WORLDWIDE
HEALTHCARE
TRUST PLC

# Annual Report

for the year ended 31 March 2022

WORLDWIDE HEALTHCARE TRUST PLC Annual Report for the year ended 31 March 2022

Frostrow Capital

OrbiMed Healthcare Fund Management

## STRATEGIC REPORT



## GOVERNANCE

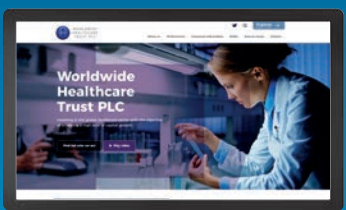


## FINANCIAL STATEMENTS



## FURTHER INFORMATION






For more information about Worldwide Healthcare Trust PLC visit the website at

**www.worldwidewh.com**

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Winner – Best Investment Trust in the specialist sector – FT Adviser Investment 100 Club Awards 2021

# WORLDWIDE HEALTHCARE TRUST PLC

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, including how it can use gearing and employ derivatives, are set out in the Strategic Report on pages 8 and 9.

## ACCESSING THE GLOBAL MARKET

The healthcare sector is global and accessing this market as a UK investor can be difficult. The Company offers an opportunity to gain exposure to pharmaceutical, biotechnology and related companies in the healthcare sector on a global scale. The Company invests in large companies with market capitalisations of over U.S.$10bn, smaller companies below that size, as well as unquoted companies. The portfolio ranges from large multi-national pharmaceutical companies with multiple products to unquoted emerging biotechnology companies.

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, Japan, China and India (see page 12 for further information).

## HOW TO INVEST

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stockbroker 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 page 97.

For more information about Worldwide Healthcare Trust PLC visit the website at www.worldwidewh.com. Follow us on Twitter @worldwidewh.

## FINANCIAL HIGHLIGHTS

as at 31 March 2022

**(5.8%)**
**Net asset value per share (total return)*^**
2021: +30.0%

**(10.8%)**
**Share price (total return)*^**
2021: +27.4%

**20.4%**
**Benchmark*†^**
2021: +16.0%

**(5.5%)**
**Discount of share price to net asset value per share*^**
2021: (0.2%)%

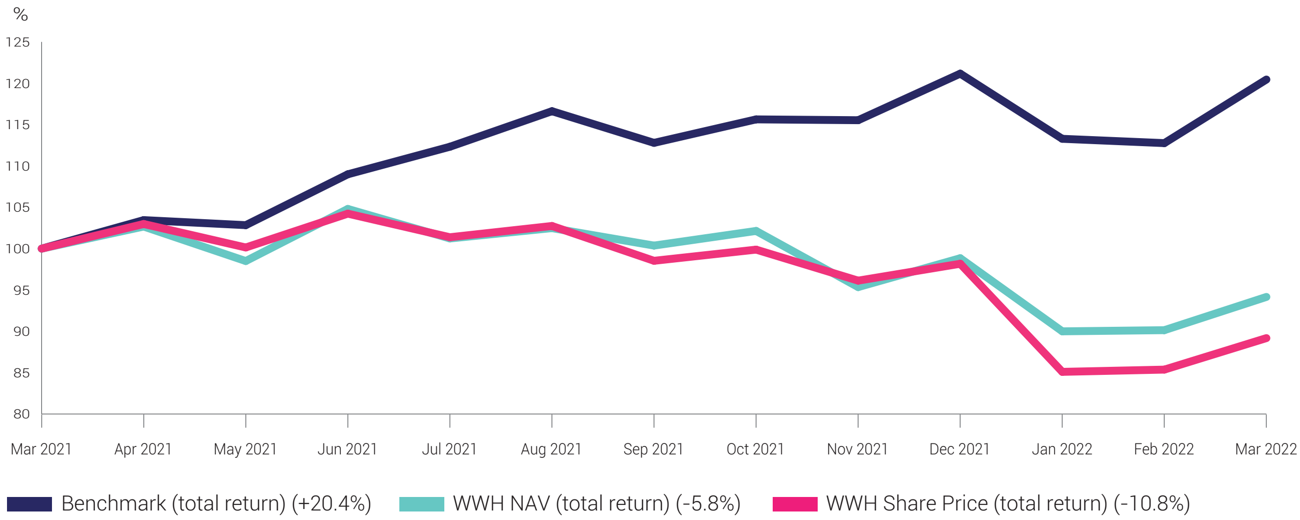
**26.5p**
**Dividends per share**
2021: 22.0p

**0.9%**
**Ongoing Charges^**
2021: 0.9%

*Source: Morningstar
† MSCI World Health Care Index on a net total return, sterling adjusted basis. (See Glossary beginning on page 94).
^ Alternative Performance Measure (see Glossary beginning on page 94).

## TOTAL RETURN PERFORMANCE

for the year to 31 March 2022

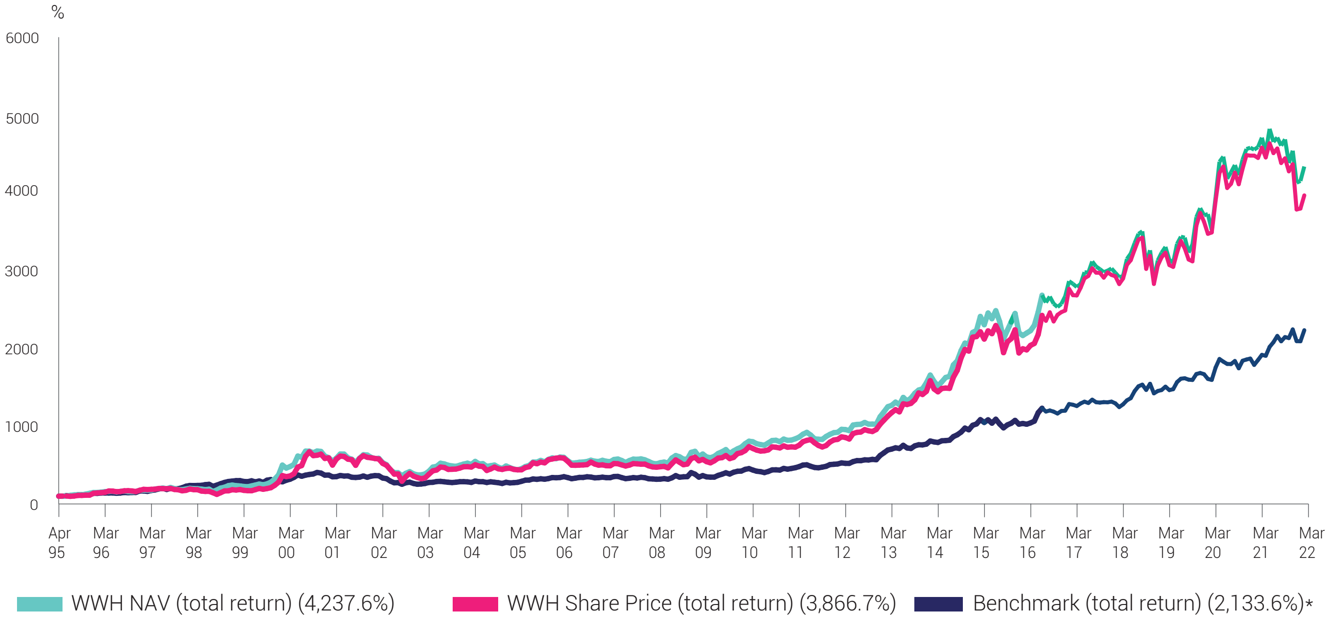



Rebased to 100 as at 31 March 2021
Source: Morningstar

# KEY INFORMATION

## TOTAL RETURN PERFORMANCE

### Since Launch to 31 March 2022

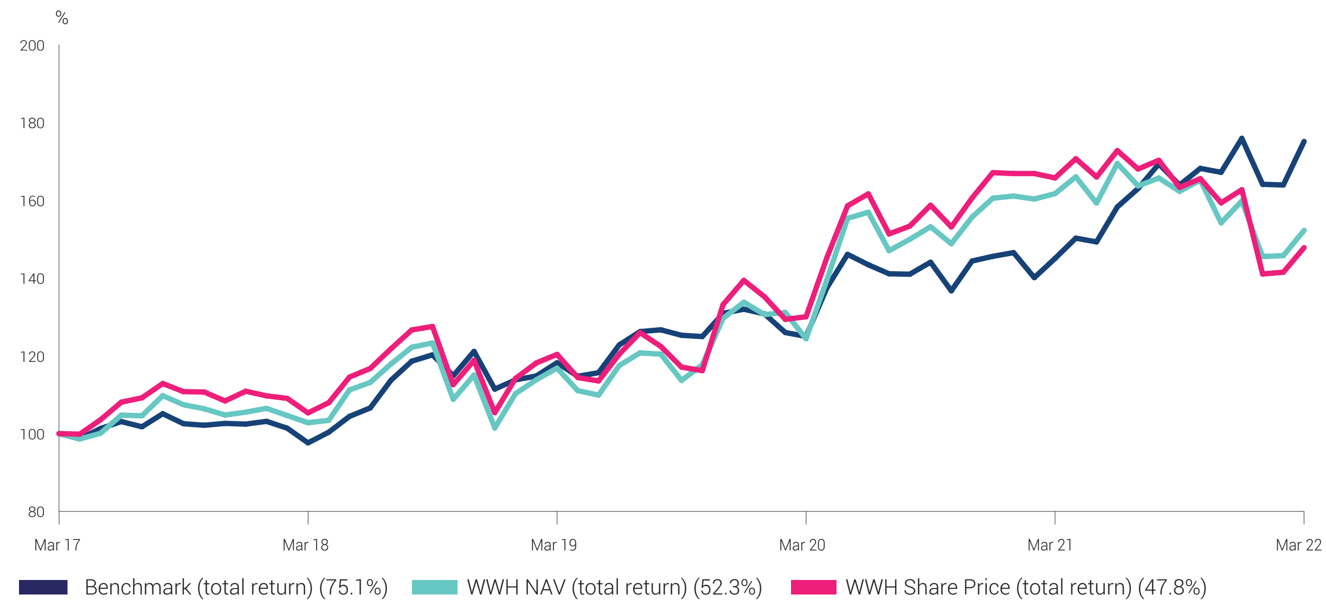



Rebased to 100 as at 28 April 1995. Source: Morningstar, Thomson Reuters & Bloomberg

* 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 2022




Rebased to 100 as at 31 March 2017. Source: Morningstar.

