WORLDWIDE HEALTHCARE TRUST PLC

Annual Report
for the year ended 31 March 2019

Frostrow Capital

OrbiMed
Healthcare Fund Management

Investment objective

Worldwide Healthcare Trust PLC (the "Company") is a specialist investment trust which 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 81 and 82.

Contents

Keep up to date with Worldwide Healthcare Trust PLC

For more information about Worldwide Healthcare Trust PLC visit the website at www.worldwidewh.com

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Strategic Report/Financial Highlights

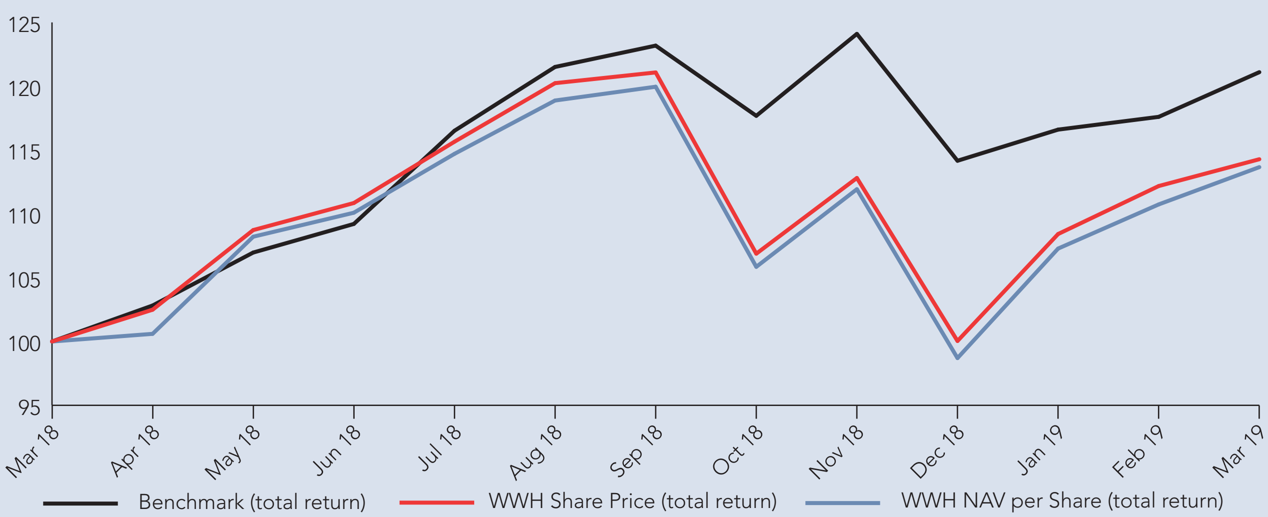
For the year to 31 March 2019

Net asset value per share (total return)*^	Share price (total return)*^	Benchmark*†^
+13.7%	+14.3%	+21.1%
2018: +2.8%	2018: +5.3%	2018: -2.5%

Premium/(Discount) of share price to net asset value per share*^	Dividends per share	Ongoing Charges^
0.3%	26.5p	0.9%
2018: (0.3%)	2018: 17.5p	2018: 0.9% (excludes performance fees crystallised during the year)

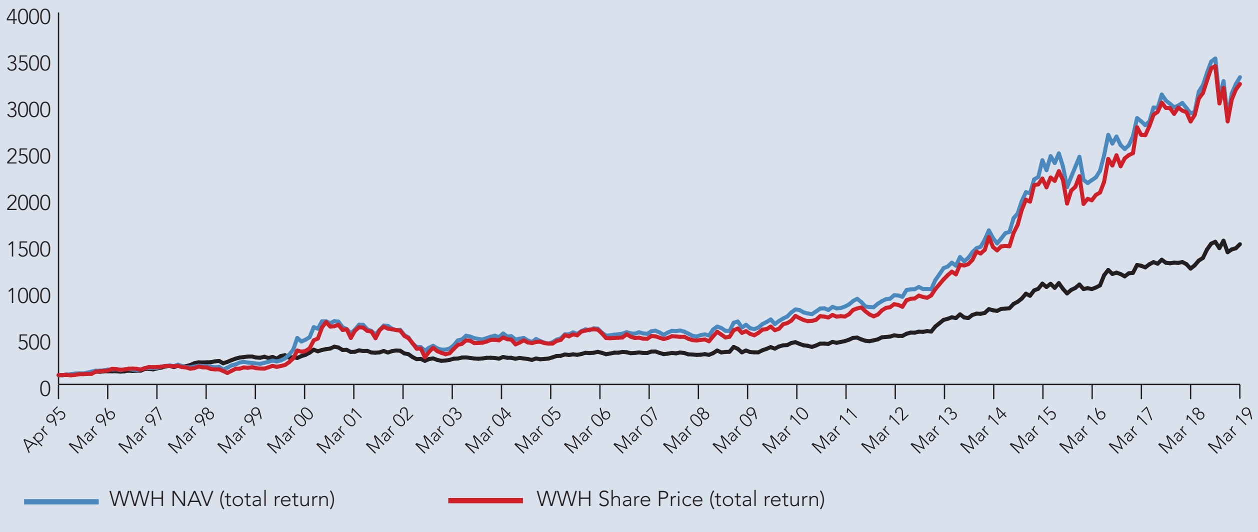
*Source: Morningstar
† MSCI World Health Care Index on a net total return, sterling adjusted basis. Also see Glossary beginning on page 77.
^ Alternative Performance Measure (see Glossary beginning on page 77).

Total return performance for the year to 31 March 2019



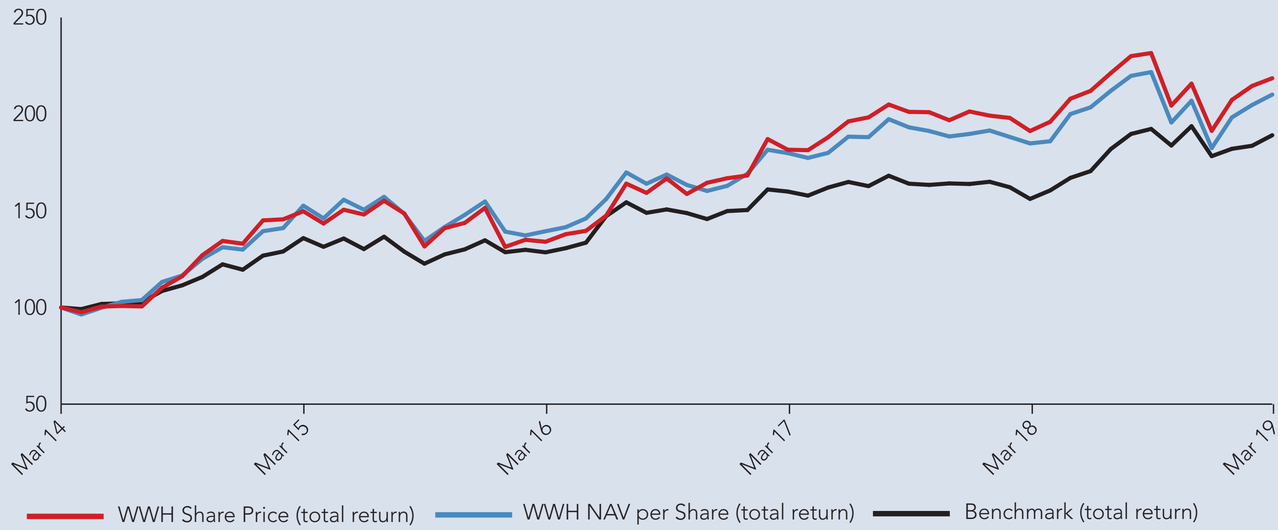
Rebased to 100 as at 31 March 2018
Source: Morningstar, Thomson Reuters & Bloomberg

Total return performance since launch to 31 March 2019



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)

Five year total return performance to 31 March 2019



Rebased to 100 as at 31 March 2014
Source: Morningstar, Thomson Reuters & Bloomberg

Strategic Report/Company Performance

Historic performance for the years ended 31 March

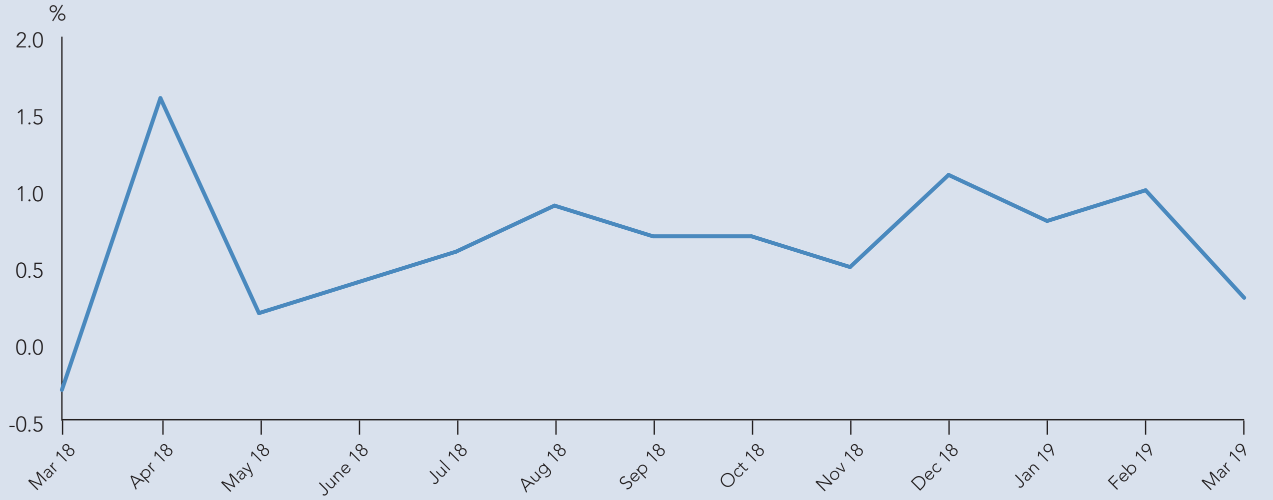
	2014	2015	2016	2017	2018	2019
Net asset value per share (total return)*†	**25.9%**	**53.0%**	**(9.0%)**	**28.9%**	**2.8%**	**13.7%**
Benchmark (total return)*†	**14.9%**	**35.9%**	**(5.4%)**	**24.5%**	**(2.5%)**	**21.1%**
Net asset value per share – basic	1,374.3p	2,039.3p	1,850.9p	2,367.2p	2,411.1p	2,722.9p
Net asset value per share – diluted**	1,348.2p	2,039.3p	1,850.5p	2,367.2p	2,411.1p	2,722.9p
Share price	1,301.0p	1,930.0p	1,715.0p	2,304.0p	2,405.0p	2,730.0p
(Discount)/Premium of share price to diluted net asset value per share†	(3.5%)	(5.4%)	(7.3%)	(2.7%)	(0.3%)	0.3%
Dividends per share	15.0p	12.5p	16.5p	22.5p	17.5p	26.5p
Leverage†	13.9%	13.2%	14.0%	16.9%	16.4%	4.9%
Ongoing charges†	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%
Ongoing charges (including performance fees paid or crystallised during the year)†	1.1%	2.2%	2.1%	1.0%	1.2%	1.1%

*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 77).

(Discount)/Premium of the Company's Share Price to the Net Asset Value per Share – Year to 31 March 2019



Source: Frostrow Capital LLP

Strategic Report/Chairman's Statement

Sir Martin Smith

Investment performance

Whilst the Company has produced another positive return for shareholders this year, it is disappointing to report that the strong performance reported at the half-year stage did not continue in the second half of the year, when periods of extreme market volatility were in evidence.

The financial year ended 31 March 2019 saw another positive return for shareholders. The Company's net asset value per share total return was +13.7% and the share price total return was +14.3%.

Although this is a strong return, the pattern of relative returns was volatile over the year, with outperformance being seen in the first and last three months, whilst underperformance occurred in the middle six months. In particular, the very turbulent market conditions in the three months to December 2018 saw a sharp fall in your Company's net asset value, followed by a sharp recovery in the first three months of 2019. Over the full year, your Company's net asset value per share underperformed the Benchmark, the MSCI World Health Care Index on a net total return, sterling adjusted basis . The Benchmark provided a return of +21.1%, compared with the Company's net asset value total return as noted above, of +13.7%. Approximately 40% of both returns was due to the weakness of sterling over the year.

Your Company has a very strong long-term record of both absolute and relative performance. The major factors behind the relative underperformance over the last year have also been contributors to that long-term record. Approximately 70% of the relative underperformance was the consequence of our lower allocation to the global pharmaceutical sector. During the year, stocks in that sector outperformed the Benchmark significantly, providing very strong returns. Our Portfolio Manager considered, and continues to consider, that the major innovative opportunities offered within the healthcare sector are to be found elsewhere, including in emerging markets and emerging biotechnology, where the Company has an overweight allocation. Both of those sectors underperformed the Benchmark in the financial year. Exposure to healthcare services, speciality and generic pharmaceutical sectors also detracted during the year, while positive relative performance arose from exposure to the medical devices sector and Japan.

The Company had, on average, leverage of 15.4% during the year (2018: 16.1%) which contributed 1.6% to performance (2018: the contribution to performance was 0.9%). As at the year-end, the leverage level stood at a much reduced 4.9%, which reflected shorter term rather than more strategic factors.

Shareholders will be aware that the Company is able to invest up to 10% of the portfolio, at the time of acquisition, in unquoted securities. Our Portfolio Manager has identified some selected opportunities for the Company to invest in a small number of pre-initial public offering (IPO) healthcare companies. One of these companies successfully listed during the year and another, having announced an intention to list, became the subject of a takeover following the Company's year-end.

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 2019, the total return of the Company's net asset value per share has been +3,130.3%, equivalent to a compound annual return of +15.6%. This compares to a cumulative blended Benchmark return of +1,407.9%, equivalent to a compound annual return of +12.0% 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, beginning on page 12.

Capital

The Company's share price 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, 2,734,000 new shares were issued during the year at an average premium of 0.8% to the Company's cum income net asset value per share. This issuance gave rise to the receipt of £72.5m of new funds by the Company, which have been invested in line with the Company's investment policy. Since the end of the year, a further 245,000 new shares have been issued raising £6.5m of new funds. No shares were repurchased by the Company during the year and to the date of this report.

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 July 2019.

Revenue and dividend

Shareholders will be aware that it remains the Company's policy to pursue capital growth for shareholders and to pay

Strategic Report/Chairman's Statement

dividends at least to the extent required to maintain investment trust status. Therefore, the level of dividends declared can go down as well as up. A first interim dividend of 6.5p per share, for the year ended 31 March 2019, was paid on 9 January 2019 to shareholders on the register on 23 November 2018. The Company's net revenue return for the year as a whole rose to £14.5m (2018: £9.0 m) due, in part, to an increase in exposure to higher yielding stocks in the portfolio and also to the weakness of sterling against the U.S.$. Accordingly, the Board has declared an increased second interim dividend of 20.0p per share (2018: 11.0p per share) which, together with the first interim dividend already paid, makes a total dividend for the year of 26.5p (2018: 17.5p per share). Based on the closing mid-market share price of 2,580.0p on 4 June 2019, the total dividend payment for the year represents a current yield of 1.0%.

The second interim dividend will be payable on 16 July 2019 to shareholders on the register of members on 7 June 2019. The associated ex-dividend date will be 6 June 2019.

Composition of the Board

The Board is conscious of the need to refresh its own membership, including my position as Chairman, over the next three years. Planning is currently in hand to achieve these changes in an orderly manner, and in a way that gives full consideration to our diversity aspirations. The Board has already begun the search for an additional Director with relevant experience in the healthcare sector and, in due course, it will be considering my own succession. Announcements will be made as appropriate.

