on the drawn overdraft is charged at the United States Overnight Bank Funding Rate plus 45 basis points.

As at 31 March 2017, the overdraft of £98.3m is net of £6.3 million of cash held as collateral against certain derivative positions. No cash was offset at 31 March 2018. See page 68 for further details. As described on page 23, J.P. Morgan Securities LLC may take investments up to 140% of the value of the overdrawn balance as collateral and has been granted a first priority security interest or lien over the Company's assets. (See page 68 under credit risk for additional details).

13. SHARE CAPITAL

	Shares number	Treasury shares number	Total shares in issue number
Issued and fully paid at 1 April 2017	46,506,278	–	46,506,278
New shares issued	3,355,000	–	3,355,000
At 31 March 2018	**49,861,278**	**–**	**49,861,278**

	2018 £'000	2017 £'000
Issued and fully paid:		
Shares of 25p	12,466	11,627

During the year ended 31 March 2018 3,355,000 shares were issued raising £84,706,000. During the year ended 31 March 2017 1,425,062 shares were bought back at cost of £27,533,000 and 291,295 shares were issued from treasury raising proceeds of £6,019,000.

14. NET ASSET VALUE PER SHARE

	2018	2017
Net asset value per share	2,411.1p	2,367.2p

The net asset value per share is based on the assets attributable to equity shareholders of £1,202,188,000 (2017: £1,100,903,000) and on the number of Ordinary Shares in issue at the year end of 49,861,278 (2017: 46,506,278).

15. RELATED PARTIES

The following are considered to be related parties:

- Frostrow Capital LLP (under the Listing Rules only)
- OrbiMed Capital LLC
- The Directors of the Company

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM, and OrbiMed Capital LLC, the Company's Portfolio Manager, are disclosed on page 21. Samuel D. Isaly was until 12 January 2018 a Director of the Company. He was also formerly the Managing Partner at OrbiMed Capital LLC. Sven Borho, who joined the Board on 7 June 2018, is a Managing Partner at OrbiMed. Details of fees paid to OrbiMed by the Company can be found in note 3 on page 58. All material related party transactions have been disclosed in notes 3 and 4 on pages 58 and 59.

Details of the remuneration of all Directors can be found on page 44. Details of the Directors' interests in the capital of the Company can be found on page 44.

Three current and two former partners at OrbiMed Capital LLC have a minority financial interest totalling 20% in Frostrow Capital LLP, the Company's AIFM. Details of the fees paid to Frostrow Capital LLP by the Company can be found in note 3 on page 58.

16. FINANCIAL INSTRUMENTS

Risk management policies and procedures

The Company's financial instruments comprise securities and other investments, derivative instruments, cash balances, loans and 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 pages 6 and 7. 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, with the exception of liquidity risk, and the Directors' approach to the management of them, are set out in the Strategic Report on pages 22 to 24 and have not changed from the previous accounting year. The AIFM, in close co-operation with the Board and the Portfolio Manager co-ordinate the Company's risk management.

Use of derivatives

As noted in the Strategic Report, on pages 6 and 7, options and equity swaps are used within the Company's portfolio.

More details on options and swaps can be found in the Glossary beginning on page 72.

Put and call options

OrbiMed employs, when appropriate, options strategies in an effort to enhance returns and to improve the risk-return profile of the Company's portfolio.

The Board monitor the use of options through a monthly report, summarising the options activity and strategic intent, provided by OrbiMed.

OrbiMed employs the following option strategies, or a combination of such:

- Buy calls: provides leveraged long exposure while minimising capital at risk;
- Buy puts: provides leveraged protection, against price falls while minimising capital at risk;
- Sell 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 equity swaps

The Company uses OTC equity swap positions to gain access to the Indian and Chinese markets, because the Company is not locally registered to trade in either market, and to gain exposure to thematic baskets of stocks.

Details of funded and financed swap positions* are noted in the Portfolio on pages 8 to 10.

Cash of £9.9 million (2017: £17.1 million) was held as collateral against the financed swap positions, of which nil (2017: £6.3 million) was offset against the overdraft position.