# COMPANY PERFORMANCE

## HISTORIC PERFORMANCE

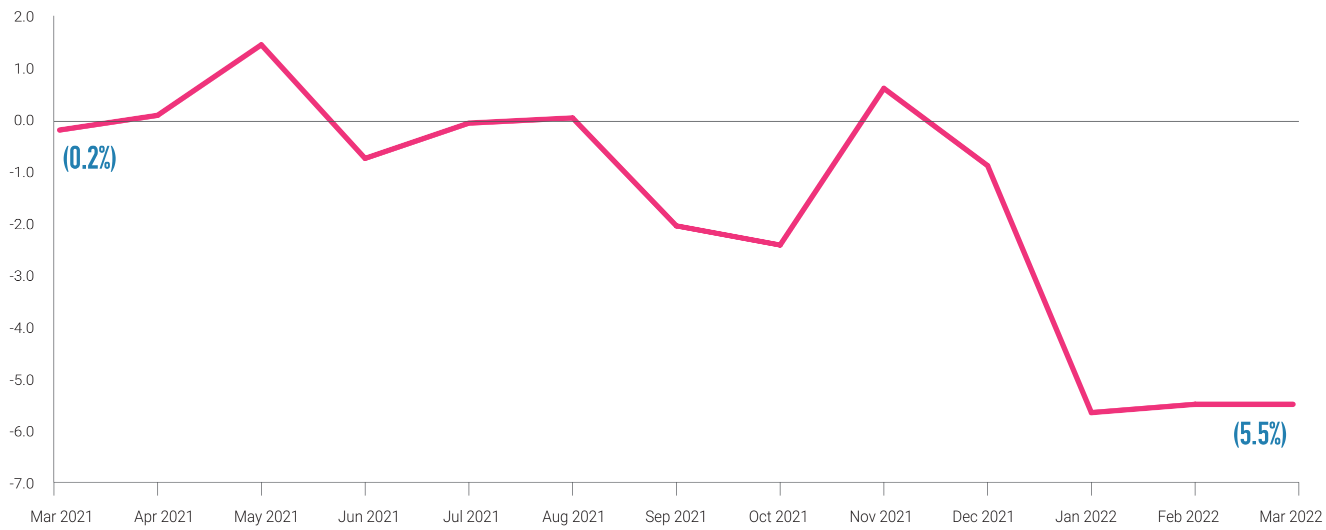
for the years ended 31 March

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| **Net asset value per share (total return)*†** | **28.9%** | **2.8%** | **13.7%** | **6.5%** | **30.0%** | **(5.8%)** |
| **Benchmark (total return)*†** | **24.5%** | **(2.5%)** | **21.1%** | **5.7%** | **16.0%** | **20.4%** |
| Net asset value per share | 2,367.2p | 2,411.1p | 2,722.9p | 2,868.9p | 3,703.0p | 3,465.2p |
| Share price | 2,304.0p | 2,405.0p | 2,730.0p | 2,920.0p | 3,695.0p | 3,275.0p |
| (Discount)/Premium of share price to net asset value per share† | (2.7%) | (0.3%) | 0.3% | 1.8% | (0.2%) | (5.5%) |
| Dividends per share | 22.5p | 17.5p | 26.5p | 25.0p | 22.0p | 26.5p |
| Leverage† | 16.9% | 16.4% | 4.9% | 12.0% | 7.6% | 10.9% |
| Ongoing charges† | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |
| Ongoing charges (including performance fees paid or crystallised during the year)† | 1.0% | 1.2% | 1.1% | 0.9% | 0.9% | 1.4% |

*Source: Morningstar
† Alternative Performance Measure (see Glossary beginning on page 94).

## PREMIUM/(DISCOUNT) OF THE COMPANY'S SHARE PRICE TO THE NET ASSET VALUE PER SHARE

year to 31 March 2022




*Source: Morningstar

# CHAIRMAN'S STATEMENT

SIR MARTIN SMITH

## INVESTMENT PERFORMANCE

Following last year's strong returns, both on an absolute and a relative basis, the year under review has proved to be a challenging one for the Company. The Company's net asset value per share total return was -5.8% (2021:+30.0%) and the share price total return was -10.8% (2021: +27.4%), both significantly underperforming the Company's Benchmark, the MSCI World Health Care Index measured on a net total return, sterling adjusted basis, which rose by 20.4% during the year (2021: rose by 16.0%). The disparity between the performance of the Company's net asset value per share and its share price is reflected in the widening of the Company's share price discount to its net asset value per share from 0.2% at the start of the Company's financial year to 5.5% at 31 March 2022.

The majority of the Company's assets are denominated in U.S. dollars, and it should be noted that the Company's net asset value performance was helped by the weakness of sterling over the year, particularly against the dollar, where it depreciated by 4.6%.

The negative absolute return over the year to 31 March 2022 reflected a mildly positive first half, where the net asset value per share total return was +0.4% (2021:+23.1%) compared to a rise in the Benchmark of 13.0% (2021: a rise of 15.3%) and a weaker second half where the net asset value total return was -6.2% (2021-5.6%) compared to a rise in the Benchmark of 7.4% (2021: 0.7%).

During the year the Company's Portfolio Manager continued to pursue a strategy of being underweight in large pharmaceutical companies and overweight in both emerging markets and emerging biotechnology companies; an approach which had served the Company well during the previous year but was the principal reason for the Company's relative underperformance during the year under review.

While the healthcare sector as a whole performed well during the year, macro considerations rather than company fundamentals were deemed to be most important by investors. In addition, the "growth-to-value" rotation which has tended to favour well-established companies despite their less-exciting growth prospects also showed that investors have been less willing to take on investment risk more generally. This risk aversion has hurt those sectors where we have been strategically overweight, including emerging biotechnology, China healthcare, and innovative tools.

Risk aversion has also resulted in further pressure on performance as the value of the smaller capitalisation stocks we own has lagged while large capitalisation pharmaceutical stocks have outperformed the rest of the healthcare sector, particularly during the last quarter of the financial year. It should be emphasised, however, that this extraordinary fall in the valuation of the biotechnology and other sectors reflects a change in investor sentiment rather than any significant deterioration in the performance of the underlying companies. It is for this reason that we remain confident that these stocks will recover in due course.

Our Portfolio Manager continues to adopt both a pragmatic and tactical approach to the use of leverage. Leverage levels varied over the course of the year, with the net effect being a detraction of 1.0% from performance.

The long-term performance of the Company, however, continues to be strong, and it should be noted that from the Company's inception in 1995 to 31 March 2022, the total return of the Company's net asset value per share has been +3,866.7%, equivalent to a compound annual return of +14.7%. This compares to a cumulative blended Benchmark return of +2,133.6%, equivalent to a compound annual return of +12.2% over the same period.

Further information on the healthcare sector, the Company's investments and performance during the year can be found in the Portfolio Manager's Review beginning on page 14.

## CAPITAL

The Company's share price traded close to the net asset value per share for much of the year under review. In accordance with the Company's share price premium management policy 1,227,500 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 £45.5m of new funds to the Company, which have been invested in line with the investment policy. The Company's ongoing share issuance programme triggered the requirement for the Company to publish a prospectus in July 2021 which provided authority for the issuance of 20 million new shares.

However, toward the end of the calendar year, the Company's share price fell to a discount to the net asset value per share and 80,509 shares were repurchased during the Company's financial year for treasury, in accordance with the Company's share price discount management policy, at a discount of 8.4% to the Company's cum income net asset value per share, at cost of £2.5m.

At the year-end there were 65,457,246 shares in issue (excluding the 80,509 shares held in treasury (2021: 64,310,255 with no shares held in treasury)). Since the year-end, to 25 May 2022, the latest practicable date prior to the publication of this report, a further 223,842 shares were repurchased for treasury at a discount of 7.0% to the Company's cum income net asset value per share, at cost of £7.3m. At the time of writing the share price discount stands at 4.6%.

## REVENUE AND DIVIDEND

Shareholders will be aware that it remains the Company's policy to pursue capital growth for shareholders and to pay dividends at least to the extent required to maintain investment trust status. Therefore, the level of dividends declared can go down as well as up. An increased interim dividend of 7.0p per share for the year ended 31 March 2022, was paid on 11 January 2022 to shareholders on the register on 19 November 2021 (2021: 6.5p per share). Due in large part to an increase in exposure to higher yielding stocks in the portfolio and also to the weakness of sterling, the Company's revenue return per share for the year as a whole increased to 26.8 pence (2021: 24.1 pence). Accordingly, the Board is proposing an increased final dividend of 19.5 p per share (2021:15.5p per share) which, together with the interim dividend already paid, makes a total dividend for the year of 26.5p (2021: 22.0p per share). Based on the closing mid-market share price of 3040.0p on 25 May 2022, the total dividend payment for the year represents a current yield of 0.9%.

The final dividend will be payable, subject to shareholder approval, on 15 July 2022 to shareholders on the register of members on 10 June 2022. The associated ex-dividend date will be 9 June 2022.

The Company's dividend policy will be proposed for approval at the forthcoming Annual General Meeting.

## THE BOARD

The process of Board refreshment continues and, as indicated in my last year-end statement, following David Holbrook's retirement last year, I shall be stepping down from the Board on 6 July 2022, the date of this year's Annual General Meeting. It has been agreed that in the interests of maintaining an orderly succession process, Doug McCutcheon will extend his term and assume the Chairmanship following my retirement. I wish him every success for the future. Bina Rawal will take over as Chair of the Management Engagement & Remuneration Committee at the same time.