Outlook

Despite continued volatility in the healthcare sector due, in part, to increased levels of political rhetoric in the run-up to the U.S. 2020 Presidential election, fears of a slowing economy and continued U.S.-China trade wars, our Portfolio Manager expects the outlook to remain positive, given strong innovation (including in transformative technologies such as gene therapy), a pick-up in mergers and acquisitions activity after a strong start to 2019 and a regulatory environment that remains supportive of new drug approvals.

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.

Proposed amendments to the Company's investment policy

The Directors are proposing to make certain amendments to the Company's existing investment policy, which more accurately reflect our Portfolio Manager's strategy. The amended investment policy will apply, subject to shareholder approval which is required in accordance with the Listing Rules as these changes are considered material, with effect from the Company's Annual General Meeting on 9 July 2019. Full details of the proposed amendments are set out in the appendix on page 93 of this Annual Report. The Board unanimously recommends that shareholders vote in favour of this resolution.

Continuation vote

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

Annual General Meeting

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 Company's Annual General Meeting will be held at etc. venues St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD on Tuesday, 9 July 2019 at 12 noon.

As I mentioned last year, we have not issued paper forms of proxy as a matter of course this year. Voting on the resolutions to be considered at the Company's Annual General Meeting can be made via our Registrar's website at www.signalshares.com (please also see page 86 for further information). However, any shareholders who would like a hard copy form of proxy may request one from our Registrar, Link Asset Services, whose contact details can be found on page 92.

Sir Martin Smith
Chairman

5 June 2019

Strategic Report/Investment Objective and Policy

Investment Objective

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 15.

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 Policy

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.

The Company does not currently hedge against foreign currency exposure.

Gearing limits

The Board has set a maximum gearing level, through borrowing, of 20% of the net assets.

Strategic Report/Investment Objective and Policy

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 77. Further details on how derivatives are employed can be found in note 16 beginning on page 69.

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.

Proposed amendments to the Company's investment policy

As noted in the Chairman's Statement on page 5, a proposal is being put forward at the Company's Annual General Meeting to seek approval from shareholders to make amendments to the investment policy of the Company. The proposed amendments, if approved, shall come into effect from 9 July 2019. The proposed amendments to the Company's investment policy is described in the appendix on page 93.

Investments held as at 31 March 2019

Investments	Country/region	Market value £'000	% of investments
Takeda Pharmaceutical*	Japan	126,194	9.1
Merck	USA	79,545	5.7
Alexion Pharmaceuticals	USA	77,866	5.6
Boston Scientific	USA	76,277	5.5
Novartis	Switzerland	64,057	4.6
Novo Nordisk**	Denmark	55,208	4.0
Edwards Lifesciences	USA	47,955	3.5
Wright Medical	USA	46,853	3.4
Vertex Pharmaceuticals	USA	44,254	3.2
Neurocrine Biosciences	USA	43,722	3.1
Top 10 investments		**661,931**	**47.7**
Mylan	USA	43,313	3.1
Intuitive Surgical	USA	38,796	2.8
Thermo Fisher Scientific	USA	35,464	2.5
Anthem	USA	34,339	2.5
Bristol-Myers Squibb	USA	28,251	2.0
Bausch Health	Canada	27,245	1.9
Regeneron Pharmaceuticals	USA	26,149	1.9
Immunomedics	USA	23,192	1.7
CanSino Biologics	China	23,093	1.7
Abbott Laboratories	USA	22,428	1.6
Top 20 investments		**964,201**	**69.4**
Illumina	USA	21,603	1.5
Chugai Pharmaceutical	Japan	21,585	1.6
Puma Biotechnology	USA	20,990	1.5
Teva Pharmaceutical Industries	Israel	20,903	1.5
Sarepta Therapeutics	USA	20,516	1.5
Cigna	USA	19,944	1.4
Deciphera Pharmaceuticals	USA	19,347	1.4
Agilent Technologies	USA	16,260	1.2
Sino Biopharmaceutical	China	16,077	1.2
Humana	USA	15,780	1.1
Top 30 investments		**1,157,206**	**83.3**
Clovis Oncology	USA	15,213	1.1
PTC Therapeutics	USA	14,373	1.0
Tandem Diabetes Care	USA	14,330	1.0
MyoKardia	USA	14,073	1.0
Endo International	Ireland	13,874	1.0
eHealth	USA	12,720	0.9
Exelixis	USA	12,338	0.9
Shanghai Fosun Pharmaceutical	China	12,173	0.9
Ascendis Pharma	Denmark	10,975	0.8
Genfit	France	10,660	0.8
Top 40 investments		**1,287,935**	**92.7**
BeiGene***	China	9,447	0.7
CareDx	USA	9,174	0.7
Prothena	Ireland	8,929	0.6
Harpoon Therapeutics	USA	7,774	0.6
Alliance Healthcare Services FRN 20/04/2024 (unquoted)	USA	7,549	0.6
Cadila Healthcare	India	7,035	0.5
DexCom	USA	6,070	0.4
Bioventus FRN 21/11/2021 (unquoted)	USA	5,789	0.4
ProQR Therapeutics	Netherlands	5,769	0.4
Alphamab Oncology (unquoted)	China	4,605	0.3
Top 50 investments		**1,360,076**	**97.9**

* includes Takeda Pharmaceutical ADR equating to 0.4% of investments.
** includes Novo Nordisk ADR equating to 1.0% of investments.
*** includes BeiGene ADR equating to 0.5% of investments.

Strategic Report/Portfolio

Investments	Country/region	Market value £'000	% of investments
Medical Depot Holdings FRN 21/12/2023 (unquoted)	USA	4,037	0.3
Jubilant Life Sciences	India	3,832	0.3
Wenzhou Kangning Hospital	China	3,432	0.2
Peloton Therapeutics (unquoted)	USA	2,686	0.2
Yestar Healthcare	China	1,768	0.1
China Medical System	China	1,698	0.1
China Traditional Chinese Medicine	Hong Kong	942	0.1
Innoviva FRN 18/08/2022 (unquoted)	USA	84	0.0
Aegerion Pharmaceuticals 2% 15/08/2019 (unquoted)	USA	66	0.0
Wright Medical Contingent Value Rights	Netherlands	60	0.0
Total equities and fixed interest investments		**1,378,681**	**99.2**
OTC Equity Swaps – Financed^			
JPM China HC A-Share (Basket)	China	32,664	2.4
Emerging Markets Healthcare (Basket)	Emerging Markets	17,072	1.2
Aier Eye Hospital Group	China	15,482	1.1
Apollo Hospitals	India	15,039	1.1
Jiangsu Hengrui Medicine	China	14,701	1.1
Hangzhou Tigermed Consulting	China	8,996	0.6
Aurobindo Pharma	India	7,798	0.6
Glenmark Pharmaceuticals	India	5,010	0.4
Less: Gross exposure on financed swaps		(107,713)	(7.8)
Total OTC Swaps		**9,049**	**0.7**
Total investments including OTC swaps		**1,387,730**	**99.9**
Put Options (Long)		1,350	0.1
Put Options (Short)		(611)	0.0
Call Options (Long)		558	0.0
Call Options (Short)		(52)	0.0
Total investments including OTC swaps and options		**1,388,975**	**100.0**

^ See Glossary beginning on page 77 and note 16 beginning on page 69 for further details in relation to the OTC swaps and options. Basket swaps may include underlying holdings that are also held directly.

SUMMARY

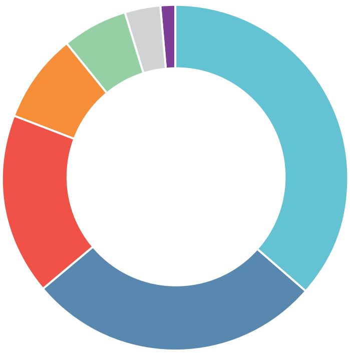
Investments	Market value £'000	% of investments
Quoted equities	1,353,865	97.4
Unquoted debt securities – variable rate	17,459	1.3
Swaps	9,049	0.7
Unquoted equities	7,291	0.5
Options	1,245	0.1
Unquoted debt securities – fixed rate	66	0.0
Total of all investments	**1,388,975**	**100.0**

Strategic Report/Portfolio

Portfolio distribution

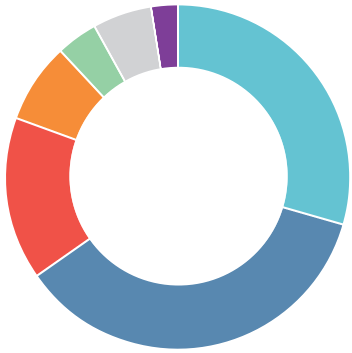
By sector

2019



Pharmaceutical	36.6
Biotechnology	27.5
Health Care Equipment/ Supplies/ Technology	17.0
Healthcare Providers & Services	8.2
Life Sciences Tools & Services	6.2
Swap Baskets*	3.3
Debt Instruments	1.2

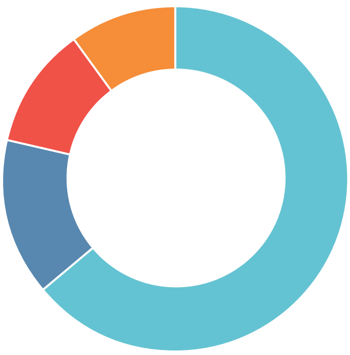
2018



Pharmaceutical	29.5
Biotechnology	35.9
Health Care Equipment/ Supplies/ Technology	15.2
Healthcare Providers & Services	7.5
Life Sciences Tools & Services	4.0
Swap Baskets*	5.4
Debt Instruments	2.5

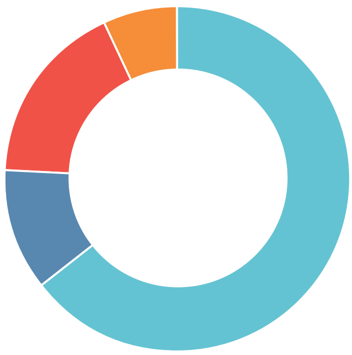
By geography

2019



North America	63.9
Emerging Markets	14.8
Europe	11.4
Asia	9.9

2018



North America	64.6
Emerging Markets	11.4
Europe	17.2
Asia	6.8

* See Glossary beginning on page 77.

Strategic Report/OrbiMed Capital LLC

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.$13 billion in assets under management as of 31 March 2019, 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.

Strategic Report/Portfolio Manager's Review

Performance Review

The financial year ended 31 March 2019 was not for the faint of heart. Whilst the first half of the year was mostly orderly and positive for global equity markets, the hallmark of the period will surely be the historic downturns of October and December which put the markets in full "bear" territory, albeit temporarily.

During the third quarter stocks were especially volatile with the VIX (the Chicago Board Options Exchange Volatility Index) spiking above 35 in December after trending sideways and below 20 most of the year. A multitude of macroeconomic factors were to blame, from rising interest rates, to a slowing U.S. economy, to full blown recessionary fears before the end of December 2018. Other factors also fuelled the uncertainty and contributed to the market downturn, including the partial shutdown of the U.S. Federal government and deepening U.S.-China trade wars. International stocks were not immune and suffered losses in the quarter that were reminiscent of the 2008 global financial crisis. Volatility was especially notable in France, Italy, and the United Kingdom as local politics and/or economic woes added to the market tumult.

However, as the calendar turned to 2019, markets rebounded considerably. Most economic indicators turned positive, monetary policy became more dovish, and the fear of a recession subsided. With that, volatility plummeted, and the global equity markets responded positively in the final quarter of the financial year, retracing most, but not quite all the losses recorded in the preceding three months.

The net results were positive returns for global equities for the financial year ended 31 March 2019. The MSCI World Index rose 12.9% (total return in sterling terms) whilst the FTSE 100 Index returned a more modest +7.6% (total return in sterling terms). We are pleased to report positive returns for the Company as well with the net asset value per share total return of +13.7% and the share price total return of +14.3%. These positive returns outperformed the broad market indices, but lagged our healthcare benchmark. The MSCI World Healthcare Index, measured on a net total return, sterling adjusted basis, advanced 21.1% during the year.

In our assessment, the macro-centric moves of the global equity markets and our relative positioning were the primary reasons for the recorded underperformance during the year. Specifically, the differing returns between the Company and our healthcare benchmark were primarily driven by the volatile second and third quarters of the financial year in which high growth, smaller capitalisation stocks – such as biotechnology and emerging markets – lagged the large capitalisation, low volatility, high weight index stocks – such as large capitalisation pharmaceuticals and healthcare services. Our relative positioning across these specific sub-sectors was the reason that underperformance arose.

Overall, since the Company's inception in 1995 to 31 March 2019, the total return of the Company's net asset value per share is +3,130.3%, equivalent to a compound annual return of +15.6%. This compares to the blended benchmark rise of +1,407.9%, equivalent to a compound annual return of +12.0%.

A closer examination of quarterly performance helps to elucidate the positive absolute returns and the relative underperformance in the reported period.

April to June 2018

In the first quarter of the financial year, volatility was subsiding from the previous quarter. At the same time sterling weakened. Company fundamentals, both positive and negative, were driving share price moves. Overall, the Company outperformed during this quarter due to a mix of allocation (overweight biotechnology and emerging markets; underweight large capitalisation pharmaceuticals) and stock picking (particularly in medical devices).

July to September 2018

In the second quarter of the financial year, the narrative began to shift. Whilst volatility remained low and equities moved higher, not all sectors moved equally. Trade war rhetoric between the U.S. and China on tariffs began to percolate. Some popular technology stocks experienced high-profile blow-ups, such as Facebook. As a result, investors started to shift their mentality, from "growth" to "value" and some of the share price moves were turbulent if not outright violent. This rotation greatly benefited large capitalisation pharmaceutical stocks to the detriment of emerging biotechnology stocks, regardless of fundamental news flow. In fact, many biotechnology stocks were not rewarded with higher share prices during this time after positive news, significantly blunting our catalyst driven strategy. Further, emerging markets experienced a tumultuous sell-off during this rotation. Whilst the benchmark moved higher owing to the defensive characteristics of healthcare, as did the Company's share price, our performance lagged the

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sector due to the portfolio allocation (overweight biotechnology and emerging markets whilst underweight large capitalisation pharmaceuticals and healthcare services).

October to December 2018

The third quarter of the financial year was simply a perfect storm. During this time, volatility exploded, correlations spiked, and news flow was negative. The shift from "growth to value" that had commenced mid-year became a full blown "risk-off" environment, culminating in record market losses in December that were second only to those observed during the Great Depression of 1931. Even bellwether Johnson & Johnson was not immune. When a news story broke around the company's litigation over the safety of baby powder, the company's share price plummeted over 10% within a single trading period, wiping out U.S.$45 billion in market capitalisation, the largest one-day drop in over 15 years. This event typified the anxious market conditions at the time. Whilst the benchmark, too, reflected such tumultuous conditions, our losses were larger, again owing to our allocation to much riskier healthcare sub-sectors such as biotechnology, specialty pharmaceuticals, and emerging markets (each sector plummeting over 10% in December alone) and an underweight of the "safer" large capitalisation pharmaceutical sub-sector.

January to March 2019

Finally, however, the last quarter of the financial year brought some welcome respite. In fact, signs of a market recovery were first evident in late December. The peak of the volatility spike occurred on December 26, 2018, at over 36 (as per the VIX). The downward trend began immediately thereafter, with the VIX closing the month of January below 17, a level not seen since before the carnage of the previous three months. The result? A dramatic drop in correlations and orderly share price movement driven primarily by fundamentals. First, we witnessed a significant rebound in U.S. biotechnology stocks, partially fuelled by the surprising take-out of Celgene by **Bristol-Myers Squibb** but also a nod to the oversold status of biotechnology stocks and depressed valuations that were the hallmark of the end of 2018. Second, large capitalisation pharmaceutical stocks underperformed in the fourth quarter of the financial year (declining 2.4% in sterling terms) after benefitting from a macro rotation in the previous two quarters. Third, emerging markets rebounded significantly after U.S.-China trade talks resumed in earnest in early 2019. Therefore, overall positive positioning in the fourth quarter of the financial year (overweight biotechnology and emerging markets and underweight large capitalisation pharmaceuticals), key stock picking (such as **Takeda Pharmaceutical**), and mergers and acquisitions (M&A) (such as Celgene and Spark Therapeutics) culminated in a recapture of nearly 10% of excess return in the quarter.