Offsetting disclosure

Swap trades and OTC derivatives are traded under ISDA† Master Agreements. The Company currently has such 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 the right of set-off is not unconditional, for financial reporting purposes, the Company does not offset derivative assets and derivative liabilities.

(i) Other price risk

In pursuance of the Company's Investment Objective the Company's portfolio, including its derivatives, is exposed to the risk of fluctuations in market prices and foreign exchange rates.

The Board manage these risks through the use of limits and guidelines, monthly compliance reports from Frostrow and reports from Frostrow and OrbiMed presented at each Board meeting, as set out on pages 22 to 24.

†International Swap Dealers Association Inc.

*See Glossary beginning on page 72 for a description of funded and financed swaps.

16. FINANCIAL INSTRUMENTS continued

Other price risk exposure

The Company's gross exposure to other price risk is represented by the fair value of the investments and the underlying exposure through the derivative investments held at the year end as shown in the table below.

	2018 Assets £'000	2018 Liabilities £'000	2018 Notional* exposure £'000	2017 Assets £'000	2017 Liabilities £'000	2017 Notional exposure £'000
Investments	1,259,926	–	1,259,926	1,157,562	–	1,157,562
Put and call options	587	(1,098)	22,584	1,191	(282)	11,590
OTC equity swaps	34,105	–	126,125	34,410	–	116,926
	1,294,618	**(1,098)**	**1,408,635**	**1,193,163**	**(282)**	**1,286,078**

*The notional exposure is calculated as the maximum loss the Company could experience.

Other price risk sensitivity

If market prices of all of the Company's financial instruments including the derivatives at the Statement of Financial Position date had been 25% higher or lower (2017: 25% higher or lower) while all other variables remained constant: the revenue return would have decreased/increased by £1,343,000 (2017: £123,000); the capital return would have increased by £346,181,000 (2017: £318,300,000)/decreased by £346,882,000 (2017: £317,372,000); and, the return on equity would have increased by £344,838,000 (2017: £318,177,000)/decreased by £345,539,000 (2017: £317,249,000). The calculations are based on the portfolio as at the respective Statement of Financial Position dates and are not representative of the year as a whole.

(ii) Foreign currency risk

A significant proportion of the Company's portfolio and derivative positions 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.

Foreign currency exposure

The fair values of the Company's monetary assets and liabilities that are denominated in foreign currencies are shown below:

	2018 Current assets £'000	2018 Current liabilities £'000	2018 Investments £'000	2017 Current assets £'000	2017 Current liabilities £'000	2017 Investments £'000
U.S. dollar	11,236	(94,894)	1,075,131	14,886	(103,492)	998,352
Swiss franc	1,032	–	17,772	969	(168)	41,448
Japanese yen	3,988	–	95,628	659	–	76,385
Other	217	–	104,989	525	(147)	76,697
	16,473	**(94,894)**	**1,293,520**	**17,039**	**(103,807)**	**1,192,881**

Foreign currency sensitivity

The following table details the sensitivity of the Company's net return for the year and shareholders' funds to a 10% increase and decrease in sterling against the relevant currency (2017: 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 significant foreign currency exposures at each Statement of Financial Position date.

	2018 USD £'000	2018 YEN £'000	2018 CHF £'000	2017 USD £'000	2017 YEN £'000	2017 CHF £'000
Sterling depreciates	120,388	11,068	2,089	110,251	8,560	4,694
Sterling appreciates	(98,499)	(9,056)	(1,709)	(90,206)	(7,004)	(3,841)

(iii) Interest rate risk

Interest rate changes 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 in fixed interest securities.

Interest rate exposure

The Company's main exposure to interest rate risks is through its overdraft facility with J.P. Morgan Securities LLC, which is repayable on demand, and, its holding in fixed interest securities. The exposure of financial assets and liabilities to fixed and floating interest rates, is shown below.