I have served on the Board for 14 years, 13 of which as Chairman, and have been fortunate to be supported by a group of very loyal, professional and hard working colleagues during that time. I would also like to pay

CHAIRMAN'S STATEMENT CONTINUED

tribute to the unswerving dedication of both our Portfolio Manager, OrbiMed and our AIFM, Company Secretary and Administrator, Frostrow Capital. Although recent results have been disappointing, I believe that it will be only a matter of time before the skills and experience of our Portfolio Manager will enable the Company to resume its excellent long-term record.

The process of recruiting a new Director is ongoing. Shareholders will be kept informed of developments as they occur. As new members are recruited, the Board will remain mindful of its commitment to a policy of diversity.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MATTERS

ESG matters are an important priority for the Board and Bina Rawal and I have been working closely with our Portfolio Manager to identify an appropriate set of policies to address them.

Our Portfolio Manager continues to develop tools for assessing the sustainability of the Company's portfolio including measuring the net impacts that individual portfolio companies have on both the environment and society, as much as is possible with the availability and consistency of the reporting of non-financial data pertaining to both ESG matters and also to climate change. OrbiMed is committed to taking a leading role in the development of meaningful ESG engagement practices in the healthcare sector. As part of this they facilitate dialogue and an exchange of leading practices among investors, companies and other relevant experts on ESG in the large capitalisation pharmaceutical sector. They also engage with a broad range of companies on a regular basis where areas of improvement can be identified. Further information on both ESG matters and climate change can be found in the Portfolio Manager's ESG report on page 25.

## PERFORMANCE FEE

I mentioned last year that as a result of the continued cumulative outperformance in the year, there was a provision in our year-end accounts of £31.7 million for future performance fee payments. However, only if outperformance was maintained to the relevant quarterly calculation dates would this provision become payable. During the year under review, a performance fee of £12.9 million crystallised and became payable on 30 June 2021. However, due to underperformance against the Benchmark during the year, the remainder of the performance fee accrual as at 31 March 2021 was reversed. No performance fees were accrued or payable at the Company's year-end as at 31 March 2022.

The performance fee arrangements are described in detail on page 43 of this Annual Report.

## OUTLOOK

Global markets are currently experiencing unusually high levels of uncertainty. In addition to the appalling human cost, Russia's invasion of Ukraine has created near-term risks for markets as high energy prices, rising food prices and disrupted supply chains threaten a substantial increase in global inflation. It has also cast a shadow over the longer-term outlook with the prospect of continued raised levels of geopolitical risk and an increase in investor risk aversion, both of which may affect markets and economic confidence for some time.

This comes in addition to existing market and economic concerns that troubled investors before the invasion, including the onset of U.S. Federal Reserve tightening, the impact of COVID-19 lockdowns on supply chains and inflation and also the outlook for China where there are problems in the real estate sector, as well as around its zero-tolerance COVID-19 policy and heavy-handed regulation of technology firms.

Against this challenging background, however, our Portfolio Manager OrbiMed remains positive on the outlook for healthcare with certain of the perceived risks associated with the sector such as an inefficient drug approval process in the U.S. and also the spectre of drug price reform having receded. Fundamentals, however, remain strong, particularly given the amount of innovation that is fuelling the industry's growth. They further believe that the sector's defensive growth characteristics should continue to prove attractive in times of global uncertainty.

Your Board continues to believe that long-term investors in this sector will be rewarded.

## ANNUAL GENERAL MEETING

After COVID restrictions prevented holding meetings in person, the Board is pleased to welcome all shareholders back 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 meeting will be held at etc. venues 1-3 Bonhill Street, London EC2A 4BX on Wednesday, 6 July 2022 at 12.30pm. Of course, should circumstances change and restrictions be reintroduced, we will keep shareholders informed of the final arrangements for the meeting via the Company's website at www.worldwidewh.com.

**CHAIRMAN'S STATEMENT CONTINUED**

For those investors who are not able to attend the meeting in person, a video recording of the Portfolio Manager's presentation will be uploaded to the website after the meeting. Shareholders can submit questions in advance by sending them to wwh@frostrow.com.

I encourage all shareholders to exercise their right to vote at the Annual General Meeting and to register your votes online in advance of the meeting (information on how to vote can be found on page 102). Registering your vote in advance will not restrict you from attending and voting at the meeting in person should you wish to do so, subject of course to any government guidance to the contrary. The votes on the resolutions to be proposed at the Annual General Meeting will be conducted on a poll. The results of the proxy votes will be published immediately following the conclusion of the AGM by way of a stock exchange announcement and will also be able to be viewed on the Company's website at www.worldwidewh.com.

**Sir Martin Smith**

Chairman
26 May 2022

# 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 14 to 23.

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 50% of the portfolio will normally be invested in larger companies (i.e. with a market capitalisation of at least U.S.$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.$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 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 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.

**INVESTMENT OBJECTIVE AND POLICY CONTINUED**

## 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. Only Equity Swaps were employed within the portfolio during the year.

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 LIMIT

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

## 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, are included in the Glossary beginning on page 94. Further details on how derivatives are employed can be found in note 16 beginning on page 86.

# PORTFOLIO

## INVESTMENTS HELD AS AT 31 MARCH 2022

| Investments | Country | Market value £'000 | % of investments |
|---|---|---|---|
| AstraZeneca | UK | 135,292 | 5.7 |
| Pfizer | USA | 117,923 | 4.9 |
| Roche Holding | Switzerland | 113,899 | 4.8 |
| Bristol-Myers Squibb | USA | 112,460 | 4.7 |
| Horizon Therapeutics | USA | 105,462 | 4.4 |
| AbbVie | USA | 101,256 | 4.3 |
| Boston Scientific | USA | 100,010 | 4.2 |
| Intuitive Surgical | USA | 91,924 | 3.9 |
| Humana | USA | 88,067 | 3.7 |
| UnitedHealth Group | USA | 86,845 | 3.7 |
| **Top 10 investments** | | **1,053,138** | **44.3** |
| Stryker | USA | 77,630 | 3.3 |
| Edwards Lifesciences | USA | 71,813 | 3.0 |
| BioMarin Pharmaceutical | USA | 61,893 | 2.6 |
| Mirati Therapeutics | USA | 58,981 | 2.5 |
| Vertex Pharmaceuticals | USA | 58,174 | 2.5 |
| Shanghai Bio-Heart Biological Technology | China | 46,558 | 2.0 |
| DexCom | USA | 42,742 | 1.8 |
| Neurocrine Biosciences | USA | 39,067 | 1.6 |
| Thermo Fisher Scientific | USA | 38,886 | 1.6 |
| Guardant Health | USA | 37,457 | 1.6 |
| **Top 20 investments** | | **1,586,339** | **66.8** |
| Caris Life Science (unquoted) | USA | 36,986 | 1.6 |
| Daiichi Sankyo | Japan | 36,600 | 1.5 |
| Seagen | USA | 34,969 | 1.5 |
| Tenet Healthcare | USA | 34,847 | 1.5 |
| Natera | USA | 31,523 | 1.3 |
| SI-BONE | USA | 31,479 | 1.3 |
| Global Blood Therapeutics | USA | 29,984 | 1.3 |
| Argenx | Netherlands | 27,097 | 1.1 |
| Evolent Health | USA | 25,873 | 1.1 |
| Shionogi | Japan | 25,202 | 1.1 |
| **Top 30 investments** | | **1,900,899** | **80.1** |
| API Holdings (unquoted) | India | 22,251 | 0.9 |
| Joinn Laboratories China | China | 21,669 | 0.9 |
| NanoString Technologies | USA | 21,594 | 0.9 |
| Chugai Pharmaceutical | Japan | 21,422 | 0.9 |
| Arrail Group | China | 18,581 | 0.8 |
| Crossover Health (unquoted) | USA | 17,499 | 0.7 |
| EDDA (unquoted) | USA | 16,128 | 0.7 |
| Visen Pharmaceutical (unquoted) | China | 15,731 | 0.7 |
| MeiraGTx | USA | 15,603 | 0.7 |
| Iovance Biotherapeutics | USA | 14,869 | 0.6 |
| **Top 40 investments** | | **2,086,246** | **87.9** |
| Shanghai Fosun Pharmaceutical | China | 14,838 | 0.6 |
| Beijing Yuanxin Technology (unquoted) | China | 14,705 | 0.6 |
| Arcutis Biotherapeutics | USA | 13,224 | 0.5 |
| Ruipeng Pet Group (unquoted) | China | 13,101 | 0.5 |
| Dingdang Health Technology (unquoted) | China | 12,491 | 0.5 |
| RiMAG (unquoted) | China | 12,208 | 0.5 |
| Theravance Biopharma | USA | 11,394 | 0.5 |
| Shanghai Kindly Medical Instruments | China | 11,301 | 0.5 |