Therefore, key upside drivers for the entirety of the financial year included investments in biotechnology (despite the volatility) and stock picking within large capitalisation pharmaceuticals, medical devices and Japan. On a cumulative basis, however, our positive performance lagged the benchmark's returns with the primary culprit being the portfolio allocation, notably profound underweights in large capitalisation pharmaceuticals and healthcare services.

Contributors to Performance

The largest single contributor to performance in the year was **Merck**, the leader in the still hot immuno-oncology (IO) space. The company assumed leadership in the global IO arms race after announcing positive early in 2018 data for the treatment of frontline advanced or metastatic lung cancer. Simply, the data showed that taking Keytruda (pembrolizumab) and chemotherapy instead of chemotherapy alone reduced the risk of death by over 50%. This data changed the standard of care globally for the treatment of this deadly disease. Additionally, the company has been able to garner 15 distinct approvals for Keytruda, including treating cancers of the lung, skin, kidney, bladder, stomach, head & neck, among others. Global sales of Keytruda reached over U.S.$7 billion in 2018. Consensus estimates for Keytruda continue to rise in the out years and the leverage to the bottom line is significant as this drug reaches critical sales mass. As a result, the stock was the biggest gainer (in local currency) across all large capitalisation pharmaceutical stocks in 2018 and contributed nearly 3% to the Company's performance in the financial year.

One of the most innovative companies in medical technology, **Boston Scientific** develops products that are used in interventional cardiology, cardiac rhythm management, peripheral interventions, electrophysiology, neurovascular intervention, endoscopy, urology, gynaecology, and neuromodulation procedures. The diversification of the business across several end markets and leadership positions in each of these businesses, has helped the company grow to one of the leading medical devices companies today. Shares in the company consistently outperformed during the financial year given repeated upward revisions to guidance. Additionally, Boston Scientific has engaged in 10 acquisitions over the course of the past year that have the potential to dramatically improve the company's longer-term growth profile.

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Wright Medical develops joint replacement devices, primarily for shoulder, foot and ankle, trauma and sports medicine procedures, as well as orthobiologic products. Strength in the shares over the period has been driven by several factors. The most notable was a faster than expected turnaround in sales force productivity, which had been a point of material investor concern in prior years. Moreover, the U.S. Food and Drug Administration (FDA) approved a key new biologic product for the company – Augment injectable – and the company also acquired Cartiva, which improves the company's lower extremities business and gives it access to a new high growth market. Both Augment injectable and Cartiva could potentially be platform technologies, setting up for further indications in the future. Lastly, the company has taken several steps over the past year to clean up its balance sheet which could support generating stronger cash flows going forward.

Alexion Pharmaceuticals is a large capitalisation biotechnology company focused on rare orphan diseases whose lead product, Soliris (eculizumab), is marketed for several complement-mediated diseases, including paroxysmal nocturnal haemoglobinuria, acute haemolytic anaemia, and myasthenia gravis. Over the course of the year, the company beat quarterly earnings expectations on a consistent basis, announced positive Phase III results for their next-generation complement inhibitor Ultomiris (ravulizumab-cwvz), completed a number of business development transactions to diversify their pipeline, and reported unexpected positive results for Soliris in neuromyelitis optica. Through much of the year, the stock had been trading at a depressed valuation due to concerns over the company's heavy revenue reliance on Soliris and fears over upcoming competition to that franchise. The company's ability to maintain revenues over the long term was dependent on the successful development and commercialisation of the long acting Ultomiris. The drug was finally approved in December 2018, and initial statistics on the number of patients who have switched to the new therapy have been better than expectations. The company's shares have appreciated as investors have become more confident that Alexion will successfully transition its patient base to Ultomiris and successfully defend its franchise against upcoming competition.

A leader in the cardiology device space, **Edwards Lifesciences** is a developer of tissue replacement heart valves, and more specifically transcatheter heart valves (THV). The company's aortic THV portfolio has been on the market for some time, but currently is only approved in the United States for patients deemed intermediate-to high-risk for open heart surgery. Data for the final group – the low-risk patients – was presented in March 2019. Investor optimism had been increasing for this dataset over the past year and so had the stock price. Nevertheless, the data was actually better than heightened expectations, and demonstrated statistical superiority compared to the control arm (surgery). This was the best-case outcome, and shares reacted accordingly. Lastly, in late September 2018, **Abbott Laboratories** presented strong data on its THV device for mitral valve repair, in effect validating this new market. Given that a large portion of the **Edwards'** pipeline is tied to devices for this new valve type, **Edwards'** shares were buoyed as well.

Detractors from Performance

The largest absolute detractor to performance in the reported period was Nevro a manufacturer of spinal cord stimulation devices for the treatment of chronic pain. Over the course of 2018, Nevro's shares were adversely impacted by several factors. To start, the company missed sales expectations for the first quarter of the year by a wide margin and subsequently announced that the Vice President of Sales for the company was leaving. Second, the company materially lowered guidance for the balance of the year on the second quarter call despite beating expectations for the quarter. Lastly, the company lowered its expectations for the overall spinal cord stimulation market on the third quarter call, which called into a question a potential rebound for the stock in 2019, or even 2020.

Shares of **Mylan**, a Netherlands-domiciled generic drug company with extensive U.S. operations, declined significantly during the financial year, when it missed earnings expectations and revised down financial guidance due to delayed product launches and greater than expected pricing erosion for its base products. In February 2019, **Mylan** provided lower than expected financial guidance, reflecting a significant increase in operating expenses. Despite these revisions, the company's valuation is very attractive, and we believe recent product launches could drive solid revenue and earnings per share growth in the years ahead.

Puma Biotechnology is an emerging biotechnology company that launched their first drug Nerlynx (neratinib) in 2017 in the U.S. to treat patients who have undergone surgery for early stage breast cancer. For the first three quarters of the financial year, the stock steadily drifted downwards despite (1) the company securing European approval for Nerlynx, (2) quarterly sales of Nerlynx consistently meeting expectations, (3) full year 2018 sales of Nerlynx eclipsing U.S$200 million, and (4) positive Phase III for Nerlynx reported in December for the treatment of metastatic breast cancer. Nevertheless, investor angst grew steadily in 2018 about the company's reported new patient starts on Nerlynx, believing the number of new patients

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starting therapy would be insufficient to offset the number of patients discontinuing treatment in future quarters. Additionally, share price weakness also stemmed from the collective sell-off of commercial stage small-capitalisation biotechnology stocks, which collectively sold off in the absence of meaningful M&A activity in the latter half of the calendar year. Finally, the stock dropped in November when the company disclosed that the patient numbers they had released previously had to be restated to a lower level. However, towards the end of the financial year, the company posted strong fourth quarter results that came above the high end of their guidance range and it issued positive 2019 sales guidance that led to a sharp rebound in the stock. The numbers restored investor confidence in the growth trajectory of Nerlynx.

Therapeutics stocks, by their very nature, carry inherent risk due to the vagaries of new drug discovery and development. We therefore applauded the strategic acquisition of Monsanto by Bayer to diversify the company and become the leader in agricultural sciences whilst maintaining their presence in biopharmaceuticals and consumer healthcare. Especially in the face of an uncertain pricing environment in the U.S. for prescription drugs. The outlook for growth for the newco is well above industry average and the valuation was compelling. When the share price took a notable dip after the first court ruling around glyphosate litigation, we saw the valuation as even more compelling. However, when the capital markets day and 2019 guidance underwhelmed, our constructive long thesis was partially scuttled; so we accepted our losses and exited the stock.

Clovis Oncology is a commercial stage biotechnology company focused on cancer therapies. Their lead product, Rubraca (rucaparib), is an oral therapy for recurrent ovarian cancer that was launched in early 2017. Rubraca belongs to a class of drugs known as "PARP inhibitors" that is an attractive new class of anti-cancer drugs. Other PARP competitors to Rubraca have enjoyed large business development deals (AstraZeneca and **Merck**) or have been bought outright (Tesaro by GlaxoSmithKline). Shares for Clovis, however, experienced a long and gradual decline throughout 2018 largely due to investors' dissipating hopes of a takeout, which had built up in 2017 when the shares meaningfully appreciated. Share price weakness was exacerbated by the collective sell-off of commercial stage small-capitalisation biotechnology stocks, which collectively sold off in the absence of meaningful M&A activity in the latter half of the calendar year. In addition, the company also suffered from slower-than-anticipated growth in Rubraca and investors' concern on competitive dynamics.

Derivatives Strategy

The Company continues to employ a derivative overlay strategy to glean market intelligence and create additional outperformance. The strategy has generated meaningful and consistent outperformance since 2006, including a small positive contribution this year. The options strategy is used to create target effective entry prices in favoured stocks, leverage specific catalysts and capture special situation opportunities. Two derivative specialists implement the strategy in careful consultation with the portfolio management team. The Company 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 market theme (e.g., oncology; M&A; geography).

Gearing and Leverage

The Board has set a maximum gearing level, through borrowing, of 20% of the Company's net assets. Historically, the level of gearing has typically ranged between 5% to 15%. During the year, this level transiently fell below this historical range due to the disposal of two significant large capitalisation positions within the portfolio. In these cases, one company, Celgene, was the subject of a successful takeover approach and the other, Biogen, was sold due to imminent negative news flow. These positions combined, at their peak, amounted to 11.7% of the portfolio. The Company's leverage level stood at 4.9% at the year-end which arose from the Company's derivative exposure.

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

5 June 2019

Contribution by Investment

Principal contributors to and detractors from net asset value performance

Top five contributors	Contribution £'000	Contribution per share* £
Merck	34,994	0.69
Boston Scientific	27,200	0.53
Wright Medical	22,175	0.44
Alexion Pharmaceuticals	19,007	0.37
Edwards Lifesciences	14,222	0.28
	117,598	2.31

Top five detractors		
Clovis Oncology	(6,841)	(0.13)
Bayer†	(7,713)	(0.15)
Puma Biotechnology	(11,125)	(0.22)
Mylan	(12,722)	(0.25)
Nevro†	(13,020)	(0.26)
	(51,421)	(1.01)

*Calculation based on 50,918,841 shares being the weighted average number of shares in issue during the year ended 31 March 2019.

†Not held in the portfolio as at 31 March 2019.

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Global Pharmaceuticals

Global large capitalisation pharmaceutical stocks were somewhat of an enigma in the financial year. Perhaps no sector better exemplified the unique dynamics of healthcare equities and the macroeconomic influences that dictated share price performance in the period. In our view, the large rotation into pharmaceutical stocks and outsized outperformance was due solely to these macro factors: a defensive rotation given fears of rising interest rates, market volatility, and a slowing global economy. Fundamentals, such as earnings, clinical catalysts, or political risk had much less or even no effect on stocks through the year.

The start of the year was unremarkable, with shares moving mostly sideways through to the beginning of July. Revenue and earnings performance were typical for large capitalisation pharmaceuticals: low to mid-single digit top line growth and mid to high-single digit earnings per share growth. Moreover, there remained some investor angst over drug pricing in the U.S. and what the Trump administration may or may not have planned from a legislative perspective. The collective lack of notable share price moves was reflective of the fundamentals at that time: minimal catalysts, financials as expected, and in-line valuations.

However, as the second quarter earnings approached, the defensive nature of large capitalisation pharmaceutical stocks played a major role. The entire sub-sector started to move higher as the calendar turned to 1 July. Why? Not because expectations rose for earnings results. Not due to an uptick in M&A. Certainly not due to diminished political risk. Perhaps there was a valuation argument to be made. But rather, as discussed above, it was because of a broad market rotation into value from growth stocks commenced in the middle of the calendar year. The result? A near record performance for drug stocks in the quarter: almost 15% higher (total return in sterling) as measured by the NYSE Arca Pharmaceutical Index (the "DRG"), the second largest quarterly move for the index this century. Pharmaceutical stocks were defensive, indeed.

This was quickly followed by some downward moves for the group, again due almost entirely to macro rather than fundamental factors. Volatility clearly began with comments from the Chairman of the U.S. Federal Reserve in October 2018 who cautioned that interest rates would move higher in the near term. Fears of a slowing economy and continued U.S.-China trade wars exacerbated a suddenly bad market environment. Investor mentality switched from "value" to "risk-off" and carnage ensued. Despite some whipsaw in November, the resulting sell-off in December removed only some of the gains of the DRG by year's end, and it significantly outperformed the healthcare benchmark by over 7% (in sterling terms).

Finally, the start of 2019 again brought some renewed optimism to the market. When the U.S. Federal Reserve subsequently backed down on interest rate rises for 2019, market momentum was reignited. Pharmaceutical stocks also moved higher, but now underperformed the benchmark. Overall, the DRG rose 26.5% (in sterling terms on a total return basis) and 17.3% (in U.S. dollar terms on a total return basis) in the financial year, with some notable moves both up and down in between. What a ride.

But what about the fundamentals of the large capitalisation pharmaceutical sector? They remain mixed. First, some positives. It is without question that innovation is at or near an all time high in the therapeutics space. The genomic revolution at the turn of the century is now ripe enough to be producing more curable targets than ever before. Drug development is more sophisticated and resulting in less attrition in later stages than previously seen. Also, when the pipelines appear thin, business development takes over and acquisition of the small, small/mid-capitalisation biotechnology stocks helps fill the coffers.

Perhaps this is a question of the chicken versus the egg, but the FDA has just had another record year for new drug approvals. 2018 marks the second consecutive year in which it has approved a record number of new molecular (or biological) entities, with 59, smashing the 2017 record of 46. Also of note, the FDA approved a record number of generic drugs in 2018, eclipsing the record set in 2017. Whilst the resignation of Commissioner Scott Gottlieb in early 2019 was disappointing, the FDA has established unprecedented levels of efficiency, modernisation, and collaboration and has never been more aligned with industry to get new drugs approved. We expect the career staffers to carry on this current culture of achievement, regardless of who may become the next commissioner. Speaking of such, Health and Human Services has named Ned Sharpless, head of the National Cancer Institute, as the acting Commissioner. Already an appointee of President Trump and vetted by Congress, we believe Dr. Sharpless is the leading candidate to become the next head of the FDA.

Conversely, there remain some negative headwinds for this group. Whilst more drugs are getting approved, it has become increasingly difficult getting these drugs to patients as market access has become much tighter over the past two decades. In Europe, country regulators have never been more stringent on price negotiations. In the U.S., managed care payers are more aggressive than ever, using a variety of tools such as "prior authorisations" and "step edits" to limit utilisation. Rising usage of formularies and tiered access are also the norm. Finally, the practice of some payers who engage in "exclusive" contracts with certain manufacturers eliminates competition altogether.

Of course, one issue that persists in therapeutics is the dreaded "patent cliff", when a drug's exclusivity expires and generic substitution erodes sales. Whilst not at its worst currently, the looming issue is biosimilars. The situation in Europe has been reasonably well chronicled: branded biologics are forced to reduce price from single-country payers (between 20% to 80%) and volumes are eroded by roughly 30% per annum. However, in the U.S., the outlook remains less certain as there has only been one antibody of import that has faced a biosimilar thus far (infliximab from Johnson & Johnson). However, companies on the precipice of U.S. biosimilar competition are many, including Abbvie, Roche, and Johnson & Johnson. Overall, we expect U.S.$100 billion worth of branded sales to be at risk to generic competition to 2027 (source: Wolfe Research).