At 31 March 2018, the Company held 2.5% of the portfolio in convertible bonds and securitised debt (2017: 3.8% of the portfolio). The exposure is shown in the table below:

	2018 Weighted average period for which rate is fixed Years	2018 Weighted average fixed interest rate %	2018 Fixed rate £'000	2018 Floating rate £'000	2017 Weighted average period for which rate is fixed Years	2017 Weighted average fixed interest rate %	2017 Fixed rate £'000	2017 Floating rate £'000
Convertible securities	–	–	–	–	1.3	6.2	15,403	–
Unquoted debt investments	5.4	1.8	7,958	24,763	5.1	9.7	12,085	18,390
Cash			–	9,932			–	10,780
Overdraft facility			–	(91,351)			–	(98,337)
Financed swap positions			–	(92,020)			–	(82,516)
			7,958	**(148,676)**			**27,488**	**(151,683)**

All interest rate exposures are held in U.S. dollars.

Interest rate sensitivity

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's net return for the year ended 31 March 2018 and the net assets would increase/decrease by £1,487,000 (2017: increase/decrease by £1,517,000).

16. FINANCIAL INSTRUMENTS continued

(iv) 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 considered significant as the majority of the Company's assets are investments in quoted securities that are readily realisable within one week, in normal market conditions.

Liquidity exposure and maturity

Contractual maturities of the financial liability exposures as at 31 March 2018, based on the earliest date on which payment can be required, are as follows:

	2018 3 months or less £'000	2017 3 months or less £'000
Overdraft facility	91,351	98,337
Amounts due to brokers and accruals	3,545	4,783
Derivatives – Put options (short)	1,058	282
Derivatives – Call options (short)	40	–
	95,994	**103,402**

(v) Credit risk

Credit risk is the risk of failure of a counterparty to discharge its obligations resulting in the Company suffering a financial loss.

The carrying amounts of financial assets best represent the maximum credit risk at the Statement of Financial Position date. The Company's quoted securities are held on its behalf by J.P. Morgan Securities LLC acting as the Company's Custodian and Prime Broker.

As noted on page 63, certain of the Company's assets can be held by J.P. Morgan Securities LLC as collateral against the overdraft provided by them to the Company. As at 31 March 2018, assets with a total market value of £129.3 million (2017: £146.1 million) were available to J.P. Morgan Securities LLC to be used as collateral against the overdraft facility which equates to 140% (2017: 140%) of the overdrawn position (calculated on a settled basis) of £92.3 million (2017: £104.6 million). Such assets held by J.P. Morgan Securities LLC are available for rehypothecation (see Glossary on page 74 for further information).

Credit risk exposure

	2018 £'000	2017 £'000
Convertible securities and unquoted debt investments	32,721	45,878
Derivative – OTC equity swaps	34,105	34,410
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	6,601	5,865
Derivative – Put options (long)	161	–
Derivative – Call options (long)	426	1,191
Cash	9,932	10,780

(vi) Fair value of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments and derivatives) or the Statement of Financial Position 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).

(vii) 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 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit or loss	1,227,205	–	32,721	1,259,926
Derivatives: put and call options (short)	–	(1,098)	–	(1,098)
Derivatives: put and call options (long)	–	587	–	587
Derivatives: OTC swaps	–	34,105	–	34,105
Financial instruments measured at fair value	**1,227,205**	**33,594**	**32,721**	**1,293,520**

As at 31 March 2018, the put and call options and equity swaps have been classified as Level 2.

As at 31 March 2018, the seven debt investments (included in the portfolio on pages 8 and 9) have been classified as Level 3. All level 3 positions have been valued using the estimated fair values as provided by independent market sources.

As of 31 March 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit or loss	1,127,087	–	30,475	1,157,562
Derivatives: put and call options (short)	–	(282)	–	(282)
Derivatives: put and call options (long)	–	1,191	–	1,191
Derivatives: OTC swaps	–	34,410	–	34,410
Financial instruments measured at fair value	**1,127,087**	**35,319**	**30,475**	**1,192,881**

As at 31 March 2017, the put and call options and equity swaps have been classified as Level 2.