## PORTFOLIO CONTINUED

| Investments | Country | Market value £'000 | % of investments |
|---|---|---|---|
| uniQure | Netherlands | 11,289 | 0.5 |
| CSPC Pharmaceutical | China | 11,001 | 0.5 |
| **Top 50 investments** | | **2,211,798** | **93.1** |
| Erasca | USA | 10,868 | 0.5 |
| Alphamab Oncology | China | 10,794 | 0.5 |
| RxSight | USA | 9,950 | 0.4 |
| Danaher | USA | 9,600 | 0.4 |
| Celldex Therapeutics | USA | 9,206 | 0.4 |
| Apollo Hospitals Enterprise | India | 8,552 | 0.4 |
| Shanghai Junshi Biosciences | Hong Kong | 8,133 | 0.4 |
| New Horizon Health | China | 7,815 | 0.3 |
| Ikena Oncology | USA | 7,522 | 0.3 |
| Turning Point Therapeutics | USA | 7,373 | 0.3 |
| **Top 60 investments** | | **2,301,611** | **97.0** |
| Galapagos | Belgium | 7,217 | 0.3 |
| Clover Biopharmaceuticals | China | 6,420 | 0.3 |
| Shenzhen Hepalink Pharmaceutical | China | 6,400 | 0.3 |
| Simcere Pharmaceutical | China | 6,092 | 0.3 |
| MabPlex International (unquoted) | China | 5,874 | 0.2 |
| China Medical System | China | 5,662 | 0.2 |
| Harpoon Therapeutics | USA | 5,524 | 0.2 |
| United Laboratories International Holdings | Hong Kong | 5,336 | 0.2 |
| Burning Rock Biotech | China | 5,290 | 0.2 |
| Yidu Tech | China | 5,081 | 0.2 |
| **Top 70 investments** | | **2,360,507** | **99.4** |
| NanoString Technologies 2.63% 01/03/2025 (unquoted) | USA | 5,024 | 0.2 |
| Vor BioPharma | USA | 3,779 | 0.2 |
| Abbisko | China | 3,735 | 0.2 |
| Achilles Therapeutics | USA | 3,108 | 0.1 |
| Passage Bio | USA | 2,376 | 0.1 |
| MicroTech Medical Hangzhou | China | 844 | 0.0 |
| Peloton Interactive (DCC*-unquoted) | USA | 475 | 0.0 |
| **Total equities and fixed interest investments** | | **2,379,848** | **100.2** |
| **OTC Equity Swaps – Financed^** | | | |
| Healthcare M&A Target Swap | USA | 99,898 | 4.2 |
| Apollo Hospitals | India | 35,120 | 1.5 |
| Less: Gross exposure on financed swaps | | (140,147) | (5.9) |
| **Total OTC Swaps** | | **(5,129)** | **(0.2)** |
| **Total investments including OTC Swaps** | | **2,374,719** | **100.0** |

* DCC = deferred contingent consideration.
^ See Glossary beginning on page 94 and note 16 beginning on page 86 for further details in relation to the OTC Swaps.

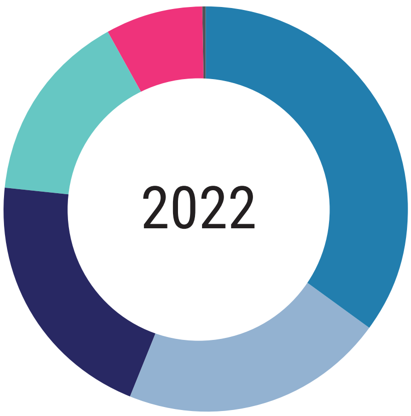
## SUMMARY

| Investments | Market value £'000 | % of investments |
|---|---|---|
| Quoted equities | 2,207,375 | 93.0 |
| Unquoted equities | 167,449 | 7.0 |
| Unquoted debt securities | 5,024 | 0.2 |
| Equity swaps | (5,129) | (0.2) |
| **Total of all investments** | **2,374,719** | **100.0** |

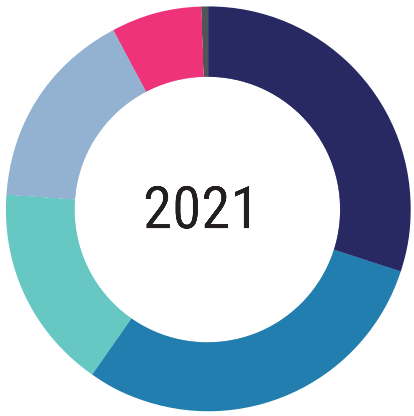
PORTFOLIO CONTINUED

# PORTFOLIO DISTRIBUTION

## BY SECTOR

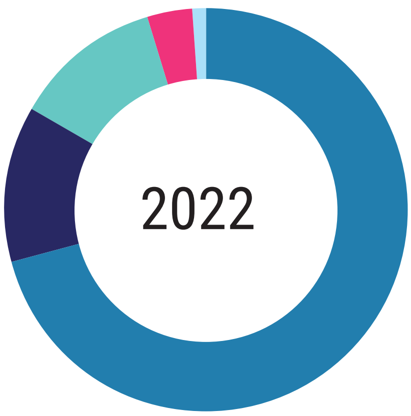



| | |
|---|---|
| Pharmaceutical | 35.1% |
| Healthcare Equipment/Supplies/Technology | 21.1% |
| Biotechnology | 20.7% |
| Healthcare Providers & Services | 15.2% |
| Life Sciences Tools & Services | 7.7% |
| Debt Instruments | 0.2% |

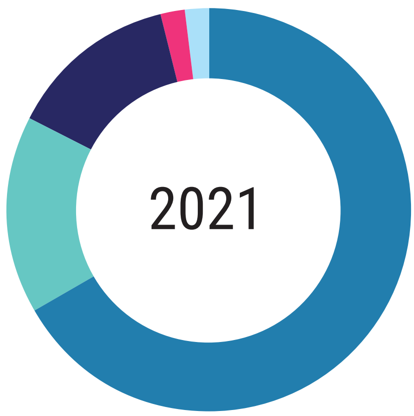



| | |
|---|---|
| Biotechnology | 30.1% |
| Pharmaceutical | 29.9% |
| Healthcare Providers & Services | 16.2% |
| Healthcare Equipment/Supplies/Technology | 16.1% |
| Life Sciences Tools & Services | 7.3% |
| Debt Instruments | 0.4% |

## BY GEOGRAPHY




| | |
|---|---|
| North America | 70.8% |
| Europe | 12.0% |
| China | 12.5% |
| Japan | 3.5% |
| India | 1.1% |




| | |
|---|---|
| North America | 66.7% |
| China | 16.0% |
| Europe | 13.5% |
| Japan | 2.1% |
| India | 1.7% |

# 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.

OrbiMed had approximately U.S.$19 billion in assets under management as of 31 March 2022, across a range of funds, including investment trusts, hedge funds, and private equity funds.

## INVESTMENT STRATEGY AND PROCESS

Within the guidelines set by the Board, the OrbiMed team works 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 under-appreciated 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.

## THE TEAM

The OrbiMed Investment Team continues to expand and now has over 100 professionals that cover all aspects of research, trading, finance, and compliance. This includes over 30 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), Hong Kong, 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.

**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.

# PORTFOLIO MANAGER'S REVIEW

## MARKETS

2021 was another unprecedented year for the global equity markets. After the COVID-induced volatility that characterised 2020, markets climbed higher in 2021 despite various headwinds including inflationary fears and supply chain disruptions. The market reached new highs by the calendar year-end, only to sell-off in the face of rising interest rates and Russia's invasion of Ukraine in early 2022. Of course, COVID-19 continued to cast a shadow over the year under review, with Delta and Omicron variants inducing new waves of infections across the globe.

Nevertheless, global equity markets produced solid double-digits returns in the financial year. The MSCI World Index total return was +16.2% (in sterling terms). The total return for the S&P 500 was +15.6% (in U.S. dollar terms), notching 70 all-time highs throughout 2021 (source: Forbes). Meanwhile, the FTSE All-Share Index total return was +13.0% (in sterling terms).

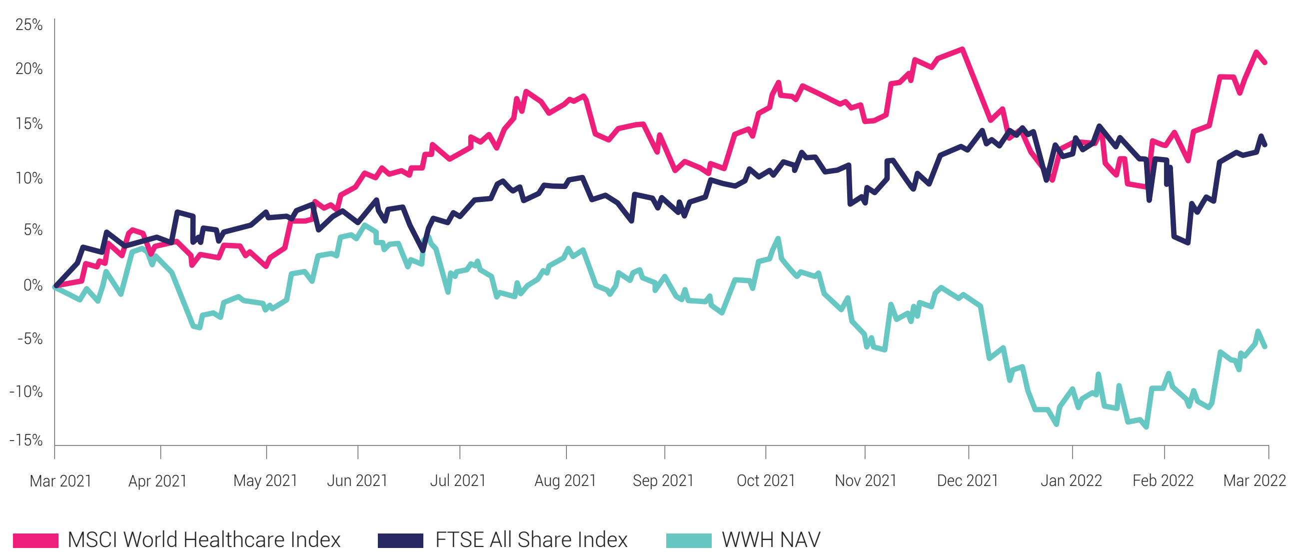
For the most part, healthcare stocks traded in-line with broader indices throughout the financial year. However, with geopolitical tensions increasing as the financial year drew to a close alongside a rising interest rate environment, healthcare benefitted as investors became decisively more defensive in the last five weeks of the period. As such, the MSCI World Healthcare Index net total return over the year was +20.4% (in sterling terms), with over half of that move accruing in the last 27 trading days of the financial year.

## PERFORMANCE

After one of the best performance years in the Company's history in the year ended 31 March 2021, generating comparable returns over the benchmark in the current financial year proved to be very difficult. Whilst healthcare stocks mostly traded higher, trading dynamics for the Company were broadly fuelled by macro factors, with industry and company fundamentals firmly taking a backseat and going largely unrecognised by investors. As a result, sub-sector moves within healthcare were very disparate given the "growth-to-value" rotation and the risk-off environment that characterised the reported year.