Of course, the spectre of drug pricing fears also remains into 2019. First, drug price increases, if not completely gone, are at the very least a diminishing tailwind. In 2017 and again in 2018, net drug price increases were below that of inflation at less than 2% (source: PhRMA). Most companies now report that drug prices are a net negative contributor to sales, not a positive. We expect this trend to continue, if not accelerate.

On the legislative front for drug pricing in the U.S., we expect action to be taken in 2019 or 2020 by the Trump administration. There has been a plethora of proposals from both the Republicans and Democrats over the past two years, some with merit, some without. We believe that three policies that are most worth watching are (1) the move from a rebate to discount system, (2) the institution of foreign price references, and (3) switching Medicare Part B covered drugs to Part D coverage.

First, a move from a rebate to discount system may actually cause net drug prices to go up (at least temporarily). As rebates are a closely guarded industry secret between manufacturers and payers, there is no way to know if a disclosed price discount was above or below the rebate being paid. Nevertheless, this would reduce out-of-pocket expenses for patients (1) with no insurance or drug benefit plan and (2) who pay a co-pay that is a percent of the list price. Overall, this could be a win-win solution: pharmaceutical companies maintain status quo of net pricing (or better) and President Trump can announce significant discounts on drug prices.

Second, the institution of foreign price references to establish a price for U.S.-sold drugs, on the face of it, could be negative for the industry. President Trump has proposed the "International Pricing Index" or the IPI. This plan would peg the price of drugs sold in the U.S. to the average price in 16 other countries (in which the current administration believes that prices are on average 44% lower). Thus far, details on the IPI are sparse but we would note that this remains a document only (not a bill), cannot be passed by executive action alone, will need support by Congress, would not take effect until 2020 (at earliest), and the peak effect would not be until 2025 (at best). Importantly, the IPI is not a proposal for a direct purchasing of drugs. Finally, we note that the IPI was first proposed by President Trump just ahead of the November 2018 mid-term federal elections, thus perhaps, more of a shrewd political move by the President rather than a real policy risk for the industry.

Third, the switching of Medicare Part B covered drugs to Part D coverage has been one of the first and most consistent proposals by this Administration. It has full support of the Centers for Medicare and Medicaid Services and therefore we think something could materialise from this proposal. The premise is that current drugs in Medicare Part B (in-office administered drugs) are not subject to any rebates or restrictions whereas they are in Part D. We view this risk as mixed as the numbers of companies to be adversely affected could be limited.

With 2019 well under way, it is not too early to think about 2020 and with it, another U.S. Presidential election. With that, Democratic candidate Bernie Sanders, the U.S. Senator of Vermont, has attracted the attention of voters and investors alike with his "Medicare for All" proposal. While not a new idea, an April 2019 "town hall" meeting and subsequent tweets from Mr Sanders himself elicited an egregious sell-off in healthcare. His proposed single payer system in the U.S. of course would be very concerning and would adversely affect basically all healthcare players, from managed care (which would conceivably go away) to significant pricing pressure on manufacturers. An epic sea change, indeed. This has panicked the generalist investor and hence the recent observed sell off.

But what is the reality? First, April share price sentiment traded as if Mr Sanders had already won the U.S. Presidency, which is obviously not the case. Rather, former Senator and Vice President Joe Biden is the assumed front runner on the long list of Democratic candidates for that party's presidential nominee. Mr Biden is a supporter of the Affordable Care Act,

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or "Obamacare", which he helped put into law when he was part of the Obama administration. It would be inconceivable for Mr Biden to support legislation that would be in opposition to Obamacare.

Second, could "Medicare for All" even become a reality? It would require a Democratic sweep of the President, House, and Senate. Of course, this requires Mr Sanders to win both the Democratic nomination and the Presidential election. The House probably remains Democratic but for the Senate to move from Republican would require three (or four) seats to flip at the next election in 2020, which we view as highly unlikely.

Third, how is "Healthcare for All" paid for? Early estimates easily eclipse U.S.$30 trillion. The increase in taxes will be severe and pervasive across constituents (citizens, states, businesses). While stumping for this policy change may resonate with voters early on, the staggering price tag, when that finally comes into focus for voters, may diminish support.

Fourth, many are drawing analogies today between Hillary Clinton in 1993/1994 and 2015/2016 to Mr Sanders today. The one key difference is that Ms Clinton (or her husband) was the undisputed front runner and major policy changes seemed inevitable at those times. As mentioned, Mr Sanders is not currently the front runner of the Democratic party nor is he expected to be.

Overall, we view the fundamentals of the global pharmaceutical companies as positive, albeit partially fragmented. Valuations remain undemanding with price to earnings ratios towards the low end of the historical range for the group post the April 2019 sell off. Innovation remains strong with a number of data read outs and new drug launches expected in 2019. Earnings growth rates, however, are disparate from company to company, ranging from low single digits to high teens as patent expirations, pipelines, and new product flow can be dissimilar across the industry.

Biotechnology

When the broader market experienced historic volatility and a drastic downturn in the second half of 2018, it weighed on both the biotechnology sector and the portfolio. Whereas large capitalisation companies are historically thought of as lower-risk and more defensive, the market sell-off in 2018 was largely indiscriminate and affected both large capitalisation and emerging biotechnology companies.

While biotechnology and the broader market began a recovery in 2019, we believe investor appetite for emerging capitalisation biotechnology was particularly reinvigorated by increased M&A activity in early 2019, including the acquisitions of Celgene (by **Bristol-Myers Squibb**), Loxo (by Eli Lilly), and Spark (by Roche). Clearly, M&A continues to be a core strategy for large capitalisation companies to bolster their existing portfolios and pipelines, many of which suffer from overhangs. While large capitalisation companies remain at historically low valuations, we see emerging biotechnology companies as more attractive investments.

Innovation remains high in biotechnology, with cell therapy and gene therapy as some of the "hot" new spaces now being commercialised. We continue to see companies with strong platform technology as attractive investments and see technical know-how as an increasingly valuable asset. With the emergence of newer treatment modalities such as cell therapy, gene therapy and gene editing, we believe manufacturing and technical expertise has become a critical aspect of generating and maintaining value.

As a record number of gene therapy programs are poised to enter the clinic in 2019, infrastructure and manufacturing capacity has struggled to grow proportionally to support these trials, and thus has become a valuable commodity in the space. We see value in companies with differentiated expertise in platform technology, which we see as relatively scarce in a growing field.

We believe recent transactions in gene therapy reflect the valuable nature of internal technical expertise, with the acquisition of portfolio company Spark Therapeutics by Roche being a prime example. With the first marketed in vivo gene therapy in the United States and multiple late-stage gene therapy candidates, Spark has been a clear pioneer in manufacturing, clinical development, regulatory and commercial execution in the space. We also highlight portfolio company **MeiraGTx** as a gene therapy company with strong technical expertise, which we believe is also reflected by Janssen's licensing and collaboration deal with the company in inherited retinal diseases. Portfolio company **Sarepta** has also shown a strong commitment to manufacturing and has become one of the leaders in the space.

Following the striking clinical and commercial success of the first wave of immuno-oncology drugs including Keytruda and Opdivo, many biotechnology companies have focused their efforts on identifying the next immuno-oncology target. Disappointingly, several high-profile immuno-oncology targets, such as IDO1, have failed to produce meaningful clinical benefit in large clinical trials. Whilst the search for the next immuno-oncology target continues albeit with markedly less enthusiasm, we see targeted therapies as re-emerging as the class of choice in oncology.

First-generation tyrosine kinase inhibitors (TKIs) such as Gleevec were a revolution in their time and produced impressive clinical results across a variety of tumour types, but were plagued by safety and tolerability concerns. However, with improved genetic sequencing capability, companies have developed inhibitors of specific genetic mutations driving specific tumour types, leading to unprecedented response rates and substantially more tolerable side effects. We see the targeted therapy approach as a clear success for precision medicine and believe innovation will continue in the space.

Portfolio company **Exelixis** has pioneered the development of next-generation targeted therapies with the commercial success of its drug Cabometyx/Cometriq in various tumor types including renal cell carcinoma and hepatocellular carcinoma. We also see portfolio company **Deciphera** as an important player in TKIs, with their drug ripretinib showing strong efficacy in KIT-mutant gastrointestinal stromal tumours with a meaningfully improved safety and tolerability profile over first-generation KIT inhibitors which had substantial off-target activity.

With the approval of Eli Lilly/Loxo's Viktrakvi in NTRK-mutant tumours and the continued development of targeted therapies, we believe genetic sequencing will increasingly become a key aspect of early diagnosis in oncology. We therefore see portfolio company **Illumina** as a clear beneficiary in the resurgence in targeted therapies, as we expect increasing use of their sequencing technology to support further drug development and commercial uptake of targeted therapies.

Specialty Pharmaceuticals

In the U.S., although the focus on drug pricing remains high, investors' worries have moderated resulting in improved sentiment for specialty pharmaceutical stocks. The U.S. government and regulatory directives aimed at reducing drug expenditures have been incessant and a power shift within Congress has produced a fresh wave of legislative initiatives targeting drug pricing. Despite continued uncertainties, investors have apparently grown more comfortable with the array of potential outcomes from these varied approaches to contain drug spending, with worst case scenarios now heavily discounted. We continue to monitor these dynamics closely.

Improved operating performance for many specialty pharmaceutical companies and a combination of new product launch cycles and favourable clinical data disclosures have revived interest in the group. We continue to believe that a select group of stocks within this sector could outperform in the near and intermediate term. Relatively low valuations create favourable risk-reward profiles, especially ahead of a multitude of impactful pipeline catalysts.

In Europe, the outlook remains bright for companies with durable product franchises, established sales and marketing infrastructure, and rich proprietary pipelines. Lesser diversified U.S. and Asia-based players continue to actively seek product/corporate acquisitions and partnerships to gain access to attractive European markets, setting the stage for significant business development and M&A. We expect an uptick in activity over the next 12 months.

Generic Pharmaceuticals

The systemic, multi-year, price erosion cycle affecting companies participating in the U.S. generic market has finally run its course, with senior management teams from multiple generic manufacturers highlighting the pricing stability observed over the last few quarters. Several factors are behind the improved pricing environment in the U.S.

To start, generic operators have scaled back their marketed product portfolios and have halted production of products with marginal profitability. In several cases, this has resulted in product shortages. Many manufacturers have also withdrawn generic drug applications currently pending FDA approval due to unfavourable market conditions and reduced profit expectations. This has reduced incremental competition in some markets. We still anticipate significant consolidation of the U.S. generic market, which could provide further pricing stabilisation, however this could take considerable time since sector leverage remains elevated.

Although investor concerns about U.S. pricing dynamics have subsided, worries about legal risk have escalated which has stifled the performance of the large generic companies. Litigation involving the marketing of opioids along with litigation involving potential pricing collusion for a broad basket of drugs have caused generic drug stocks to underperform, pushing valuations to the lower end of historical ranges. Although we find the current sector valuations quite attractive we acknowledge that these legal overhangs could persist. We continue to employ a selective approach with this sector.

Although geographically diversified players have benefited from exposure to markets outside of the U.S., we have seen some growth moderation in certain E.U. markets. Asia remains a high growth area, with utilisation driven by continued economic

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expansion, favourable demographics, supportive government policies, and other contributing factors.

Biosimilar launches are gaining traction and we anticipate steady uptake in all markets. In Europe, where a significant number of biosimilars have been introduced, we have seen accelerating rates of market penetration. In the U.S., there have been fewer biosimilar launches and less rapid product uptake due primarily to third-party payer obstacles (i.e., branded product rebates). We anticipate additional U.S. biosimilar launches in the 2019-2021-time frame with a steady acceleration in market penetration rates.

Medical Devices

End market growth rates in the medical devices space remain strong, with accelerating organic growth rates and well-fortified pipelines that should drive a continuation of this trend. The key factors underpinning the growth are strong consumer confidence and low unemployment rates in the United States, elevated levels of research and development (R&D) spending across the industry, a large number of new product approvals by the FDA, and further penetration of key international markets, especially emerging economies.

On the negative side, valuations remain high and there has been some investor consternation about "Medicare For All" rhetoric from select Democratic primary candidates in the United States. However, we believe valuations are warranted given the high single digit organic sales growth and mid-teens earning per share growth profile of many large-capitalisation companies in the sector, and while a shift to "Medicare For All" would certainly have a negative impact on device companies over the long term, we still think the likelihood of a meaningful shift toward a single payer system in the United States remains low, with any impact to device companies far in the future.

Turning to stock selection, we continue to prefer (1) cardiology – where innovation remains industry leading, (2) surgical robotics – where technology advances have been and will continue to be disruptive to historical surgical paradigms, (3) diabetes – given the sheer market size and potential for several new product cycles to drive elevated growth rates for manufacturers, and (4) extremities implants/biologics – which remain at the early stages of the adoption curve.

Healthcare Services

Performance in healthcare services has been very divergent in this financial year. Fundamentally, managed care companies generally performed strongly this year due to a multitude of factors: stable cost trends, tax reform benefits, and the repeal of the health insurer fee for 2019 allowed companies to invest for significant growth. However, the beginnings of fears about U.S. healthcare reform in early 2019 erased positive performance, and companies such as CVS (a pharmacy benefits manager and retail pharmacy) and **Cigna** (managed care provider) that engaged in major vertical consolidation were punished for doing so.

Otherwise, on the "providers" side of the healthcare services spectrum, companies had a stronger 2018 after a weak 2017, with stabilising volume and increasing acuity contributing to growth. The supply chain struggled, as generic deflation pressured distributors, intensifying competition and regulatory scrutiny pressured pharmacy benefit managers, and reimbursement and retail headwinds pressured pharmacies.

Looking ahead, the outlook for healthcare services is turbulent. Democratic presidential candidates touting "Medicare for All" proposals pose existential risk to managed care. While rhetoric will eventually moderate to more realistic proposals following the election in November 2020, negative headlines could persist and intensify for the entirety of the presidential campaign. Further, the Trump administration is moving forward with several reforms on drug pricing reform, including an International Price Index model for certain drugs in Medicare Part B, and mandating pharmaceutical rebates be paid to consumers at the point of sale.

Whilst the fundamental outlook for managed care remains strong, we expect the political environment for managed care to be difficult. We believe the current fundamental outlook for providers is stable but see greater risk to providers in most outcomes for healthcare reform, as Medicare generally reimburses providers at lower rates than commercial insurance.

Finally, the supply chain will face significant headwinds, as reimbursement challenges and drug pricing reform make it difficult for the space to grow. In this environment, we prefer quality names with strong fundamental outlooks that stand to be unharmed or benefit from plausible realistic outcomes of healthcare reform that may incrementally expand Medicare.

Life Science Tools / Diagnostics

The life science tools sector continued to reach new highs in the reported period, as a convergence of strength across most major end markets and geographies, as well as insulation from political headwinds, resulted in healthy performance. Growth across the sector was led by biopharma end markets, which have benefited from the rapid uptake of new technologies in bioproduction. Geographically, macroeconomic indicators moderated across the world, especially in Europe and somewhat in China, though company performance remained strong. M&A activity increased among the industry consolidators with a notable slant toward biopharma businesses, with Danaher acquiring GE's Bioprocessing business and **Thermo Fisher Scientific's** acquiring Gatan, Becton Dickinson's Advanced Bioprocessing business, and Brammer Bio.

Our view remains that the fundamental outlook for the tools sector is very positive. Companies have favourably shifted mix towards higher-margin, recurring consumable revenue, as well as towards faster growing, higher-margin biopharma end markets via acquisitions, hence they are poised to grow organically at sustainably higher rates. The macro environment remains healthy, though we are watchful of Europe and industrial end markets. The ever-present overhang of China and its associated macro/trade concerns represent downside risk, though we do not expect a significant negative outcome from trade negotiations. Despite elevated valuations, we remain positive on the sector, and expect the group to compound strong returns for the foreseeable future. We prefer companies with outsized biopharma end market exposure, scale, and balance sheet capacity to consolidate the industry and enhance returns.