As at 31 March 2017, the five debt investments were classified as Level 3. All level 3 positions were valued using the estimated fair values as provided by independent market sources.

(viii) 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 or leverage.

The Board's policy on gearing and leverage is set out on page 7.

As at 31 March 2018, the Company had a leverage percentage of 16.4% (2017: 16.9%).

16. FINANCIAL INSTRUMENTS continued

The capital structure of the Company consists of the equity share capital, retained earnings and other reserves as shown in the Statement of Financial Position on page 54.

The Board, with the assistance of the AIFM and the Portfolio 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 Portfolio 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 year.

17. CAPITAL RESERVE

	Capital Reserves*		
	Other £'000	Investment Holding Gains £'000	Total £'000
At 31 March 2017	620,822	212,662	833,484
Net gains on investments	72,494	(41,792)	30,702
Expenses charged to capital less tax relief thereon	(20,422)	–	(20,422)
Exchange gain on currency balances	7,942	–	7,942
At 31 March 2018	**680,836**	**170,870**	**851,706**

*Investment holding gains relate to the revaluation of investments and derivatives held at the reporting date. (See note 9 on page 62 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
September	Annual General Meeting
30 September	Half Year End
November	Half Year Results Announced
January/July	Dividends Payable

Annual General Meeting

The Annual General Meeting of Worldwide Healthcare Trust PLC will be held at Salters' Hall, 4 Fore Street, London EC2Y 5DE on Thursday, 20 September 2018 from 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, Link Asset Services, on request.

Share prices

The Company's 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, Link Asset Services, under the signature of the registered holder.

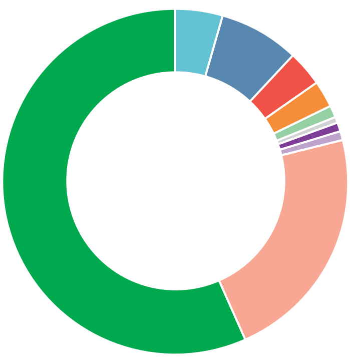
Daily net asset value

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

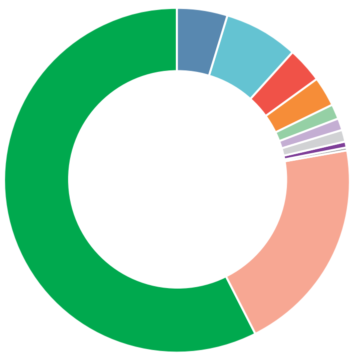
% of Ordinary Shares held at 31 March.

2018



Private Wealth Managers	56.4
Shares held via investment platforms	22.3
Mutual Funds	7.5
Retail	4.5
Pensions	3.3
Insurance	2.5
Charities	1.1
Corporate	0.8
Inv Trusts	0.8
Fund of Funds	0.7
Directors	0.1

2017



Private Wealth Managers	57.4
Shares held via investment platforms	20.3
Mutual Funds	7.1
Retail	4.8
Pensions	3.1
Insurance	2.9
Charities	1.3
Fund of Funds	1.3
Corporate	0.9
Inv Trusts	0.7
Directors	0.2

Further Information/Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Agreed by the European Parliament and the Council of the European Union and transported into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as **Alternative Investment Funds (AIFs)** and requires them to appoint an **Alternative Investment Fund Manager (AIFM)** and a depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

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.

Equity Swaps

An equity swap is an agreement where one party (counterparty) transfers the total return of an underlying equity position to the other party (swap holder) in exchange for a payment of the principal, and interest for financed swaps, at a set date. Total return includes dividend income and gains or losses from market movements. The exposure of the holder is the market value of the underlying equity position.

The company uses two types of equity swap:

- funded, where payment is made on acquisition. They are equivalent to holding the underlying equity position with the exception of additional counterparty risk and not possessing voting rights in the underlying; and,
- financed, where payment is made on maturity. As there is no initial outlay, financed swaps increase exposure by the value of the underlying equity position with no initial increase in the investments value – there is therefore embedded leverage within a financed swap due to the deferral of payment to maturity.