This trading environment heavily favoured large capitalisation companies over small capitalisation stocks, thus, overall positioning within healthcare equities was far more critical than stock selection. This was particularly true for the Company's portfolio, with our key long-term strategic overweight positions in emerging biotechnology, China healthcare, and innovative tools – typically all small capitalisation stocks – materially underperforming. This included historic drawdowns and record setting underperformance in emerging biotechnology stocks which severely impacted returns, despite an otherwise healthy fundamental sector. This was exacerbated by our long-term underweight positioning in pharmaceuticals – typically all large capitalisation stocks – a sector that outperformed the rest of healthcare, particularly during the last quarter of the financial year.

### WORLDWIDE HEALTHCARE TRUST (WWH) – 1 YEAR NAV TOTAL RETURN PERFORMANCE



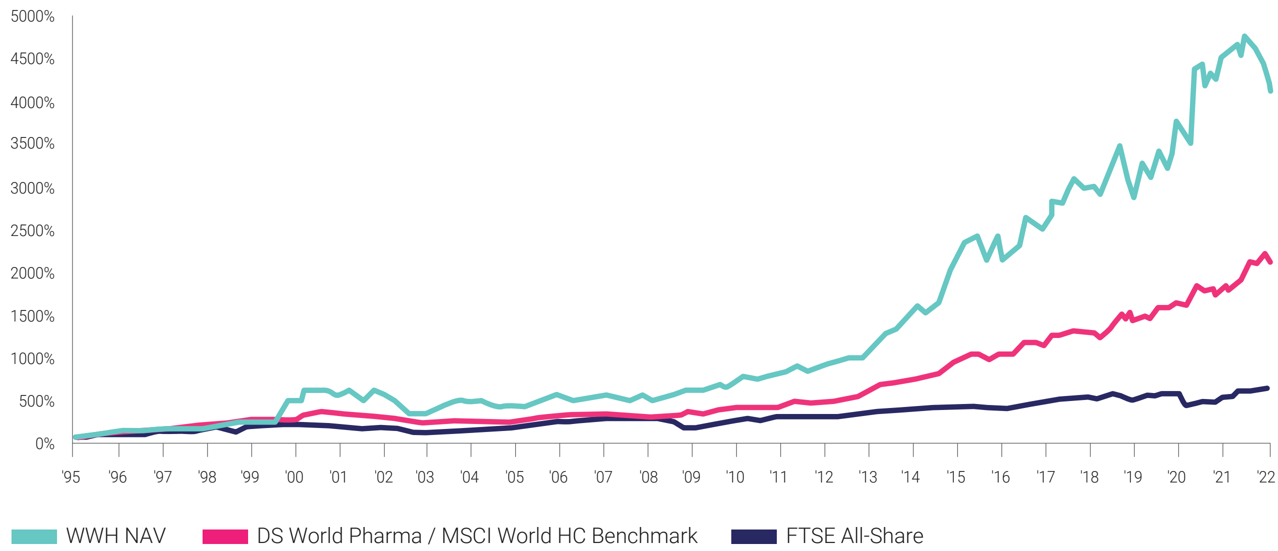

Source: OrbiMed Advisors

**PORTFOLIO MANAGER'S REVIEW CONTINUED**

Overall, our performance was heavily impacted by this relative positioning as the preponderance of fundamentals across healthcare failed to influence trading dynamics; a true mismatch to our investment philosophy. Rather, this extraordinary market perturbation created not only extreme volatility but also an historic compression of valuations within certain components of healthcare, a situation that inevitably damaged our relative portfolio positioning. As a result, relative and absolute performance suffered with a net asset value total return of -5.8%, and a share price total return of -10.8%, compared to the benchmark index total return of +20.4%.

Despite the volatility in the reported period, we are pleased to note that since the Company's inception in 1995, the total return of the Company's net asset value per share is +3,866.7%, equivalent to a compound annual return of +14.7%. This compares to the blended benchmark rise of +2,133.6%, equivalent to a compound annual return of +12.2%.

## WORLDWIDE HEALTHCARE TRUST (WWH) – NAV TOTAL RETURN PERFORMANCE SINCE INCEPTION




Source: OrbiMed Advisors

This 27-year track record demonstrates several important points. First, it puts into context the recent drawdown. Previous periods of underperformance by the Company have all been quickly followed by a significant bounce back and material outperformance. Second, the chart above shows outperformance for healthcare (the benchmark) versus the broader markets (in this case, the FTSE All-Share Index), particularly over the past seven years which coincides with the real explosion of innovation within the industry. Finally, it shows what an active manager or specialist investor can do in healthcare, especially in the face of a highly idiosyncratic, global sector that possesses many barriers to understanding the scientific, clinical, regulatory, technological, and political environment that envelops all of healthcare.

Finally, we would note that the fundamentals of healthcare remain strong, especially in biotechnology, which we regard as the cradle of innovation for clinical discovery.

The macro trading dynamics that impacted these stocks in the reported period do not represent, in any way, a deterioration of the elements that underpin the sector. Rather, it is simply a product of extreme market conditions that we have never experienced previously, culminating in a profound collapse in valuations, a situation that should reverse in due time. With fundamentals intact, we remain positioned for a material rebound in biotechnology stocks.

### CONTRIBUTION BY SUB-SECTOR

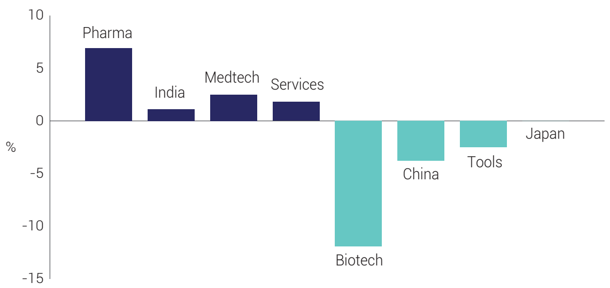
Looking at performance by sub-sector provides an understanding of overall performance during the year. First, four areas which contributed a significant absolute positive contribution were Pharmaceuticals (benefitting from a macro defensive rotation), Medical Devices/Technology (a result of stock picking), Healthcare Services (reflecting our sector positioning), and India

## PORTFOLIO MANAGER'S REVIEW CONTINUED

Healthcare (again, as a result of stock picking). Second, four sub-sectors that contributed a notable relative positive contribution over the benchmark were Specialty Pharmaceuticals, Medical Devices/Technology, India Healthcare (all reflecting the results of stock-picking) and Japan Pharmaceuticals (reflecting our sector positioning).

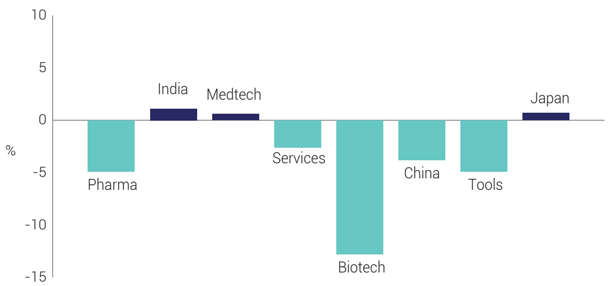
However, detractors from performance overwhelmed the positive contributions. The following three sub-sectors were notable in terms of both relative *and* absolute negative contribution - emerging biotechnology (reflecting macro sector rotation), China healthcare (a result of fundamental investor concerns), and small/mid-capitalisation life science tools/diagnostics (reflecting our overweight sector positioning). Each of these sub-sectors experienced significant drawdowns during the year creating a headwind to the Company's performance that became insurmountable during the reported 12-month period.

### ABSOLUTE CONTRIBUTION – BY SUB-SECTOR




Source: Frostrow

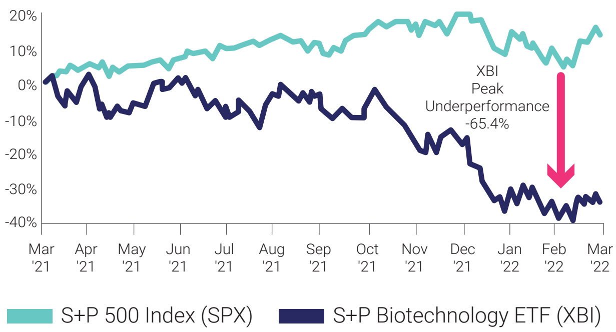
### RELATIVE CONTRIBUTION – BY SUB-SECTOR




Source: Frostrow

The largest detractor by sub-sector was emerging biotechnology stocks, which generated over 11% of negative contribution (both in absolute and relative terms). A "perfect storm" of macro factors led to this disappointing performance. The financial year began with a rotation by investors from growth to value stocks, as generalist investors repositioned portfolios to gain exposure to economically sensitive sectors that would benefit most from a post-COVID reopening of the economy. Biotechnology underperformed during this period, as did many other growth sectors to which investors had allocated capital during the COVID pandemic. Many of the shorter-term investors who did not regularly invest in the biotechnology sector, but who were temporarily attracted to the industry's defensive nature and COVID-related research, appeared to exit the sector.

### S&P BIOTECHNOLOGY ETF (XBI) VS. S&P 500 INDEX




Source: Bloomberg, OrbiMed Advisors
Note: Chart updated through 31 March 2022

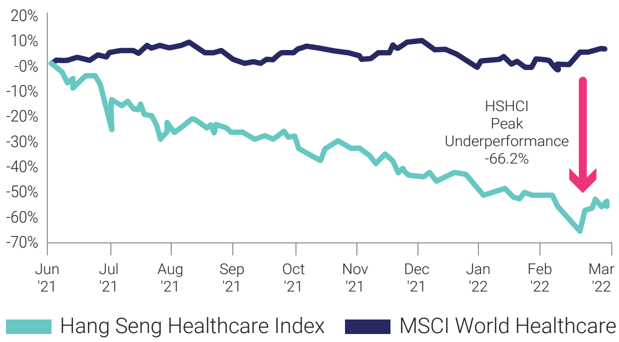
In the second half of the financial year, increasing concerns about the U.S. Federal Reserve's plans to raise interest rates to combat inflation led to continued weakness in technology stocks, especially those earlier-stage enterprises which are not expected to realise earnings for many years. This trend was especially damaging to small capitalisation biotechnology performance and those stocks sold off even further. Overall, these macroeconomic and related factors created the longest and largest drawdown in biotechnology history, with the gap between the S&P Biotechnology ETF (XBI) compared to the S&P 500 Index reaching over 65% during the financial year.