Emerging Markets

Equity markets in China were not immune from volatility during the financial year. Headwinds included the unpredictable policy changes in hospital drug procurement and the negative macro environment of U.S.-China trade tension. Meanwhile, on the positive front, we saw acceleration in innovative drug approvals, and improved transparency in healthcare products registration pathways.

In the incoming year, we remain cautious on policy risks in the drug price regulations, and therefore prefer healthcare service companies over large pharmaceutical companies, especially those exposed to discretionary or premium healthcare services paid out-of-pocket. We are excited about the fundamentals of the emerging Chinese biotechnology sector but believe some of the companies are currently overvalued. Our participation in certain pre-revenue biotechnology IPOs in Hong Kong is very selective and concentrated.

In India, we seek investments in specialty and generic pharmaceutical companies with a global diversified presence, strong compliance track record, cost effective manufacturing capabilities and differentiated pipeline focus. The Indian pharmaceutical industry grew at circa 10% during the reported period led by prescription volume growth. We anticipate continued volume growth driven by strong underlying secular demand which will more than offset pricing erosion stemming from government initiatives to contain drug costs.

Additionally, Indian pharmaceutical companies continue to benefit from the high double-digit growth rates registered in emerging markets such as South East Asia, Middle East, Africa, and Eastern Europe. The U.S. generic market, which accounts for more than 40% of the revenues for Indian pharma companies, has experienced more favourable dynamics with multiple signs of pricing stability observed over the last 12 months. This bodes well for near and intermediate term operating performance for many Indian players.

We also look to invest in domestic healthcare companies within India with scalable and profitable business models, including hospitals. We are closely monitoring the roll out of Ayushman Bharat, a National Health Protection Scheme (NHPS), which is a government funded healthcare programme launched in September 2018 aimed at expanding health insurance coverage. We continue to keep a keen eye on changing pricing dynamics, cost efficiencies, and 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

5 June 2019

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The aim of the Strategic Report (on pages 1 to 29) 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 is admitted to the premium segment of the Official List of the FCA and to trading on the premium segment of the main market of the London Stock Exchange. Its investment objective is set out on pages 6 and 7. 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 32 and 33. 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.

Continuation of the Company

A resolution was passed at the Annual General Meeting held in 2014 that the Company continues as an investment trust for a further five year period. In accordance with the Company's Articles of Association, shareholders will have an opportunity to vote on the continuation of the Company at this year's Annual General Meeting and every five years thereafter. The Board unanimously recommends that shareholders vote in favour of the resolution allowing the Company to continue as an investment trust for a further five years. (Please see the Notice of the Annual General Meeting beginning on page 83 and also page 5, pages 28 and 29 and also page 35 for further information).

The Board

The Board of the Company comprises Sir Martin Smith (Chairman), Sarah Bates, Sven Borho, Dr David Holbrook, Doug McCutcheon and Humphrey van der Klugt. All of these Directors, with the exception of Sven Borho who joined the Board on 7 June 2018, served throughout the year. All are independent non-executive Directors with the exception of Mr Borho who is not considered to be independent by the Board.

Further information on the Directors can be found on pages 30 and 31.

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 36 to 42, includes a statement of compliance with corporate governance codes and best practice, and the Business Review (pages 23 to 29) 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 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 can be found in the Glossary beginning on page 77.

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.

* Alternative Performance Measure (See Glossary beginning on page 77)

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 32.

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 (as applicable) 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.

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.

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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 32.

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 page 32.

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 page 33. 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 Custodian and 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 February 2019 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 32, 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 69.

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 69).

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 69);
- 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;

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- 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/premium control mechanism.

The operation of the discount/premium 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 77). 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 68. 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 34.

Impact of Brexit

The Board has considered whether Brexit poses a discrete risk to the Company. At the date of this report, there was still considerable uncertainty around both the process and the effects of Brexit and therefore the analysis at this stage is necessarily general.

As the Company is priced in sterling and the Company's portfolio companies are priced in foreign currencies sharp movements in exchange rates can affect the net asset value (see page 72 for the foreign currency sensitivity analysis).

Furthermore, whilst the Company's current shareholders are predominantly UK based, sharp or unexpected changes in investor sentiment, or tax or regulatory changes, could lead to short term selling pressure on the Company's shares which potentially could lead to the share price discount widening.

Overall, however, the Board believes that over the longer term, Brexit is unlikely to affect the Company's business model or whether the Company's shares trade at a premium or discount to the net asset value per share. The Board will continue to monitor developments as they occur.

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 25 to 27.

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 it believes 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 pages 25 to 27. 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.

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.

The Directors highlight that there is a continuation vote due to take place at this year's Annual General Meeting. The Directors fully support the continuation of the Company and, based on the profile of the shareholder base and the long-term record of the Company, expect that the continuation vote will be passed and that the Company will continue to exist for the foreseeable future. However, if such a vote were not passed, the Directors would follow the provisions in the Articles of Association relating to the reorganisation or winding up of the Company.

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.

Strategic Report/Business Review

Alternative performance measures

The Financial Statements (on pages 57 to 75) 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 page 24.

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 17 to 22.

As mentioned above, the Board recognises that there is a continuation vote due to take place at this year's Annual General Meeting. The Board expects that this vote will be passed and then the Company will continue to exist for the foreseeable future.

By order of the Board
Frostrow Capital LLP
Company Secretary
5 June 2019

Governance/Board of Directors

Sir Martin Smith
Independent Non-Executive Chairman

Joined the Board in 2007 and became Chairman in 2008

Remuneration: £47,700pa*

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

Skills and Experience
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.

Other Appointments
Sir Martin has a number of other directorships and business interests, including being Chairman of GP Bullhound, and a directorship with Oxford Capital Partners.

Sir Martin's 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 also chaired the English National Opera.

Standing for re-election
Yes

Sarah Bates
Independent Non-Executive Director

Joined the Board in 2013

Remuneration: £30,130pa*

Shareholding in the Company: 7,200

Skills and Experience
Sarah is past Chair of the Association of Investment Companies and has been involved in the UK savings and investment industry in different roles for over 30 years.

Sarah attended Cambridge University and has an MBA from London Business School.

Sarah is a fellow of CFA UK.

Other Appointments
Sarah is also non-executive Chair of Merian Global Investors and of Polar Capital Technology Trust plc. She is a member of the Investment Committees of the Universities Superannuation Scheme and 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.

Standing for re-election
Yes

Sven Borho
Non-Executive Director

Joined the Board in 2018

Remuneration: Nil*

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

Shareholding in the Company: 10,000

Skills and Experience
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.

Other Appointments
Sven is a Managing Partner of OrbiMed and does not have any other appointments.

Standing for re-election
Yes

* Information as at 31 March 2019

Governance/Board of Directors

Dr David Holbrook
Independent Non-Executive Director

Joined the Board in 2007

Remuneration: £32,320pa*

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

Shareholding in the Company: 1,094

Skills and Experience
A qualified physician, David 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.

Other Appointments
David manages the new seed fund established by LifeArc (formerly known as MRC Technology). David is also a non-executive Director of Oxford Biodynamics plc and is Chairman of Trustees of the Liver Group Charity.

Standing for re-election
Yes

Humphrey van der Klugt, FCA
Independent Non-Executive Director

Joined the Board in 2016

Remuneration £36,920pa*

A Chartered Accountant, Humphrey is Chairman of the Audit Committee.

Shareholding in the Company: 3,000

Skills and Experience
Humphrey 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.

Other Appointments
Humphrey is a non-executive Director of JPM Claverhouse Investment Trust plc and Allianz Technology Trust PLC.

Standing for re-election
Yes

Doug McCutcheon
Independent Non-Executive Director

Joined the Board in 2012

Remuneration: £30,130pa*

Doug is Chairman of the Management Engagement & Remuneration Committee.

Shareholding in the Company: 15,000

Skills and Experience
Doug is the President of Longview Asset Management Ltd., an investment firm that manages the capital of families, charities and endowments. Prior to this, Doug was an investment banker for 25 years at UBS and its predecessor firm, S.G. Warburg, where, most recently, he was the head of Healthcare Investment Banking for Europe, the Middle East, Africa and Asia-Pacific. Doug is involved in philanthropic organisations with a focus on healthcare and education. He attended Queen's University, Canada.

Other Appointments
Doug is the President of Longview Asset Management Ltd. and Gormley Limited, independent investment firms.

Standing for re-election
Yes

* Information as at 31 March 2019

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 2019.

Significant agreements

Details of the services provided under these agreements are included in the Strategic Report on pages 24 and 25.

Alternative Investment Fund Management agreement

As described on page 24, 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 24).

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.

No provision for potential future performance fee payments has been made as at 31 March 2019. As at 31 March 2018 a provision of £9.7 million had been made, of which £3.1 million became payable due to the cumulative outperformance generated up to 30 June 2018. Following net underperformance in the remaining quarters of the year to 31 March 2019, £6.6 million of the provision was reversed as shown in note 3 on page 63.

The maximum amount that could become payable within the year to 31 March 2020, is £8.1 million. This would only be payable in the event that the underperformance over the three quarters to 31 March 2019 is reversed and the cumulative outperformance generated to 30 June 2018 is re-established as at 30 June 2019. No performance fee could become payable on the remaining quarter end dates for the year ending 31 March 2020.

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

Governance/Report of the Directors

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 26 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 68.

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

Results and dividends

The results attributable to shareholders for the year and the transfer to reserves are shown on pages 57 to 59. Details of the Company's dividend record can be found on page 3.

Directors' & officers' liability insurance cover

Directors' & officers' liability insurance cover was maintained by the Company during the year ended 31 March 2019 and to the date of this report. It is intended that this policy will continue for the year ending 31 March 2020 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 30 April 2019, the latest practicable date before publication of the Annual Report:

	30 April 2019		31 March 2019	
Shareholder	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Investec Wealth & Investment Limited	4,198,293	8.0	4,195,281	8.0
Alliance Trust Savings Limited	3,393,062	6.4	3,376,712	6.4
Rathbone Brothers plc*	3,300,313	6.3	3,276,591	6.2
Hargreaves Lansdown plc	2,686,495	5.1	2,677,324	5.1
Charles Stanley & Co Limited	2,593,740	4.9	2,590,366	4.9
Speirs & Jeffrey Limited*	2,209,266	4.2	2,206,878	4.2
Quilter Cheviot Investment Management	1,885,660	3.6	1,906,771	3.6
Forsyth Barr	1,844,404	3.5	1,833,327	3.5
Brewin Dolphin	1,745,565	3.3	1,726,842	3.3

As at 31 March 2019 the Company had 52,595,278 shares in issue. As at 30 April 2019 there were 52,830,278 shares in issue.

* Rathbone Brothers plc completed the acquisition of Speirs & Jeffrey Limited on 31 August 2018. They continue to report their holdings separately.

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 2,734,000 new shares were issued at an average premium of 0.8% to the prevailing cum income NAV per share.

Since the year end, to the date of this report, 245,000 new shares have been issued at an average premium of 0.9% 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 86.

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 the 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 36 to 42.

Articles of Association

Amendments of the Company's Articles of Association requires a special resolution to be passed by shareholders.

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

5 June 2019

Governance/Statement of Directors' Responsibilities

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and regulations. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable UK accounting standards comprising FRS 102; and
- prepare the financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report 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. The Company's shareholders are asked every five years to vote for the continuation of the Company, this will be put to shareholders at this year's Annual General Meeting. The validity of the going concern basis depends on the outcome of the continuation vote on which the Board is recommending that shareholders vote in favour; the Board expects that the vote will be passed and that the Company will continue to exist for the foreseeable future. In particular, no provision has been made for the cost of reorganising or winding-up the Company in the event that the resolution is not passed. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis. The Directors also 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

We confirm to the best of our 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 2019;
- 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

5 June 2019

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.

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.

Governance/Corporate Governance

Corporate Governance Statement

The Board is committed to maintaining 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') published in 2016.

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 Corporate Governance Code, which applies for the year ended 31 January 2019, as well as setting out additional principles and recommendations on issues that are specific to investment trusts. The Board considers that reporting in accordance with the principles and recommendations of the AIC Code provides more relevant and comprehensive information to shareholders. The AIC Code and the AIC Guide can be viewed at www.theaic.co.uk. A revised UK Corporate Governance Code was published in July 2018 for accounting years commencing on or after 1 January 2019, a corresponding revised AIC Code was published in January 2019 and will be reported against in the Annual Report of the Company for the year commencing 1 April 2019. The Corporate Governance Statement on pages 36 to 42, forms part of the Report of the Directors on pages 32 to 34.

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 43, the Company has not reported further in respect of these provisions.

The Board

The Board is responsible for the effective Stewardship of the Company's affairs. Strategy issues and all operational matters of a material nature are considered at its meetings.

The Board consists of six non-executive Directors, each of whom, with the exception of Sven Borho, is independent of OrbiMed and the Company's other service providers. No member of the Board is a Director of another investment company managed by OrbiMed, nor has any Board member been an employee of the Company, OrbiMed or any of the Company's service providers. Further details regarding the Directors can be found on pages 30 and 31.

The Board carefully considers the various guidelines for determining the independence of non-executive Directors, placing particular weight on the view that independence is evidenced by an individual being independent of mind, character and judgement. All Directors, with the exception of Sven Borho, are presently considered to be independent. All Directors retire at the AGM each year and, if appropriate, seek re-election. Each Director has signed a letter of appointment to formalise the terms of their engagement as a non-executive Director, copies of which are available on request at the office of Frostrow Capital LLP and at the Annual General Meeting.

Meetings

The Board meets formally at least four times each year. A representative of OrbiMed attends all meetings; representatives from Frostrow Capital LLP are also in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co–operative approach for all participants.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and the Benchmark, 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 geography or category of investment or in any one investment, and the Company's share issuance and share buyback policies.

The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues.

The Chairman is responsible for ensuring that the Board receives accurate, timely and clear information. Representatives of OrbiMed and Frostrow Capital LLP report regularly to the Board on issues affecting the Company.

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.

Appointments to the Board and Board Diversity

The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors.

When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.

The Company is committed to ensuring that any vacancies arising are filled by the candidates who will contribute best to the Board as a whole and recognises the value of diversity in the composition of the Board. When considering Board appointments the Board will ensure that a diverse group of candidates is considered.

The Board regularly considers its structure. The Board has an approved succession planning policy to ensure that (i) there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board; and (ii) the Board is comprised of members who collectively display the necessary balance of professional skills, experience, length of service and industry/Company knowledge. The plan is reviewed annually and at such other times as circumstances may require.

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 2018/19	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
Sven Borho*	4	–	–	–
Dr David Holbrook	4	2	1	1
Humphrey van der Klugt	4	2	1	1
Doug McCutcheon	4	2	1	1

^ 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 20 September 2018.

Policy on Director Tenure

The Board, meeting as the Nomination Committee, considers the structure of the Board and recognises the need for ongoing 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 his or her ability to act independently and, following formal performance evaluations, believes that each of the Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. 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 AIC Code states that any Director who has served for more than nine years is subject to annual re-appointment.

Governance/Corporate Governance

All of the Company's Directors (who are not retiring from the Board) seek appointment or re-appointment at each Annual General Meeting.

Board evaluation

During the year the external independent review of the Board, its committees and individual Directors (including each Director's independence) 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.

As an independent external review of the Board was undertaken in 2018 the next such review will be held in 2021.

The Board pays close attention to the capacity of individual Directors to carry out their work on behalf of the Company. In recommending individual Directors to shareholders for re-election, it considered their other Board positions and their time commitments and is satisfied that each Director has the capacity to be fully engaged with the Company's business. The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests to propose them for election and re-election at the forthcoming Annual General Meeting for the following reasons:

Sir Martin Smith, has been a Director since November 2007 and Chairman since July 2008. Having served on the Board for more that nine years from the date of his first election, the Board is firmly of the view that he can be considered independent. Sir Martin has extensive knowledge of the financial sector and 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 Limited. He has been Chairman or Director of numerous growing companies over the past 30 years.