The Company employs swaps for two purposes:

- To gain access to individual stocks in the Indian, Chinese and emerging markets, where the Company is not locally registered to trade; and,
- To gain exposure to thematic baskets of stocks (a Basket Swap). Basket Swaps are used to build exposure to themes, or ideas, that the Portfolio Manager believes the Company will benefit from and where holding a Basket Swap is more cost effective and operationally efficient than holding the underlying stocks or individual swaps.

Gearing

Gearing is calculated as the overdraft drawn, less net current assets (excluding dividends), divided by Net Assets, expressed as a percentage. For years prior to 2013, the calculation was based on borrowings as a percentage of Net Assets.

Health Maintenance Organisation (HMO)

In the United States an HMO is a medical insurance group that provides health services for a fixed fee.

International Swaps and Derivatives Association (ISDA)

ISDA has created a standardised contract (the ISDA Master Agreement) which sets out the basic trading terms between the counterparties to derivative contracts.

Leverage

Leverage is defined in the AIFMD as any method by which the AIFM increases the exposure of an AIF. In addition to the gearing limit the Company also has to comply with the AIFMD leverage requirements. For these purposes the Board has set a maximum leverage limit of 140% for both methods. This limit is expressed as a % with 100% representing no leverage or gearing in the Company. There are two methods of calculating leverage as follows:

The Gross Method is calculated as total exposure divided by Shareholders' Funds. Total exposure is calculated as net assets, less cash and cash equivalents, adding back cash borrowing plus derivatives converted into the equivalent position in their underlying assets.

The Commitment Method is calculated as total exposure divided by Shareholders Funds. In this instance total exposure is calculated as net assets, less cash and cash equivalents, adding back cash borrowing plus derivatives converted into the equivalent position in their underlying assets, adjusted for netting and hedging arrangements.

See the definition of Options and Equity Swaps for more details on how exposure through derivatives is calculated.

	31 March 2018 £		31 March 2017 £	
	Fair Value	**Exposure***	**Fair Value**	**Exposure***
Investments	1,259,926	1,259,926	1,157,562	1,157,562
OTC equity swaps	34,105	126,125	34,410	116,926
Put + Call options	(511)	13,098	909	13,151
	1,293,520	**1,399,149**	**1,192,881**	**1,287,339**
Shareholders' funds		1,202,188		1,100,903
Leverage %		16.4		16.9

*Calculated in accordance with AIFMD requirements using the Commitment Method

MSCI World Health Care Index (the Company's Benchmark)

The MSCI World Health Care Index is designed to capture the large and mid capitalisation segments across 23 developed markets countries: All securities in the index are classified as healthcare as per the Global Industry Classification Standard (GICS). Developed Markets countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland the UK and the U.S. The net total return of the Index is used which assumes the reinvestment of any dividends paid by its constituents after the deduction of relevant withholding taxes. 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.

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, 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.

NAV Total Return	**31 March 2018 p**	**31 March 2017 p**
Opening NAV	2,367.2	1,850.9
Increase in NAV	43.9	516.3
Closing NAV	**2,411.1**	**2,367.2**
% increase in NAV	1.9%	27.9%
Impact of reinvested dividends	0.9%	1.0%
NAV Total Return	**2.8%**	**28.9%**

Further Information/Glossary

Ongoing Charges

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

	31 March 2018 £'000	31 March 2017 £'000
AIFM & Portfolio Management fees (Note 3)	9,862	8,456
Other Expenses (Note 4)	908	718
Total Ongoing Charges	**10,770**	**9,174**
Performance fees paid/crystallised	3,387	1,331
Total	**14,157**	**10,505**
Average net assets	1,183,992	1,006,812
Ongoing Charges	**0.9%**	**0.9%**
Ongoing Charges (including performance fees paid or crystallised during the year)	**1.2%**	**1.0%**

Options

An option is an agreement that gives the buyer, who pays a fee (premium), the right – but not the obligation – to buy or sell a specified amount of an underlying asset at an agreed price (strike or exercise price) on or until the expiration of the contract (expiry). A call option is an option to buy, and a put option an option to sell.