Adding pressure to the Company's performance was a significant drawdown in the Chinese markets, including Hong Kong, in the second half of the financial year. The sell-off was precipitated by regulatory tightening by the Chinese government across a variety of sectors, including

## PORTFOLIO MANAGER'S REVIEW CONTINUED

the internet (and related technology industries) and the for-profit education industry. Even though there were no new significant regulations targeting Chinese healthcare companies, investor fears were materially heightened that healthcare may be the government's next target. This broad market downturn in China that began in June 2021 adversely and indiscriminately impacted many of our China healthcare positions. Unfortunately, these macro pressures persisted through to the end of the financial year, generating nearly 4% of negative absolute and relative contribution in the reported period. Importantly, we continue to believe fundamental innovation in the China healthcare sector remains strong.

### HANG SENG HEALTHCARE INDEX (HSHCI) VS. MSCI WORLD HEALTHCARE INDEX




Source: Bloomberg, OrbiMed Advisors
Note: Chart updated through 31 March 2022
Drawdown as of 31 March 2022 is -60.7%

The life science tools sector was also challenging for the Company in the year under review. Mirroring the broader market, large capitalisation diversified companies significantly outperformed those with a small and mid-capitalisation innovative growth profile, and our positioning in this regard was suboptimal, resulting in over 5% of negative contribution relative to the benchmark. Additionally, there were fundamental factors that drove this large capitalisation outperformance – chief among which was the continued durability of COVID-related revenues as well as a normalisation of non-COVID "base business" performance which led to positive earnings revisions throughout the 2021 calendar year. Our view that the durability of COVID related earnings would come into question amid record high valuations was clearly too early. Whilst we did have modest exposure to **Thermo Fisher Scientific** and **Danaher Corporation**, two companies which benefited from these dynamics and offer best-in-class execution, we had lower exposure than our benchmark which damaged our relative performance.

Separately, our preferred small and mid-capitalisation companies in the innovative tools space weighed on our performance. Whilst we have a positive structural outlook on liquid biopsy and the continued proliferation of clinically successful oncology diagnostics, the sector fell out of favour against the backdrop of demanding valuations and fundamental results that were strong but were insufficient to drive shares higher against lofty near-term expectations.

Finally, a word on the performance of large capitalisation pharmaceutical stocks in the financial year. As articulated already in this report, pharmaceutical stocks traded mostly in-line with the benchmark throughout the period.

However, as we approached the turn of the calendar year, this performance began to diverge materially as inflation, interest rates, and geopolitical risks all rose and investors turned defensive. As a result, large capitalisation pharmaceutical stocks moved much higher heading into the financial year end, many of which ended on 52-week highs on 31 March 2022. This created the single largest source of absolute contribution for the Company at over 7%. However, as is our historical norm, we were materially underweight in the pharmaceutical sector in the period, thus creating over 5% of negative relative contribution to the benchmark due to our positioning.

## KEY CONTRIBUTORS TO PERFORMANCE

There were a number of factors that underlay the key positive contributors to absolute performance. These included the beneficiaries of the macro factors described above, such as the outperformance of large capitalisation stocks, alongside a mix of positive fundamentals that also influenced share price moves. OrbiMed prides itself on its expertise within clinical medicine and how that capability helps shape good stock picking within the healthcare sector.

A prototypical example of this combination of macro tailwinds and good stock picking was **AbbVie**. Over the past two years, the company has been in the midst of a transformation. Facing the largest patent expiration in industry history – Humira, with peak global sales of U.S.$20 billion – the company has re-invented its immunology franchise with newer, better, and safer drugs in Skyrizi (injectable risankizumab) and Rinvoq (oral upadacitinib), two drugs approved to treat a variety of immunological disorders.

PORTFOLIO MANAGER'S REVIEW CONTINUED

## RINVOQ APPROVED INDICATIONS (RINVOQ.COM)


## RINVOQ DOSAGES


Investor optimism hit a nadir in September 2021 when the U.S. Food and Drug Administration (FDA) communicated their general concern over the safety of all oral JAK inhibitors (Janus Kinase inhibitors, the class of medicines included Rinvoq), certainly delaying and perhaps denying future additional approvals for Rinvoq, largely considered the "best-in-class" JAK inhibitor in the world. With the stock on the low after falling further on the news, we added meaningfully to our position. That risk paid off two-fold. First, despite a modest delay, the FDA did ultimately approve Rinvoq for Psoriatic Arthritis, Ulcerative Colitis, and Atopic Dermatitis (in addition to the already approved Rheumatoid Arthritis), pushing the stock higher. Second, the stock certainly caught the macro trend towards the start of 2022 when large capitalisation pharmaceutical stocks moved higher in the face of rising interest rates, record inflation, and war in Europe.

Another pharmaceutical company that has re-invented itself is **AstraZeneca**. After nearly a decade of declining revenues and earnings, the company has turned itself around under the guidance of CEO Pascal Soriot, creating one the largest and fastest growing global, multinational pharmaceutical companies in the world. With leadership in oncology, cardiovascular, respiratory, and more recently, rare diseases, the company is poised for sustainable, long-term growth. However, these successes have not been without some angst, as a messy but well-intended effort to develop a COVID vaccine created some share price volatility as did the close of the acquisition of Alexion Pharmaceuticals, which sparked investor fears that the company's stand-alone financials were going to disappoint.

## EVUSHELD FOR COVID-19 PROPHYLAXIS


However, after a robust fourth quarter report, better than expected guidance for 2022, and a strong launch for the company's COVID-19 prophylaxis injection, Evusheld (tixagevimab co-packaged with cilgavima), AstraZeneca's share price closed at an all-time high at the end of the Company's financial year.

**UnitedHealth Group** is the largest health insurer in the United States as well as one of the largest healthcare services providers through its subsidiary, Optum. This stock represents another example of a mix of positive fundamentals and a macroeconomic environment that took the share price to new highs in 2022. Heading into its third quarter 2021 earnings, investors faced significant fears of whether increasing medical costs and lingering COVID-related costs (testing, treatment, vaccines) would impede the insurer's ability to grow earnings. Additionally, regulatory noise became louder with prospects of Medicare Advantage, an insurer-run government programme, would face reimbursement cuts or other challenges to pay for other priorities in a large U.S. federal spending bill.

## PORTFOLIO MANAGER'S REVIEW CONTINUED

### UHS.COM


However, the company produced strong third and fourth quarter results, along with better-than-expected earnings guidance for 2022. Meanwhile, political negotiations over a large spending bill broke down in the U.S., removing another critical source of risk. Finally, the shifting macroeconomic landscape, including higher interest rates, rising inflation, and a shift out of growth stocks into value stocks, all benefited UnitedHealth, which has since become a "safe haven" in healthcare.

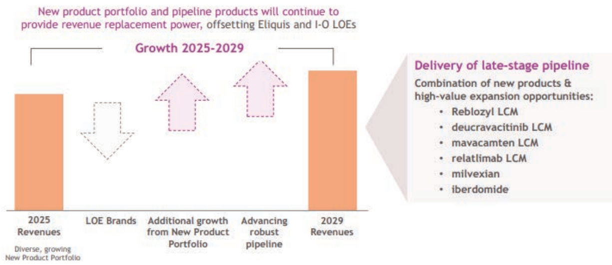
**Shanghai Bio-heart Biological Technology** is a cardiovascular medical device startup in China. The company sells two product lines: Renal Denervation (RDN) and Bioresorbable Vascular Scaffold System (BVS). Together, these technologies address the unmet medical needs of Chinese patients for the treatment of coronary and peripheral artery diseases and uncontrolled hypertension.

### IBERIS RDN CATHER SYSTEM


Bio-heart's line of RDN products is a "best-in-class" product in China, with a unique catheter design which is the only one that can be inserted by both radial artery and femoral artery (unlike the competition). The company's RDN business is also backed by Terumo, the Japan-based global leader in medical technology, in a technology-validating deal. The investment into Bio-heart was an unquoted investment. The company listed on the Hong Kong Exchange in December 2021 and the share price more than doubled during the remainder of the Company's financial year.

Before the turn of the decade, **Bristol-Myers Squibb** became one of the most, if not the most, dominant cancer companies in the world. With pioneering work in revolutionary field of immuno-oncology in the mid-2010s and the U.S.$74 billion acquisition of Celgene in 2019, the company possessed leadership in both the solid tumour and liquid tumour fields of oncology. However, the company has also become misunderstood. Investor anxiety over the company's growth strategy and increased concerns over imminent patent expirations for key products saw the company's valuation collapse to an all-time low, with the shares trading with a price-to-earnings ratio of 7.0x during the reported period.

### BRISTOL-MYERS SQUIBB LONG TERM GROWTH STRATEGY & GUIDANCE




However, an analyst meeting hosted by company management in November 2021 in New York City proved to be a seminal moment in the company's recent history. Using that platform, the company provided a deep dive on their pipeline, discussed growth opportunities, and provided long term growth targets. That event, combined with the defensive rotation into pharmaceuticals at the Company's financial year-end, was a boon to investor interest and the stock re-rated over 30% (in local currency) over the last four months of the reported period.