Sarah Bates has been a Director since May 2013. Sarah is a past Chair of the Association of Investment Companies and has a wealth of experience of the investment trust sector. She and has been involved in the UK savings and investment industry in different roles for over 30 years.

Sven Borho joined the Board in June 2018. Sven is a founder and Managing Partner of OrbiMed and heads their public Equity team and is the portfolio Manager for OrbiMed's public equity and hedge funds

Dr David Holbrook has been a Director since November 2007. Having served on the Board for more that nine years from the date of his first election, the Board is firmly of the view that he can be considered independent. A qualified physician, he was formerly Investment Director of the life sciences activities of the seed fund of the University of Cambridge. He is Chairman of the Nominations Committee and is the Senior Independent Director.

Humphrey van der Klugt joined the Board in February 2016. A former fund manager and Director of Schroder Investment Management Limited, Humphrey has extensive experience of the investment trust sector. He is a Chartered Accountant, and Chairman of the Audit Committee.

Doug McCutcheon joined the Board in November 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. He is Chairman of the Management Engagement & Remuneration Committee.

The Chairman is pleased to report that following a formal performance evaluation, the Directors' performance continues to be effective and they continue to demonstrate commitment to the role.

Training and advice

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 of the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate.

The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense.

Conflicts of interest

Company Directors have a statutory obligation to avoid a situation in which they (and connected persons) have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has in place procedures for managing any actual or potential conflicts of interest. No conflicts of interest arose during the year under review.

Promoting the success of the Company

In accordance with Section 172(1) of the Companies Act 2006, the Directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In addition to the mandatory information already included in the Strategic Report, a separate, clearly identifiable statement which describes how the Directors have addressed this will need to be included in the Strategic Report with effect from the Annual Report of the Company for the year commencing 1 April 2019.

Risk management and internal controls

The Board has overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The Company applies the guidance published by the Financial Reporting Council on internal controls. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objective and can provide only reasonable and not absolute assurance against material misstatement or loss. These controls aim to ensure that the assets of the Company are safeguarded, that proper accounting records are maintained and that the Company's financial information is reliable. The Directors have a robust process for identifying, evaluating and managing the significant risks faced by the Company, which are recorded in a risk matrix. The Audit Committee, on behalf of the Board, considers each risk as well as reviewing the mitigating controls in place. Each risk is rated for its "likelihood" and "impact" and the resultant numerical rating determines its ranking into 'Principal/Key', 'Significant' or 'Minor'. This process was in operation during the year and continues in place up to the date of this report. The process also involves the Audit Committee receiving and examining regular reports from the Company's principal service providers. The Board then receives a detailed report from the Audit Committee on its findings. The Directors have not identified any significant failures or weaknesses in respect of the Company's internal control systems.

Voting policy

The Board has delegated discretion to OrbiMed to exercise voting powers on its behalf.

The Board has reviewed OrbiMed's Voting Guidelines and is satisfied with their approach.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Relationship with shareholders

The Board, the AIFM and the Portfolio Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are being informed by the publication of annual and half-year reports which include financial statements. These reports are supplemented by the daily release of the net asset value per share to the London Stock Exchange and the publication of monthly fact sheets. All this information, including interviews with the Portfolio Manager, is available on the Company's website at www.worldwidewh.com.

The Board is also keen that the Annual General Meeting ("AGM") be a participative event for all shareholders. The Portfolio Manager makes a presentation and shareholders are encouraged to attend. The Chairmen of the Board, and of the Committees, attend the AGM and are available to respond to queries and concerns from shareholders. Twenty working days' notice of the AGM has been given to shareholders and separate resolutions are proposed in relation to each substantive issue. Shareholders may submit questions for the AGM in advance of the meeting or make general enquiries of the Company via the Company Secretary at the registered office of the Company. The Directors make themselves available after the AGM to meet shareholders.

Where the vote is decided on a show of hands, the proxy votes received are relayed to the meeting and subsequently published on the Company's website. Proxy forms have a 'vote withheld' option. The Notice of Meeting sets out the business of the AGM together with the full text of any special resolutions and begins on page 83.

The Board monitors the share register of the Company; it also reviews correspondence from shareholders at each meeting and maintains regular contact with major shareholders. Shareholders who wish to raise matters with

Governance/Corporate Governance

a Director may do so by writing to them at the registered office of the Company.

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.

The Company has adopted a nominee share code which is set out on the following 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.

Resolution 15 Authority to amend the Company's Articles of Association to increase the annual limit on aggregate fees payable by the Company to the Directors.

Resolution 16 To approve an amended Investment Policy

Resolution 17 To approve the continuance of the Company as an investment trust for a further period of five years.

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 83 to 87. Explanatory notes regarding the resolutions can be found on pages 88 and 89.

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

5 June 2019

Governance/Audit Committee Report

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 2019.

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 attends meetings by invitation. Attendance by each Director is shown in the table on page 38. 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 one other public company; 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 44.
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. Also, to be responsible for the selection process of the external Auditors.
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 production of the Company's Annual Report (including the audit by the Company's external Auditors) is a thorough process involving input from a number of different areas. In order to be able to confirm that the Annual Report is fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria have been satisfied. As part of this process the Committee has considered the following:

- the procedures followed in the production of the Annual Report, including the processes in place to assure the accuracy of the factual content;
- the extensive levels of review that were undertaken in the production process, by the Company's AIFM and also by the Committee; and
- the internal control environment as operated by the Portfolio Manager, AIFM and other service providers.

As a result of the work undertaken by the Committee, it has confirmed that the Annual Report for the year ended 31 March 2019, 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 confirmed this to the Board.

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 and Prime Broker or relevant counterparty. In addition, receiving and reviewing details of the internal control procedures in place at the Portfolio Manager, the AIFM and the Custodian and Prime Broker and also regular reports from both the Custodian and Prime Broker and also the Depositary (whose role it is to safeguard the Company's assets and to verify their valuation);
- reconfirming its understanding of the processes in place to record investment transactions and income, and to value both the quoted and unquoted holdings in 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 perform agreed upon procedures over 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 page 24).

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. The Committee notes that there is a continuation vote due to take place at this year's Annual General Meeting and that the Board is fully supportive of the continuation of the Company and expects that the continuation vote will be passed. Further detail is provided on page 35.

Internal controls and risk management

As set out on pages 25 to 27 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.

Governance/Audit Committee Report

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. These included a series of stress tests that considered the impact of severe stock market and currency volatility on shareholder funds. The Company is a long-term investor and the Committee believes that it 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 on pages 25 to 27. The Committee notes that there is a continuation vote due to take place at this year's Annual General Meeting and that the Board is fully supportive of the continuation of the Company and expects that the continuation vote will be passed. The Committee expects that the Company will continue to exist for the foreseeable future and at least for the period of the assessment.

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 2018. I, as Chairman of the Committee, had a meeting with them specifically to discuss the audit and any issues that arose. The Committee then met PricewaterhouseCoopers LLP on 28 May 2019 to review formally 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 policy

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 (2018: £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 payment.

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.

Appointment and tenure

PricewaterhouseCoopers LLP were appointed on 14 July 2014 following a formal tender process and this appointment has been renewed at each subsequent AGM. The Committee reviews the re-appointment of the Auditors every year and the need to put the audit out to tender. Based on existing legislation, another tender process will be conducted no later than 2024. The Company is therefore in compliance with the provisions of "The Statutory Audit Services for Large Companies Market Investigation" (Mandatory use of competitive tender process and audit committee responsibilities) Order 2014 as issued by the Competition & Markets Authority.

The Company's Audit Partner is required to be rotated every five years. Sandra Dowling has been in post since the date of PricewaterhouseCoopers LLP's appointment and so this is her last audit. As Chairman of the Committee, I met with Ms Dowling's proposed successor in advance of his formal appointment.

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.

Governance/Audit Committee Report

The Committee reviews the scope and effectiveness of the audit process, including agreeing the Auditors' assessment of materiality and monitors the Auditors' 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 5 June 2019. 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.

FRC review of the Company's Annual Report & Accounts to 31 March 2018

During the year the FRC carried out a review of the Company's Annual Report & Accounts to 31 March 2018. Their review was based on the document itself and did not benefit from detailed knowledge of the Company. However, it was conducted by staff of the FRC who had an understanding of the relevant legal and accounting framework. The Committee was pleased to note that, based on the FRC's review, there were no questions that the FRC wished to raise.

Effectiveness of the Committee

Lintstock, an independent third party, commented on the effectiveness of the Committee as part of their evaluation of the Board (see page 39). In particular the management of Committee meetings in terms of the annual cycle of work, the meeting agenda and the input during meetings was rated highly.

Humphrey van der Klugt, FCA
Chairman of the Audit Committee

5 June 2019

Governance/Directors' Remuneration Report

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 (AGM). 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 50 to 56.

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 20 September 2018, and was passed with 98.9% 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. An Ordinary resolution will be put to the AGM to increase the annual limit on the aggregate amount of fees payable by the Company to the Directors under Article 113. The Directors wish to provide for any Board succession overlap and also in the event that the Board composition were to expand in number in the future. The Board is proposing that an aggregate annual limit of £350,000 be approved by shareholders, replacing the current limit of £250,000. The amount paid in aggregate to the Directors in 2019 is set out in the table on the following page.

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

Following a review during the year by the Management Engagement & Remuneration Committee it was agreed that the Directors' fees would be, with effect from 1 April 2019, as follows:

The Chairman of the Company, and Humphrey van der Klugt, as Chairman of the Audit Committee, receive an annual fee of £49,140 and £38,030, respectively. Dr David Holbrook, as the Senior Independent Director, receives an annual fee of £33,290. Sarah Bates and Doug McCutcheon each receive an annual fee of £31,040. Sven Borho has waived his Director's fee.

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.

Governance/Directors' Remuneration Report

Directors' emoluments for the year (audited)

	Date of Appointment to the Board	Fees (£) 2019	Taxable Expenses† 2019	Total 2019	Fees (£) 2018	Taxable Expenses† 2018	Total 2018
Sir Martin Smith	8 November 2007	47,700	571	48,271	45,850	695	46,545
Humphrey Van Der Klugt	15 February 2016	36,920	344	37,264	35,500	253	35,753
Sarah Bates	22 May 2013	30,130	–	30,130	28,970	–	28,970
Dr David Holbrook	8 November 2007	32,320	–	32,320	31,070	–	31,070
Samuel D. Isaly^	14 February 1995	–	–	–	22,730	–	22,730
Doug McCutcheon	7 November 2012	30,130	–	30,130	28,970	–	28,970
Sven Borho*	7 June 2018	–	–	–	–	–	–
Total		177,200	915	178,115	193,090	948	194,038

† 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.

^ Ceased to be a Director on 12 January 2018.

* Sven Borho joined the Board on 7 June 2018. Mr Borho has waived his Director's fee.

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)

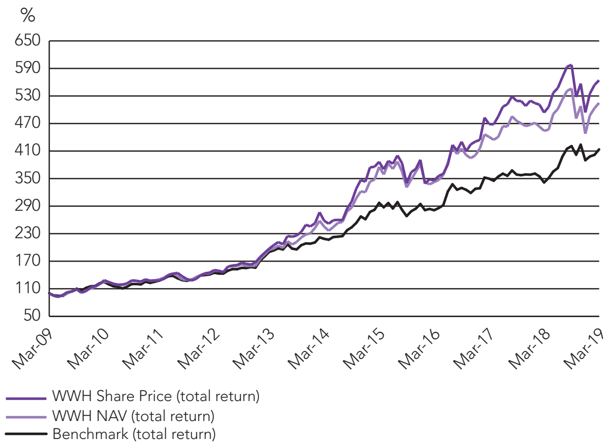
	Ordinary Shares of 25p each 31 March 2019	31 March 2018
Sir Martin Smith	11,871	11,871
– Trustee	2,725	2,725
Sarah Bates	7,200	7,200
Dr David Holbrook	1,094	1,094
Sven Borho*	10,000	n/a
Humphrey van der Klugt	3,000	1,500
Doug McCutcheon	15,000	15,000
	50,890	39,390

*Joined the Board on 7 June 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 ten years to 31 March 2019

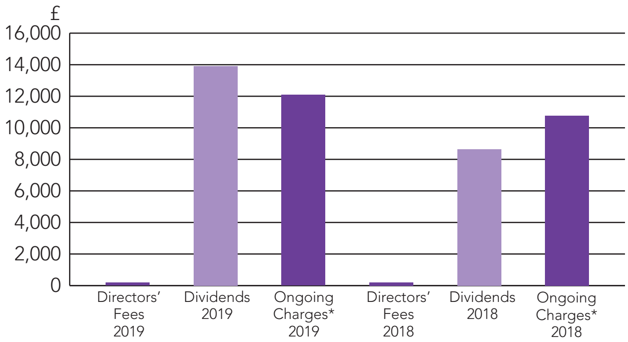


Rebased to 100 as at March 2009
Source: Morningstar, Thomson Reuters and Bloomberg

Governance/Directors' Remuneration Report

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and ongoing charges for 2018 and 2019.

Relative cost of Directors' remuneration



* Alternative Performance Measure (see Glossary beginning on page 77).

Annual statement

On behalf of the Board, I confirm that the Directors' Remuneration Policy, set out on page 47 of this Annual Report, and Directors' Remuneration Report summarise, as applicable, for the year to 31 March 2019:

(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

5 June 2019

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

Report on the audit of the financial statements

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 2019 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 2019; 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 the Report of the Directors, we have provided no non-audit services to the Company in the period from 1 April 2018 to 31 March 2019.

Our audit approach

Overview

- Overall materiality: £14.3 million (2018: £12.0 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.
- We obtained an understanding of the control environment in place at the AIFM and adopted a fully substantive testing approach using reports obtained from the AIFM and service providers.
- Income from investments.
- Valuation and existence of investments.
- Performance Fee.
- Ability to continue as a going concern.

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

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 and the UK and European regulatory principles, such as those governed by the Financial Conduct Authority (see page 23 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Chapter 15 of the UK Listing Rules applicable to Closed-Ended Investment Funds. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management;
- Reviewing relevant meeting minutes, including those of the Audit Committee;
- Assessment of the Company's compliance with the requirements of s1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 44 (Audit Committee Report), pages 60 to 63 (Accounting policies) and page 63 (Notes to the Financial Statements). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. For the purposes of clarification, 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). As the Company has a capital objective, there might be an incentive to overstate income in that category if capital is particularly underperforming.	Our main audit procedures over income were as follows: • 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.

Key audit matter	How our audit addressed the key audit matter
Income from investments We focused on the accuracy and completeness of dividend income amounting to £14,001,000 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 £159,254,000 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.	• 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 Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any material misstatements which required reporting to those charged with governance. • 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 8 to 10 (Portfolio), page 44 (Audit Committee Report), page 61 (Accounting policies) and page 67 (Notes to the Financial Statements) The investment portfolio at 31 March 2019 principally comprised listed equity investments, OTC swaps, options and unquoted debt and equity investments and totalled £1,388,975,000. 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.	Our main audit procedures over valuation and existence were as follows: • 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 investments' portfolio by agreeing the holdings to a custodian confirmation obtained independently from J.P. Morgan Securities LLC, as at 31 March 2019. There were no material differences requiring reporting to those charged with governance. • Unquoted equity instruments: We tested the existence of unquoted investments, by agreeing the holdings to a custodian confirmation obtained independently from J.P. Morgan Securities LLC, as at 31 March 2019. • 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 obtaining independently sourced confirmations, from the parties responsible.