The potential loss of the buyer is limited to the higher of the premium paid or the market value of the bought option. On the other side for the seller of a covered call option (your company does not sell uncovered options) any loss would be offset by gains in the covering position, and for sold puts the potential loss is the strike price times the number of option contracts held. For the purposes of calculating exposure to risk in note 16 beginning on page 64, the potential loss is used. The exposure, used in calculating the AIFMD leverage limits, between these two bounds is determined as the delta (an options delta measures the sensitivity of an option's price solely to a change in the price of the underlying asset) adjusted equivalent of the underlying position.

Rehypothecation

Rehypothecation is the practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by clients.

Ribonucleic Acid

Ribonucleic Acid, or RNA is one of the three major macromolecules that are essential for all known life (along with DNA and proteins).

Share Price Total Return

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

Share price Total Return	31 March 2018 p	31 March 2017 p
Opening share price	2,304.0	1,715.0
Increase in share price	101.0	589.0
Closing share price	**2,405.0**	**2,304.0**
% increase in share price	4.4%	34.3%
Impact of reinvested dividends	0.9%	1.2%
Share price Total Return	**5.3%**	**35.5%**

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.

Retail Investors Advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relationship to non-mainstream investment procedures 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 investment trust.

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	www.youinvest.co.uk/
Alliance Trust Savings	www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	www.smartinvestor.barclays.co.uk/
Bestinvest	www.bestinvest.co.uk/
Charles Stanley Direct	www.charles-stanley-direct.co.uk/
Club Finance	www.clubfinance.co.uk/
Fidelity	www.fidelity.co.uk/
Halifax Share Dealing	www.halifax.co.uk/Sharedealing/
Hargreave Hale	www.hargreave-hale.co.uk/
Hargreaves Lansdown	www.hl.co.uk/
HSBC	investments.hsbc.co.uk/
iDealing	www.idealing.com/
IG Index	www.igindex.co.uk/
Interactive Investor	www.iii.co.uk/
IWEB	www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	www.jbrearley.co.uk/Marketing/index.aspx
James Hay	www.jameshay.co.uk/
Saga Share Direct	www.sagasharedirect.co.uk/
Selftrade	www.selftrade.co.uk/
The Share Centre	www.share.com/
Saxo Capital Markets	uk.saxomarkets.com/

Further Information/How to invest

Link Asset Services – share dealing service

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

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, investor code, full postcode and your date of birth. Your investor code can be found on your tax voucher or certificate. 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.

For further information on this service, please contact: www.linksharedeal.com (online dealing).

Telephone: 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 am – 4.30 pm, Monday to Friday excluding public holidays in England and Wales).

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.*

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers/report-scam-unauthorised-firm.** You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at www.fca.org.uk/scamsmart

Remember: if it sounds too good to be true, it probably is!

FCA
FINANCIAL CONDUCT AUTHORITY

Notice is hereby given that the Annual General Meeting of Worldwide Healthcare Trust PLC will be held at Salters' Hall, 4 Fore Street, London EC2Y 5DE on Thursday, 20 September 2018 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 2018
2. To re-elect Dr David Holbrook as a Director of the Company
3. To re-elect Sir Martin Smith as a Director of the Company
4. To re-elect Mrs Sarah Bates as a Director of the Company
5. To re-elect Mr Humphrey van der Klugt as a Director of the Company
6. To re-elect Mr Doug McCutcheon as a Director of the Company
7. To elect Mr Sven Borho as a Director of the Company
8. To re-appoint PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Audit Committee to determine their remuneration
9. To approve the Directors' Remuneration Report for the year ended 31 March 2018

Special business

To consider and, if thought fit, pass the following resolutions of which resolutions 11, 12, 13 and 14 will be proposed as special resolutions:

Authority to allot shares

10. 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 £1,249,219 (being 10% of the issued share capital of the Company at 15 June 2018) and representing 4,996,877 shares of 25 pence each (or, if changed, 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 2019 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

11. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 12 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 10 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;

(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 £1,249,219, being 10% of the issued share capital of the Company as at 15 June 2018 and representing 4,996,877 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 12 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

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.

12. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 10 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 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 £1,249,219 being 10% of the issued share capital of the Company as at 15 June 2018 and representing 4,996,877 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 11 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

13. 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 shall be that number of shares which is equal to 14.99% of the issued share capital of the Company as at the date of the passing of this resolution;
    (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 buy-back 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 2019 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.

General meetings

14. THAT the Directors be authorised to call general meetings (other than the Annual General Meeting of the Company) on not less that 14 clear days' notice, such authority to 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.

By order of the Board

Frostrow Capital LLP
Company Secretary
15 June 2018

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 Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 12 noon Tuesday, 18 September 2018.
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 the close of business on Tuesday, 18 September 2018 (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 15 June 2018 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 49,968,778 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 15 June 2018 are 49,968,778.
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 Link Asset Services on 0871 664 0300 or +44 371 664 0300 if calling from outside the United Kingdom. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 09.00 to 17.30 Monday to Friday excluding public holidays in England and Wales.
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 Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

    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 81) then, subject to paragraph 4, the proxy appointment will remain valid.

Location of the Annual General Meeting
Salters' Hall, 4 Fore Street, London EC2Y 5DE

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 2018 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 and election of Directors
Resolutions 2 to 7 deal with the re-election and election of each Director. Biographies of each of the Directors can be found on pages 26 and 27 of the annual report.

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

Resolution 8 – Re-appointment of Auditors and the determination of their remuneration
Resolution 8 relates to the re-appointment of PricewaterhouseCoopers LLP as the Company's independent Auditors to hold office until the next AGM of the Company and also authorises the Audit Committee to set their remuneration.

Resolution 9 – Remuneration Report

The Directors' Remuneration Report is set out in full in the annual report on pages 43 to 45.

Resolutions 10, 11 and 12 – Issue of Shares
Ordinary Resolution 10 in the Notice of AGM will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,249,219 (equivalent to 4,996,877 shares, or 10% of the Company's existing issued share capital on 15 June 2018, being the nearest practicable date prior to the signing of this Report (or if changed, the number representing 10% of the issued share capital of the Company at the date at which the resolution is passed). 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 11 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 15 June 2018 (or if changed, the number representing 10% of the issued share capital of the Company at the date at which the resolution is passed), 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 10. 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 11, Resolution 12, 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 diluted cum income net asset value per share, and this is reflected in the text of Resolution 12. 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 15 June 2018 (or if changed, the number representing 10% of the issued share capital of the Company at the date at which the resolution is passed) (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution 10, 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 10, 11 and 12 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.

New Shares will only be issued at a premium to the Company's Cum income net asset value per share at the time of issue.

Resolution 13 – Share Repurchases

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 Shares, when they are trading at a discount to net asset value per share 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 Share. Existing shares which are purchased under this authority will either be cancelled or held as Treasury Shares.

Special Resolution 13 in the Notice of AGM will renew the authority to purchase in the market a maximum of 14.99% of Ordinary Shares in issue as at the date of the passing of the resolution. 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 14 – General Meetings

Special Resolution 14 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) at 14 clear days' notice. The Board confirms that the shorter notice period would only be used where it was merited by the purpose of the meeting.

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 36,665 shares.

Alternative Investment Fund Managers Directive (AIFMD) Disclosures

Investment Objective and Leverage

A description of the investment strategy and objectives of the Company, the types of assets in which the Company may invest, the techniques it may employ, any applicable investment restrictions, the circumstances in which it may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and the maximum level of leverage which the AIFM and Portfolio Manager are entitled to employ on behalf of the Company and the procedures by which the Company may change its investment strategy and/or the investment policy can be found on page 6 under the heading "Investment Strategy".