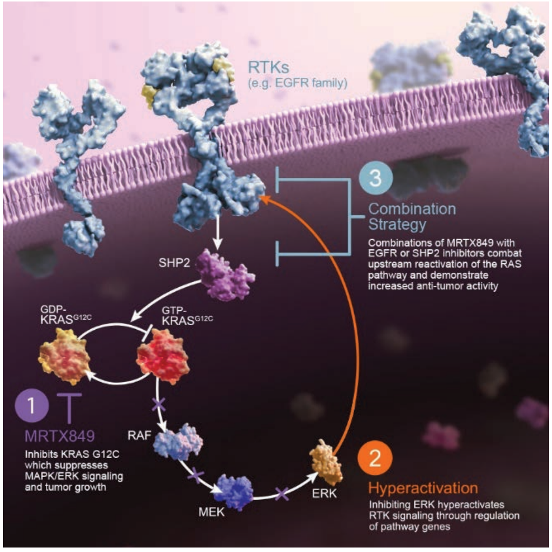
## KEY DETRACTORS FROM PERFORMANCE

**Mirati Therapeutics** is an emerging biotechnology company focused on the development of therapeutics for the treatment of cancer. The company's main pipeline asset, adagrasib, is highly selective and potent oral small molecule inhibitor of KRAS G12C (a mutation that underlies the formation of a number of tumours) that is being developed for various cancers, including lung, colon, and other solid tumours. Despite achieving many development milestones for adagrasib in the year, including a successful new drug application with the FDA, the share price was punished, perhaps unduly, for a variety of reasons, including a stock offering and multiple management changes. Most recently, the stock was under pressure again after the FDA accepted

## PORTFOLIO MANAGER'S REVIEW CONTINUED

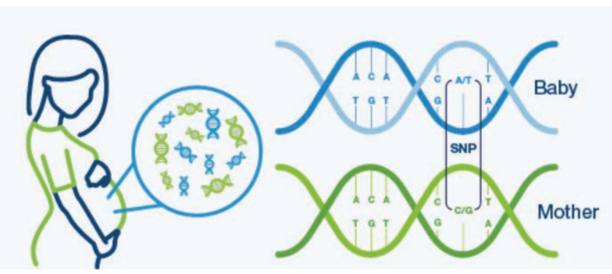
the filing for adagrasib but granted a regular review rather than the expected priority review, pushing the potential approval and launch in 2023.

### MIRATI THERAPEUTICS: KRAS INHIBITION




In the diagnostics space, **Natera** is an industry leader with a host of innovative offerings including non-invasive prenatal testing (NIPT) and other genetic testing. While Natera's commercial execution was strong in the reported period, the company did not benefit from COVID-testing tailwinds (unlike the large-capitalisation diagnostic players) and share price declines were further exacerbated by the growth-to-value rotation that characterised the year under review. Additionally, the New York Times published an article in January 2022 denouncing the low accuracy of NIPT in identifying rare genetic diseases, and in March 2022, a short seller published a report on Natera alleging illegal billing practices relating to its NIPT business, both of which created significant controversy. Whilst we disagreed with both of these reports, these collective issues created a significant disconnect between the company's fundamentals and most recent valuation.

### NATERA: NIPT



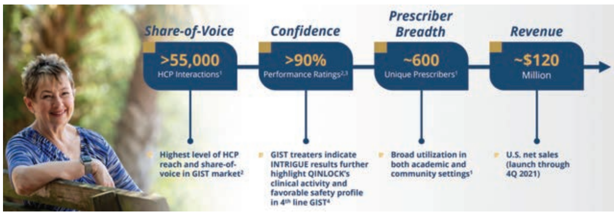

Another innovative player in the diagnostics space is **Guardant Health**, an oncology diagnostics company that has emerged as the pre-eminent liquid biopsy provider. The company has many offerings in the cancer diagnostics sector including therapy selection, disease assays, and response monitoring. The company also plans to enter the non-invasive screening market in 2022. Unfortunately, the share price experienced a material pullback through the course of the year despite generally strong financial performance. Again, macro-market conditions were largely to blame, but the stock was particularly weak following rumours that it was considering a purchase of another oncology diagnostics company, although the deal never materialised. Again, these collective issues created a significant disconnect between the company's fundamentals and its most recent valuation.

### GUARDANT HEALTH: LIQUID BIOPSY IN ONCOLOGY

**Deciphera Pharmaceuticals**, is a clinical stage, emerging biotechnology company that is developing small molecule drugs to treat various types of cancer. The company's focus in recent years has been the continued development of Qinlock (ripretinib), an orally administered inhibitor of specific mutated kinases which otherwise contribute to the development of certain cancers. In 2020, the FDA approved Qinlock for use as a fourth line therapy for gastrointestinal stromal tumours (GIST). More recently, the company conducted a trial to explore the use of Qinlock in earlier lines of therapy. However, in November 2021, that trial failed to show significantly superior results versus the standard of care in second line GIST, Sutent (sunitinib). The stock had traded down along with the broader biotechnology drawdown into this update and subsequently gapped even lower after the failed trial.

## PORTFOLIO MANAGER'S REVIEW CONTINUED

### QINLOCK LAUNCH METRICS




The "XBI" is an exchange-traded fund - **SPDR S&P Biotech ETF** - incorporated in the U.S. that seeks to replicate the performance of the S&P Biotechnology Index. The Index is equal-weighted, has approximately 150 constituents, and tracks all biotechnology single stocks that are listed on the NYSE, American Stock Exchange, and the NASDAQ National Market and Small Capitalisation exchanges. The XBI offers an opportunity to gain tactical exposure to the biotechnology subsector quickly and efficiently while not exposing the portfolio to unnecessary idiosyncratic single stock risks. Given the extraordinary drawdown in the biotechnology subsector since February 2021, the removal of key sector overhangs, and anticipated mergers & acquisitions (M&A) by large capitalisation pharmaceutical companies, we wanted to gain exposure to a tactical rebound as we went through the year. Unfortunately, our purchase was premature, and the XBI continued to sell off right into the financial year-end. This holding was bought and sold during the year.

## CONTRIBUTION FROM UNQUOTEDS

During the financial year, the Company made four new investments in unquoted companies. Another four portfolio companies – including one of these new investments – completed their Initial Public Offerings (IPOs) in the period. As of 31 March 2022, investments in unquoted companies (excluding debt) accounted for 7.0% of the Company's net assets versus 5.3% as of 31 March 2021.

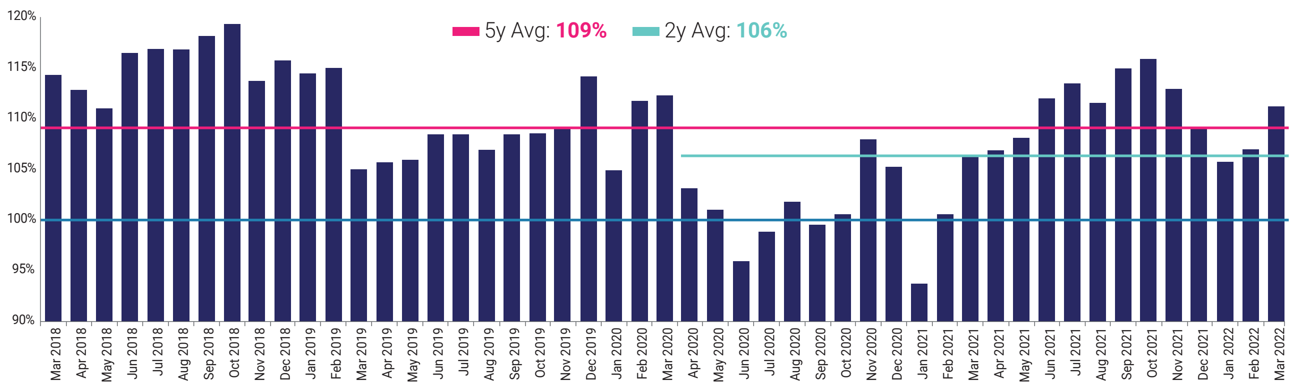
The four new investments this year were all healthcare services companies in emerging markets (one in India and three in China). In the U.S., a challenging public offering market for small and mid-capitalisation therapeutics companies made pre-IPO crossover investments unattractive in the year. Of the four companies that completed an IPO, three listed on the Hong Kong Stock Exchange in the second half of the financial year and a biotechnology company listed on the Nasdaq Stock Exchange in the U.S.

For the year ended 31 March 2022, the Company's unquoted holdings contributed gains of £21.8m, (including both realised and unrealised gains) equivalent to a return of 15% and those companies that went public contributed gains of £20.7m, representing a return of 35%. While the gains in unquoteds were spread among many companies, the gains for companies that listed were dominated by Shanghai Bio-heart Biological Technology. Overall, the unquoted strategy (excluding debt) contributed £42.5m equivalent to 1.8% of the Company's net asset value return for the year.

## GEARING STRATEGY

The Company employs gearing with a maximum level of 20% of the Company's net assets. Historically, the typical gearing level employed by the Company is low-to-high teens but can range from low single-digits to high teens. Considering the level of market volatility during the past two financial years, the use of gearing has evolved. First, the overall level of gearing used – on average – has declined from 9% (5 year average) to 6% (2 year average). Second, month-over-month gearing levels have varied more than historical norms as we have attempted to utilise gearing in a more tactical fashion and in response to various market conditions.

### LEVERAGE OVER TIME (MONTH END)



PORTFOLIO MANAGER'S REVIEW CONTINUED

## DERIVATIVES STRATEGY

The Company has the ability to use equity swaps and options, as set out in the Company's Investment Objective and Policy. During the current financial year, the Company employed single stock equity swaps to gain exposure to emerging market Chinese and Indian stocks. In addition, the Company traded tactical security baskets created to take advantage of depressed valuations in small and mid-capitalisation companies that we felt were likely acquisition targets for large capitalisation pharmaceutical companies. The equity swaps detracted 0.9% from the Company's return during the year. An analysis of the Company's investments in emerging markets is included in the Strategic Report.

Further details on the use of swaps can be found in Note 16 on page 87 and in the Glossary beginning on page 94.

## SECTOR DEVELOPMENTS & OUTLOOK

Overall, we remain positive on the outlook for the healthcare industry. Despite the mixed trading dynamics during the financial year, many immediate overhangs have lifted and the tailwinds remain strong, in particular the amount of innovation that is fuelling the industry's growth, both in therapeutic and non-therapeutic stocks.