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	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 2019. We tested the existence of the OTC derivatives by agreeing the holdings to confirmations sourced independently from J.P. Morgan Securities LLC and Goldman Sachs International. No material differences were identified which required reporting to those charged with governance.
Performance Fee Refer to page 44 (Audit Committee Report), page 62 (Accounting Policies) and page 63 (Notes to the Financial Statements). The performance fee write back for the year was £6.6m. As at 31 March 2019, there was no performance fee accrual.	We focused on this area because the performance fee is calculated using a complex methodology as set out in the AIFM Agreement and the Portfolio Management Agreement. We independently recalculated the performance fee write back, 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.
Ability to continue as a going concern Refer to the Going Concern section and Viability Statement in the Audit Committee Report and the Basis of Preparation in the Notes to the Financial Statements on page 60. A continuation vote is due to take place at the next Annual General Meeting on 9 July 2019 which, if passed, will allow the Company to continue as an investment trust for a further five years. As such the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern.	We have reviewed the Directors' assessment of going concern in relation to the passing of the continuation vote. We have also assessed the appropriateness of preparing the financial statements on a going concern basis taking into consideration the continuation vote. We have challenged the Directors on their assessment which includes but is not limited to the following in support of the vote: • The shareholder register is stable, comprising a wide range of private wealth managers and retail investors; • The Company has a positive long term performance track record; and • The previous continuation vote in 2014 passed with no significant votes against. Our findings in respect of going concern are set out in the "Going Concern" section below.

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 undertaken by the AIFM, 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 AIFM to the extent relevant to our audit. This assessment of the operating and accounting structure in place involved obtaining and analysing the relevant control report issued by the independent service auditor of the AIFM in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

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

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

Overall materiality – £14.3 million (2018: £12.0 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 £716,000 (2018: £601,000) 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	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

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

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

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 March 2019 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 Report of the Directors. (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 pages 25 to 27 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 pages 28 and 29 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 35, 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 43 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 the Directors' Responsibilities set out on page 35, 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.

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

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 5 years, covering the years ended 31 March 2015 to 31 March 2019.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 June 2019

Financial Statements/Income Statement

For the year ended 31 March 2019

	Notes	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Gains on investments	9	–	159,254	159,254	–	30,702	30,702
Exchange (losses)/gains on currency balances		–	(687)	(687)	–	7,942	7,942
Income from investments	2	18,394	–	18,394	12,204	–	12,204
AIFM, Portfolio management and performance fees	3	(559)	(4,028)	(4,587)	(493)	(19,099)	(19,592)
Other expenses	4	(908)	–	(908)	(908)	–	(908)
Net return before finance charges and taxation		**16,927**	**154,539**	**171,466**	**10,803**	**19,545**	**30,348**
Finance costs	5	(175)	(3,327)	(3,502)	(82)	(1,552)	(1,634)
Net return before taxation		**16,752**	**151,212**	**167,964**	**10,721**	**17,993**	**28,714**
Taxation on net return	6	(2,267)	543	(1,724)	(1,764)	229	(1,535)
Net return after taxation		**14,485**	**151,755**	**166,240**	**8,957**	**18,222**	**27,179**
Return per share	7	**28.4p**	**297.8p**	**326.2p**	**18.7p**	**38.1p**	**56.8p**

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 2019

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 31 March 2018	12,466	317,406	851,706	8,221	12,389	1,202,188
Net return after taxation	–	–	151,755	–	14,485	166,240
Second interim dividend paid in respect of year ended 31 March 2018	–	–	–	–	(5,497)	(5,497)
First interim dividend paid in respect of year ended 31 March 2019	–	–	–	–	(3,359)	(3,359)
New shares issued	684	71,837	–	–	–	72,521
At 31 March 2019	**13,150**	**389,243**	**1,003,461**	**8,221**	**18,018**	**1,432,093**

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
Second interim 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**

The accompanying notes are an integral part of these statements.

Financial Statements/Statement of Financial Position

As at 31 March 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	9	1,378,681	1,259,926
Derivative – OTC swaps	9 & 10	11,898	34,105
		1,390,579	**1,294,031**
Current assets			
Debtors	11	12,330	6,601
Derivative – put and call options	9 & 10	1,908	587
Cash		49,018	9,932
		63,256	**17,120**
Current liabilities			
Creditors: amounts falling due within one year	12	(18,230)	(107,865)
Derivatives – put and call options	9 & 10	(663)	(1,098)
Derivative - OTC swaps	9 & 10	(2,849)	–
		(21,742)	**(108,963)**
Net current assets/(liabilities)		**41,514**	**(91,843)**
Total net assets		**1,432,093**	**1,202,188**
Capital and reserves			
Share capital	13	13,150	12,466
Share premium account		389,243	317,406
Capital reserve	17	1,003,461	851,706
Capital redemption reserve		8,221	8,221
Revenue reserve		18,018	12,389
Total shareholders' funds		**1,432,093**	**1,202,188**
Net asset value per share	14	**2,722.9p**	**2,411.1p**

The financial statements on pages 57 to 75 were approved by the Board of Directors and authorised for issue on 5 June 2019 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 February 2018, 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 35.

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.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

There is one significant judgement involved in the presentation of the Company's accounts being the judgement on the functional and presentational currency of the Company.

- The Company's investments are primarily made in foreign currencies, however the Board considers the Company's functional and presentational currency to be sterling. In arriving at this conclusion, the Board considered that the shares of the Company are listed on the London Stock Exchange, it is regulated in the United Kingdom and pays dividends and expenses in sterling. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

In addition the Company uses judgements and estimates in valuing the unquoted (Level 3) investments. Given the relative size of the unquoted investments to the Company's overall portfolio, the Board does not consider that these judgements result in a significant risk of a material adjustment arising. 1.8% (2018: 2.5%) of the Company's portfolio is comprised of unquoted investments. These are all valued in line with accounting policy 1(b), on page 61.

Financial Statements/Notes to the Financial Statements

1. ACCOUNTING POLICIES continued

(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. Changes in fair value and gains or losses on disposal are included in the Income Statement as a capital item.

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.

Fair value is the price for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating the fair value of unquoted investments , the AIFM and Board apply valuation techniques which are appropriate in light of the nature, facts and circumstances of the investment and use reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value. In general, the value of the investment in question will be determined using one of a range of valuation techniques, utilising independent third party pricing sources where available and cost efficient for the Company.

Where the investment being valued was itself made recently, or there has been a third party transaction in the investment, the price of the transaction may provide a good indication of fair value. Using the Price of Recent Investment technique is not a default and at each reporting date the fair value of recent investments is estimated to assess whether changes or events subsequent to the relevant transaction would imply a material change in the investment's fair value.

When using the price of a recent transaction in the valuations the Company looks to 're-calibrate' this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events or milestones that would indicate the value of the investment value has changed materially and considering whether an alternative methodology would be more appropriate.

(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.

Financial Statements/Notes to the Financial Statements

1. ACCOUNTING POLICIES continued

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

	2019 £'000	2018 £'000
Income from investments		
Overseas dividends	13,650	9,600
Fixed interest income	3,803	2,250
UK dividends	351	–
	17,804	**11,850**
Other income		
Derivatives	7	121
Deposit interest	583	233
Total income from investments	**18,394**	**12,204**
Total income comprises:		
Dividends	14,001	9,600
Interest	4,393	2,604
	18,394	**12,204**

3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
AIFM fee	120	2,282	2,402	109	2,076	2,185
Portfolio management fee	439	8,342	8,781	384	7,293	7,677
Performance fee	–	(6,596)	(6,596)	–	9,730	9,730
	559	**4,028**	**4,587**	**493**	**19,099**	**19,592**

Further Details on the above fees are set out in the Strategic Report on page 24 and in the Report of the Directors on page 32.

The performance fee amount of (£6,596,000) is the accrued fee on outperformance generated as of 31 March 2018 which was not maintained for a twelve month period, this amount was therefore written back during the year ended 31 March 2019 in accordance with the terms of the performance fee arrangements as set out on page 32.

4. OTHER EXPENSES

	2019 Revenue £'000	2018 Revenue £'000
Directors' remuneration	177	193
Auditors' remuneration for the audit of the Company's financial statements	29	30
Auditors' remuneration for non-audit services	4	3
Marketing expenses	49	50
Registrar fees	47	55
Broker fees	30	30
Legal and professional costs	9	7
Stock Exchange listing fees*	132	151
Depositary and custody fees	139	132
Other costs	292	257
	908	**908**

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on page 48.

* Includes £91,000 (2018: £124,000) 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	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Finance costs	175	3,327	3,502	82	1,552	1,634

6. TAXATION ON NET RETURN

(a) Analysis of charge in year

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Corporation tax at 19% (2018: 19%)	–	–	–	–	–	–
Tax relief to capital	523	(523)	–	229	(229)	–
Overseas taxation	1,744	–	1,744	1,535	–	1,535
Capital gains tax	–	(20)	(20)	–	–	–
	2,267	**(543)**	**1,724**	**1,764**	**(229)**	**1,535**

Financial Statements/Notes to the Financial Statements

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 (2018: lower) than the standard rate of corporation tax of 19% (2018: 19%).

The difference is explained below.

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Net return before taxation	16,752	151,212	167,964	10,721	17,993	28,714
Corporation tax at 19% (2018: 19%)	3,183	28,730	31,913	2,037	3,419	5,456
Non-taxable gains on investments	–	(30,128)	(30,128)	–	(7,342)	(7,342)
Overseas withholding taxation	1,744	–	1,744	1,535	–	1,535
Non taxable dividends	(2,660)	–	(2,660)	(1,748)	–	(1,748)
Excess management expenses	(523)	1,398	875	(278)	3,923	3,645
Tax relief to capital	523	(523)	–	229	(229)	–
Double taxation relief expensed	–	–	–	(11)	–	(11)
Capital gains tax	–	(20)	(20)	–	–	–
Total tax charge	**2,267**	**(543)**	**1,724**	**1,764**	**(229)**	**1,535**

(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 £19,793,000 (17% tax rate) (2018: £18,995,000 (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

	2019 £'000	2018 £'000
The return per share is based on the following figures:		
Revenue return	14,485	8,957
Capital return	151,755	18,222
	166,240	**27,179**
Weighted average number of ordinary shares in issue during the year	50,961,790	47,849,849
Revenue return per ordinary share	28.4p	18.7p
Capital return per ordinary share	297.8p	38.1p
	326.2p	**56.8p**

The calculation of the total, revenue and capital return per ordinary share is carried out in accordance with IAS 33, "Earnings per Share", in accordance with the requirements of FRS 102.

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:

	2019 £'000	2018 £'000
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 2019	3,359	–
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
	8,846	**10,600**

In respect of the year ended 31 March 2019, the first interim dividend of 6.5p per share was paid on 9 January 2019. A second interim dividend of 20.0p is payable on 16 July 2019, the associated ex dividend date will be 6 June 2019. The total dividends payable in respect of the year ended 31 March 2019 amount to 26.5p per share (2018: 17.5p per share). The aggregate cost of the second interim dividend, based on the number of shares in issue at 5 June 2019, will be £10,554,000. In accordance with FRS 102 the second interim dividend will be reflected in the financial statements for the year ending 31 March 2020. 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:

	2019 £'000	2018 £'000
Revenue available for distribution by way of dividend for the year	14,485	8,957
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 2019	(3,359)	–
Second interim dividend in respect of the year ended 31 March 2019*	(10,554)	–
Net retained revenue	**572**	**307**

*based on 52,840,278 shares in issue as at 5 June 2019.

Financial Statements/Notes to the Financial Statements

9. INVESTMENTS

	Quoted Investments £'000	Unquoted Investments £'000	Derivative Financial Instruments £'000	Total £'000
Cost at 1 April 2018	1,202,762	35,282	13,056	1,251,100
Investment holdings gains/(losses) at 1 April 2018	24,443	(2,561)	20,538	42,420
Valuation at 1 April 2018	**1,227,205**	**32,721**	**33,594**	**1,293,520**
Movement in the year:				
Purchases at cost	1,433,956	7,327	4,616	1,445,899
Sales - proceeds	(1,470,949)	(16,081)	(23,464)	(1,510,494)
realised gains on sales	7,933	289	6,655	14,877
Net movement in investment holding gains	155,720	560	(11,107)	145,173
Valuation at 31 March 2019	**1,353,865**	**24,816**	**10,294**	**1,388,975**
Cost at 31 March 2019	1,173,702	26,817	863	1,201,382
Investment holding gains/(losses) at 31 March 2019	180,163	(2,001)	9,431	187,593
Valuation at 31 March 2019	**1,353,865**	**24,816**	**10,294**	**1,388,975**

	2019 £'000	2018 £'000
Gains on investments		
Gains on disposal	14,877	201,332
Effective interest rate amortisation	(796)	(388)
Less: amounts recognised as investment holding losses/(gains) in previous years	13,387	(128,450)
Gains based on carrying value at previous Statement of Financial Position date	**27,468**	**72,494**
Movement in investment holding gains in the year	131,786	(41,792)
Gains on investments	**159,254**	**30,702**

Purchase transaction costs for the year to 31 March 2019 were £1,564,000 (year ended 31 March 2018: £836,000). Sales transaction costs for the year to 31 March 2019 were £1,006,000 (year ended 31 March 2018: £804,000). These comprise mainly commission.

10. DERIVATIVE FINANCIAL INSTRUMENTS

	2019 £'000	2018 £'000
Fair value of OTC equity swaps (asset)	11,898	34,105
Fair value of OTC equity swaps (liability)	(2,849)	–
Fair value of put and call options (long)	1,908	587
Fair value of put and call options (short)	(663)	(1,098)
	10,294	**33,594**

See note 9 above for movements during the year.

11. DEBTORS

	2019 £'000	2018 £'000
Amounts due from brokers	6,609	3,415
Withholding taxation recoverable	2,523	1,762
VAT recoverable	30	25
Prepayments and accrued income	3,168	1,399
	12,330	**6,601**

12. CREDITORS Amounts falling due within one year

	2019 £'000	2018 £'000
Amounts due to brokers	15,573	3,545
Overdraft drawn*	–	91,351
Performance fee provision	–	9,731
Performance fee payable	–	959
Other creditors and accruals	2,657	2,279
	18,230	**107,865**

*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 described on page 26, 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 73 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 2018	49,861,278	–	49,861,278
New shares issued	2,734,000	–	2,734,000
At 31 March 2019	**52,595,278**	**–**	**52,595,278**

	2019 £'000	2018 £'000
Issued and fully paid:		
Shares of 25p	13,150	12,466

During the year ended 31 March 2019 2,734,000 shares were issued raising £72,521,000. During the year ended 31 March 2018 3,355,000 shares were issued raising £84,706,000. No shares were repurchased by the Company during these years.

Financial Statements/Notes to the Financial Statements

14. NET ASSET VALUE PER SHARE

	2019	2018
Net asset value per share	2,722.9p	2,411.1p

The net asset value per share is based on the assets attributable to equity shareholders of £1,432,093,000 (2018: £1,202,188,000) and on the number of Ordinary Shares in issue at the year end of 52,595,278 (2018: 49,861,278).

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 24. 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 63. All material related party transactions have been disclosed in notes 3 and 4 on pages 63 and 64.

Details of the remuneration of all Directors can be found on page 48. Details of the Directors' interests in the capital of the Company can be found on page 48.

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 63.

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 25 to 27 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 77.

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 £27.7 million (2018: £9.9 million) was held as collateral against the financed swap positions, of which nil (2018: Nil) 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 25 to 27.

†International Swap Dealers Association Inc.

*See Glossary beginning on page 77 for a description of funded and financed swaps.

Financial Statements/Notes to the Financial Statements

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.