The table below sets out the current maximum permitted limit and actual level of leverages for the Company: As a percentage of net assets

	Gross Method	Commitment Method
Maximum level of leverage	140.0%	140.0%
Actual level at 31 March 2018	117.4%	116.4%

Remuneration of AIFM Staff

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Further disclosures required under the AIFM Rules can be found within the Investor Disclosure Document on the Company's website: www.worldwidewh.com.

Security Financing Transactions Disclosures

As defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions (SFT) include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions. Whilst the Company does not engage in such SFT's, it does engage in Total Return Swaps (TRS) therefore, in accordance with Article 13 of the Regulation, the Company's involvement in and exposure to Total Return Swaps for the accounting year ended 31 March 2018 are detailed below.

Global Data

Amount of assets engaged in TRS

The following table represents the total value of assets engaged in TRS:

	£'000	% of AUM
TRS	34,105	2.6

Concentration Data

Counterparties

The following table provides details of the counterparties and their country of incorporation (based on gross volume of outstanding transactions with exposure on a gross basis) in respect of TRS as at the balance sheet date:

	Country of Incorporation	£'000
Goldman Sachs	U.S.A.	78,572
JPMorgan	U.S.A.	47,553

Aggregate transaction data

Type, quality, maturity, tenor and currency of collateral

No collateral was received by the Company in respect of TRS during the year to 31 March 2018. The collateral provided by the Company to the above counterparties is set out below.

Type	Currency	Maturity	Quality	£'000
Cash	USD	less than 1 day	n/a	9,932

Maturity tenor of TRS

The following table provides an analysis of the maturity tenor of open TRS positions (with exposure on a gross basis) as at the balance sheet date:

Maturity	TRS Value £'000
1 to 3 months	44,939
3 to 12 months	81,186
	126,125

Settlement and clearing

OTC derivative transactions (including TRS) are entered into by the Company under an International Swaps and Derivatives Associations, Inc. Master Agreement ("ISDA Master Agreement"). An ISDA Master Agreement is a bilateral agreement between the Company and a counterparty that governs OTC derivative transactions (including TRS) entered into by the parties. All OTC derivative transactions entered under an ISDA Master Agreement are netted together for collateral purposes, therefore any collateral disclosures provided are in respect of all OTC derivative transactions entered into by the Company under the ISDA Master agreement, not just total return swaps.

Safekeeping of collateral

There was no non-cash collateral provided by the Company in respect of OTC derivatives (including TRS) with the counterparties noted above as at the statement of financial position date.

Return and cost

All returns from TRS transactions will accrue to the Company and are not subject to any returns sharing arrangements with the Company's AIFM, Portfolio Manager or any other third parties. Returns from those instruments are disclosed in Note 9 to the Company's financial statements.

Further Information/Company Information

Directors
Sir Martin Smith (Chairman)
Sarah Bates
Sven Borho
Dr David Holbrook
Humphrey van der Klugt, FCA
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

Alternative Investment Fund Manager, Company Secretary and Administrator
Frostrow Capital LLP
25 Southampton Buildings, London WC2A 1AL
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.

Portfolio 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

Depositary
J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Custodian and Prime Broker
J.P. Morgan Securities LLC
Suite 1, Metro Tech Roadway
Brooklyn, NY 11201
USA

Registrars
Link Asset Services (formerly Capita Asset Services)
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): + 44 371 664 0300†
E-mail: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com

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

†Calls cost 12p per minute plus your phone company's access charge and may be recorded for training purposes. Calls outside the UK will be charged at the applicable international rate. Lines are open between 09.00 and 17.30 Monday to Friday excluding public holidays in England and Wales.

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

Share Price Listings
The price of your 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

Foreign Account Tax Compliance Act ("FATCA)
Global Intermediary Identification
Number (GIIN) : FIZWRN.99999.SL.826
Legal Entity Identifier (LEI) : 5493003YBCY4W1IMJU04

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, Link Asset Services, 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.

The Association of Investment Companies

A member of the Association of Investment Companies

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