	2019 Assets £'000	2019 Liabilities £'000	2019 Notional* exposure £'000	2018 Assets £'000	2018 Liabilities £'000	2018 Notional exposure £'000
Investments	1,378,681	–	1,378,681	1,259,926	–	1,259,926
Put and call options	1,908	(663)	7,088	587	(1,098)	13,098
OTC equity swaps	11,898	(2,849)	116,762	34,105	–	126,125
	1,392,487	**(3,512)**	**1,502,531**	**1,294,618**	**(1,098)**	**1,399,149**

*The notional exposure is calculated in accordance with the AIFMD requirements for calculating exposure via derivatives.

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 (2018: 25% higher or lower) while all other variables remained constant: the revenue return would have decreased/increased by £145,000 (2018: £134,000); the capital return would have increased by £372,926,000 (2018: £346,181,000)/decreased by £371,192,000 (2018: £346,882,000); and, the return on equity would have increased by £372,781,000 (2018: £344,838,000)/decreased by £371,767,000 (2018: £345,539,000). 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:

	2019 Current assets £'000	2019 Current liabilities £'000	2019 Investments £'000	2018 Current assets £'000	2018 Current liabilities £'000	2018 Investments £'000
U.S. dollar	66,518	(28,053)	1,068,342	11,236	(94,894)	1,075,131
Swiss franc	1,449	–	64,057	1,032	–	17,772
Japanese yen	2,306	–	142,415	3,988	–	95,628
Hong Kong dollar	2,999	(976)	61,337	–	–	–
Other	1,072	–	52,824	217	–	104,989
	74,344	**(29,029)**	**1,388,975**	**16,473**	**(94,894)**	**1,293,520**

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 (2018: 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.

	2019				2018		
	USD £'000	YEN £'000	CHF £'000	HK £'000	USD £'000	YEN £'000	CHF £'000
Sterling depreciates	134,947	16,080	7,278	7,040	120,388	11,068	2,089
Sterling appreciates	(110,411)	(13,156)	(5,955)	(5,780)	(98,499)	(9,056)	(1,709)

(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 2019, the Company held 1.3% of the portfolio in securitised debt (2018: 2.5% of the portfolio). The exposure is shown in the table below:

	2019				2018			
	Weighted average period for which rate is fixed Years	Weighted average fixed interest rate %	Fixed rate £'000	Floating rate £'000	Weighted average period for which rate is fixed Years	Weighted average fixed interest rate %	Fixed rate £'000	Floating rate £'000
Unquoted debt investments	0.4	2.0	66	17,459	5.4	1.8	7,958	24,763
Cash			–	49,018			–	9,932
Overdraft facility			–	–			–	(91,351)
Financed swap positions			–	(107,713)			–	(92,020)
			66	**(41,236)**			**7,958**	**(148,676)**

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 2019 and the net assets would increase/decrease by £412,000 (2018: increase/decrease by £1,487,000).

Financial Statements/Notes to the Financial Statements

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 2019, based on the earliest date on which payment can be required, are as follows:

	2019 3 months or less £'000	2018 3 months or less £'000
Overdraft facility	–	91,351
Amounts due to brokers and accruals	15,573	3,545
OTC equity swaps	2,849	–
Derivatives – Put options (short)	611	1,058
Derivatives – Call options (short)	52	40
	19,085	**95,994**

(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 68, 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 2019 no assets were held as collateral. As at 31 March 2018, assets with a total market value of £129.3 million were available to J.P. Morgan Securities LLC to be used as collateral against the overdraft facility which equates to 140% of the overdrawn position (calculated on a settled basis) of £92.3 million as at 31 March 2018. Such assets held by J.P. Morgan Securities LLC are available for rehypothecation (see Glossary on page 79 for further information).

Credit risk exposure

	2019 £'000	2018 £'000
Unquoted debt investments	17,525	32,721
Derivative – OTC equity swaps	11,898	34,105
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	12,330	6,601
Derivative – Put options (long)	1,350	161
Derivative – Call options (long)	558	426
Cash	49,018	9,932

(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 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit or loss	1,353,865	–	24,816	1,378,681
Derivatives: put and call options (short)	–	(663)	–	(663)
Derivatives: put and call options (long)	–	1,908	–	1,908
Derivatives: OTC swaps (assets)	–	11,898	–	11,898
Derivatives: OTC swaps (liabilities)	–	(2,849)	–	(2,849)
Financial instruments measured at fair value	**1,353,865**	**10,294**	**24,816**	**1,388,975**

As at 31 March 2019, the put and call options and equity swaps have been classified as Level 2.

As at 31 March 2019, five debt and two equity investments (included in the portfolio on pages 8 and 10) have been classified as Level 3. All level 3 positions have been valued using an independent third party pricing source or using the price of a recent transaction.

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 were classified as Level 3. All level 3 positions were valued using an independent third party pricing source.

(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 pages 6 and 7.

As at 31 March 2019, the Company had a leverage percentage of 4.9% (2018: 16.4%).

Financial Statements/Notes to the Financial Statements

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 59.

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 2018	680,836	170,870	851,706
Net gains on investments	27,468	131,786	159,254
Expenses charged to capital less tax relief thereon	(6,812)	–	(6,812)
Exchange gain on currency balances	(687)	–	(687)
At 31 March 2019	**700,805**	**302,656**	**1,003,461**

*Investment holding gains relate to the revaluation of investments and derivatives held at the reporting date. (See note 9 on page 67 for further details).

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

Further Information/Shareholder Information

Financial calendar

31 March	Financial Year End
June	Final Results Announced
July	Annual General Meeting
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 etc.venues St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD on Tuesday, 9 July 2019 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

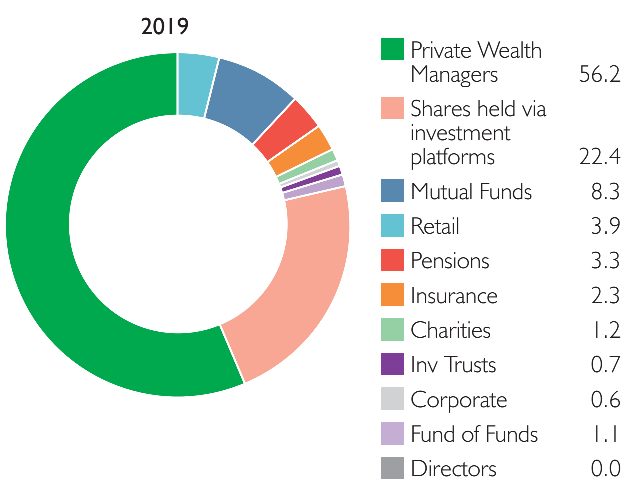
Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Link Asset Services, under the signature of the registered holder.

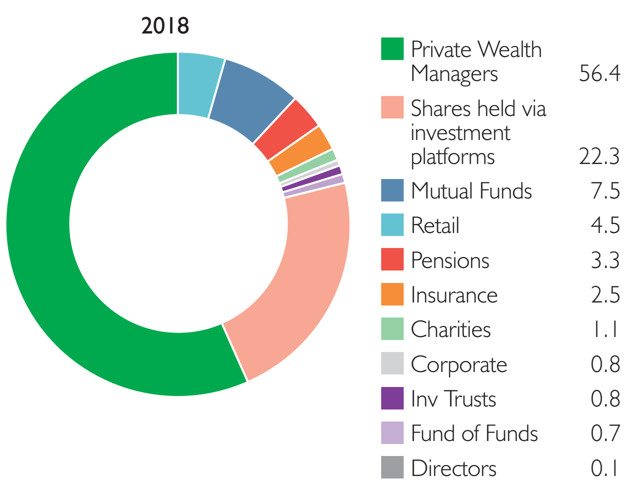
Daily net asset value

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.





Further Information/Glossary of Terms and Alternative Performance Measures ('APMs')

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.

Alternative Performance Measure ('APM')

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

Brexit

The advisory public referendum which was held on 23 June 2016 in the United Kingdom to indicate whether voters wanted to remain or withdraw from membership of the European Union (EU). The referendum vote was cast in favour of leaving the EU. The process of actually leaving is termed Brexit.

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 other emerging markets, where the Company is not locally registered to trade or is able to gain in a more cost efficient manner than holding the stocks directly; 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.

* Alternative Performance Measure

Further Information/Glossary of Terms and Alternative Performance Measures ('APMs')

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 2019 £		31 March 2018 £	
	Fair Value	Exposure*	Fair Value	Exposure*
Investments	1,378,681	1,378,681	1,259,926	1,259,926
OTC equity swaps	9,049	116,762	34,105	126,125
Put + Call options	1,245	7,088	(511)	13,098
	1,388,975	1,502,531	1,293,520	1,399,149
Shareholders' funds		1,432,093		1,202,188
Leverage %		4.9		16.4

*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.

* Alternative Performance Measure

Further Information/Glossary of Terms and Alternative Performance Measures ('APMs')

NAV Total Return	31 March 2019 p	31 March 2018 p
Opening NAV	2,411.1	2,367.2
Increase in NAV	311.8	43.9
Closing NAV	**2,722.9**	**2,411.1**
% increase in NAV	12.9%	1.9%
Impact of reinvested dividends	0.8%	0.9%
NAV Total Return	**13.7%**	**2.8%**

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 2019 £'000	31 March 2018 £'000
AIFM & Portfolio Management fees (Note 3)	11,183	9,862
Other Expenses (Note 4)	908	908
Total Ongoing Charges	**12,091**	**10,770**
Performance fees paid/crystallised	3,135	3,387
Total	**15,226**	**14,157**
Average net assets	1,340,300	1,183,992
Ongoing Charges	**0.9%**	**0.9%**
Ongoing Charges (including performance fees paid or crystallised during the year)	**1.1%**	**1.2%**

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 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 69, 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.

Share Price Total Return*

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

* Alternative Performance Measure

Glossary of Terms and Alternative Performance Measures ('APMs')

Share price Total Return	31 March 2019 p	31 March 2018 p
Opening share price	2,405.0	2,304.0
Increase in share price	325.0	101.0
Closing share price	**2,730**	**2,405.0**
% increase in share price	13.5%	4.4%
Impact of reinvested dividends	0.8%	0.9%
Share price Total Return	**14.3%**	**5.3%**

Treasury Shares

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

Further Information/How to invest

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.*

Further Information/Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Worldwide Healthcare Trust PLC will be held at etc.venues St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD on Tuesday, 9 July 2019 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 2019
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 re-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 2019

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 £1,321,006 (being 10% of the issued share capital of the Company at 5 June 2019) and representing 5,284,027 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 2020 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 £1,321,006, being 10% of the issued share capital of the Company as at 5 June 2019 and representing 5,284,027 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 11 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 £1,321,006 being 10% of the issued share capital of the Company as at 5 June 2019 and representing 5,284,027 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.

Further Information/Notice of the Annual General Meeting

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 2020 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.

Increase in limit on annual aggregate Directors' fees

15. That Article 113 of the Articles of Association of the Company, concerning the limit on the annual aggregate fees payable to the Directors, be amended by substituting "£350,000" for "£250,000".

Investment policy

16. That the Investment Policy as set out in the Company's Annual Report and Financial Statements for the year ended 31 March 2019 and produced to the meeting, be and is hereby approved in substitution for the Company's existing Investment Policy.

Continuance of the Company

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

By order of the Board

Frostrow Capital LLP
Company Secretary
5 June 2019

Registered Office:
One Wood Street
London EC2V 7WS

Notes

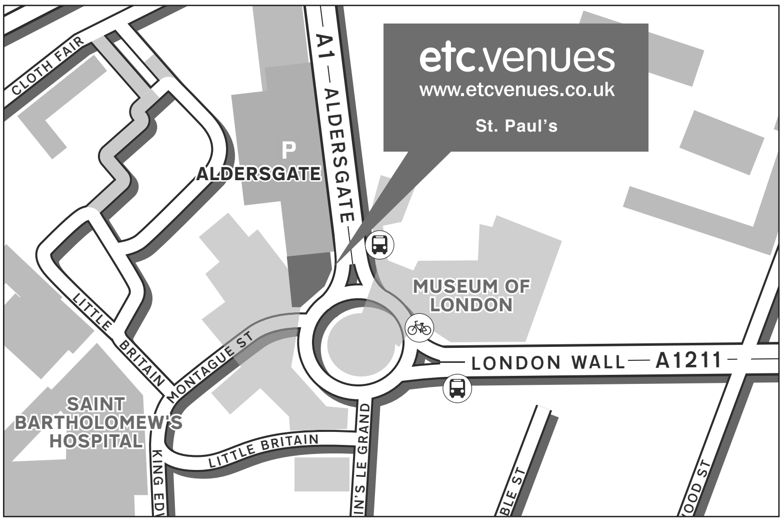
1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.
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. This year, hard copy forms of proxy have not been included with this notice. Members can vote by: logging onto www.signalshares.com and following instructions; requesting a hard copy form of proxy directly from the registrars, Link Asset Services at enquiries@linkgroup.co.uk or in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. 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 Friday, 5 July 2019.
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 Friday, 5 July 2019 (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 5 June 2019 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 52,840,278 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 5 June 2019 are 52,840,278.
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.

Further Information/Notice of the Annual General Meeting

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 above) then, subject to paragraph 4 on page 86, the proxy appointment will remain valid.

Location of the Annual General Meeting
etc.venues St. Paul's, 200 Aldersgate Conference Centre,
London EC1A 4HD



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 2019 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 30 and 31 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 47 to 49.

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 £1,321,006 (equivalent to 5,284,027 shares, or 10% of the Company's existing issued share capital on 5 June 2019, 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 5 June 2019 (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 5 June 2019 (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

Further Information/Explanatory Notes to the Resolutions

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.

Resolution 15 – Increase in limit on annual aggregate Directors' fees

Resolution 15, which is an ordinary resolution, will be put to the AGM to increase the annual limit on aggregate fees payable by the Company to the Directors under Article 113. The Directors wish to provide for any Board succession overlap and also in the event that the Board composition were to expand in number in the future. The Board is proposing that an aggregate annual limit of £350,000 be approved by shareholders, replacing the current limit of £250,000.

Resolution 16 – Investment policy

Ordinary Resolution 16 seeks shareholder approval to amend the Company's Investment Policy.

Resolution 17 – Continuance of the Company

Ordinary Resolution 17 seeks shareholder approval for the Company to continue as an investment trust for a period of five years.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM as the Directors intend to do in respect of their own beneficial holdings totalling 48,165 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 2019	107.8%	104.9%

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 2019 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	9,099	0.7

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.	31,773
JPMorgan	U.S.A.	84,989

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 2019. 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	27,752

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	32,664
3 to 12 months	84,098
	116,762

Further Information/Regulatory Disclosures (unaudited)

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 (Senior Independent Director and Chairman of the Nominations Committee)
Humphrey van der Klugt, FCA (Chairman of the Audit Committee)
Doug McCutcheon (Chairman of the Management Engagement & Remuneration Committee)

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

Independent 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
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone (in UK): 0871 664 0300†
Proxy Form related enquiries: 0871 664 0391†
Telephone (from overseas): + 44 371 664 0300†
E-mail: enquiries@linkgroup.co.uk
Shareholder Portal: www.signalshares.com
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

Further Information/Appendix

Proposed changes to the investment policy

The new investment policy for the Company, as proposed in resolution 16 on page 85 of this Annual Report, is set out below. Changes to the existing policy are marked in black-line.

Investment Policy

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 5~~6~~0% of the portfolio will normally be invested in larger companies (i.e. with a market capitalisation of at least U.S.$~~5~~10bn);
- At least 20% of the portfolio will normally be invested in smaller companies (i.e. with a market capitalisation of less than U.S.$~~5~~10bn);
- 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 ~~2~~30% 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~~.~~, where such investments shall be limited to 15% of the Company's gross assets at the time of acquisition.

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.

The Company does not currently hedge against foreign currency exposure.

Gearing limits

The Board has set a maximum gearing level, through borrowing of 20% of the net assets.

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.

A member of the Association of Investment Companies

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