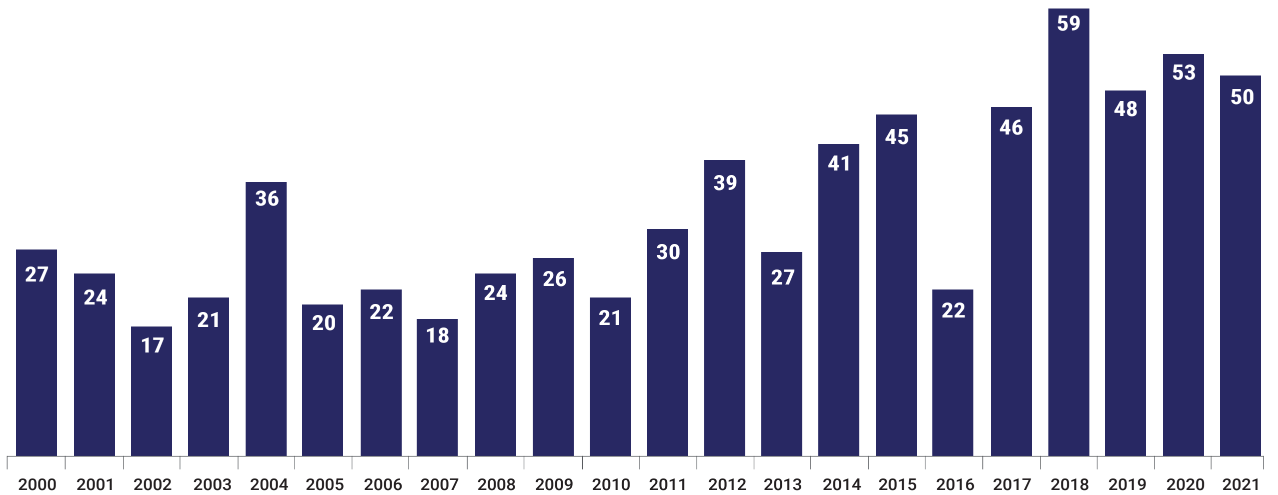
On the regulatory front, there has been a growing concern from generalist investors that things have slowed significantly at the FDA and that there is a vacuum of leadership at the Agency. This view began to develop in 2020 with the absence of a Commissioner (typically appointed when there is a change in U.S. Presidents) and when agency resources where stretched given the COVID-19 pandemic. However, we have a very different view.

First, the FDA response to COVID-19 has been an unprecedented success with multiple vaccines approved, multiple antibody treatments approved, and more recently, two oral anti-viral therapies approved as well. We would also be remiss not to mention the hundreds of diagnostic tests that have also been approved by the agency. Second, we have not seen a material slowdown in new drug approvals. In fact, the past five years have been the most productive in the agency's history, including this past year. This included an Alzheimer's drug that was approved in June 2021 – the first new treatment approved for Alzheimer's disease in over 20 years (albeit with some controversy).

Finally, and perhaps most importantly, there was a growing concern that the FDA was "rudderless" since the Agency has been without a commissioner over that past two years (since President Biden took office). Whilst this belief was mostly baseless, nevertheless, a new commissioner was just recently confirmed. Dr. Robert Calif a world-renowned cardiologist from Duke University, was the previous Commissioner under President Obama, and most importantly, is viewed as "industry friendly." Going forward, we think investor perception of the FDA is going to improve immensely in 2022 and beyond.

Another dark cloud over the sector is the ongoing (and seemingly endless) threat of prescription drug price reform in the U.S. This fear has been an overhang on the Company since late 2020, when President Biden took the White House and Democrats had total control of Congress, setting off a new "wall-of-worry" for investors. However, with war breaking out in Eastern Europe, the Biden Administration's attention has pivoted and is now completely focused on other matters. Therefore, we

### U.S. FDA – NEW DRUG APPROVALS 2000-2022

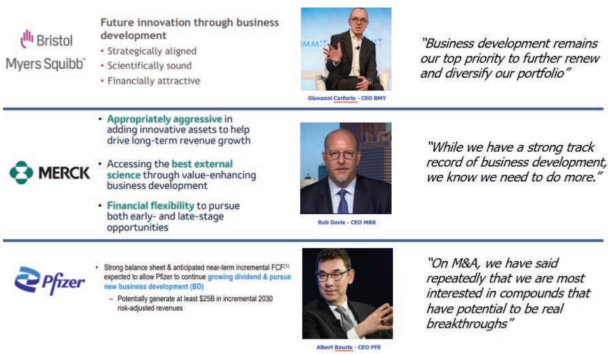


## PORTFOLIO MANAGER'S REVIEW CONTINUED

believe that expectations for any drug price reform have now appropriately faded, especially as we approach U.S. midterm elections later in 2022.

Historically, the healthcare industry is one that sees a significant amount of corporate activity, frequently in the form of M&A and this M&A activity has been a notable source of positive performance for the Company. Of course, there are always ebbs and flows that impact the pace of M&A at any one time, but the last two quarterly reporting periods have been notable for the profound messaging from the large capitalisation pharmaceutical executives about business development, particularly about M&A being a "top priority", the need to "do more", and looking to add "first-in-class and best-in-class" assets. Overall, this may be a harbinger of things to come and could be a real rallying point, especially in the biotechnology sector.

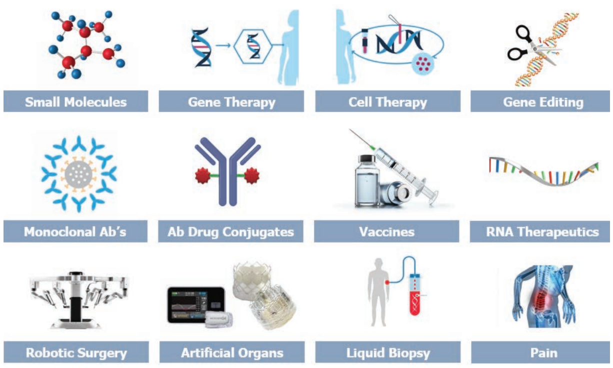
### M&A: ACCELERATION EXPECTED




Given the historic volatility within the sector in the reported period, it is imperative to note that this extreme sell-off was not emblematic of any notable concerns about the fundamentals within the small and mid-capitalisation universe of healthcare stocks. Yes, the number of investable companies continues to increase. Yes, the complexity of the clinical science and new technology continues to increase. Yes, the political and regulatory landscape continue to evolve. Collectively these factors should become a tailwind for the sector as new products, drugs, and services come to market, driving top line growth and margins, respectively. The by-product of the broad market conditions has culminated in a profound collapse in valuations, a situation that should reverse in due time, a particularly attractive opportunity for an active manager and specialist healthcare investor, and one on which we will be in position to capitalise.

Ultimately, as with many modern industries, innovation is the key value driver and healthcare is no different. We continue to believe that the current pace of innovation is at an all-time high and will continue to develop novel solutions to solve health and ageing problems that are facing all of humanity. There are new advances for small molecules, gene and cell therapy, gene editing, monoclonal antibodies, and of course vaccines and RNA therapeutics. Novel diagnostics continue to progress and are shaping treatment choices, dictating drugs of intervention, and follow-up care. Medical devices continue to evolve across new robotic platforms, orthopedics, pain, and structural heart. Even managed care is seeing a revolution in vertical integration that is unlocking value. Innovation continues to be the number one growth driver for all of healthcare and remains a key hallmark of the portfolio. As a result of this view, we will continue to actively position the portfolio to benefit from this incredible innovation, overweighting innovation through small and mid-capitalisation stocks, which has been the key pillar of our long-term and successful investment strategy.

### INNOVATION IN HEALTHCARE




**Sven H. Borho and Trevor M. Polischuk**

OrbiMed Capital LLC
Portfolio Manager
26 May 2022

# CONTRIBUTION BY INVESTMENT

## ABSOLUTE CONTRIBUTION BY INVESTMENT FOR THE YEAR ENDED 31 MARCH 2022

Principal contributors to and detractors from net asset value performance

| Top five contributors | Country | Sector | Contribution £'000 | Contribution per share* £ |
|---|---|---|---|---|
| Abbvie | USA | Pharmaceuticals | 43,658 | 0.7 |
| AstraZeneca | UK | Pharmaceuticals | 39,516 | 0.6 |
| UnitedHealth Group | USA | Healthcare Providers & Services | 29,254 | 0.4 |
| Shanghai Bio-Heart Biological Technology | China | Healthcare Equipment & Supplies | 24,934 | 0.4 |
| Bristol-Myers Squibb | USA | Pharmaceuticals | 24,633 | 0.4 |
| **Top five detractors** | | | | |
| SPDR S&P Biotech ETF ** | USA | Biotechnology | (26,637) | (0.4) |
| Deciphera Pharmaceuticals ** | USA | Biotechnology | (32,923) | (0.5) |
| Guardant Health | USA | Life Sciences Tools & Services | (34,062) | (0.5) |
| Natera | USA | Life Sciences Tools & Services | (35,122) | (0.5) |
| Mirati Therapeutics | USA | Biotechnology | (45,742) | (0.7) |

* Calculation based on 65,307,132 shares being the weighted average number of shares in issue during the year ended 31 March 2022.

** Not held at 31 March 2022.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND CLIMATE CHANGE

## EXTRACT FROM ORBIMED'S RESPONSIBLE INVESTING POLICY

The Company's Portfolio Manager, OrbiMed, believes that there is a high congruence between companies that seek to act responsibly and those that succeed in building long-term shareholder value. OrbiMed seeks to integrate its Responsible Investing Policy into its overall investment process for the Company in order to maximise investment returns.

OrbiMed negatively screens potential investments and business sectors that may objectively lead to negative impacts on public health or well-being. OrbiMed makes investment decisions based on a variety of financial and non-financial company factors, including environmental, social and governance (ESG) information.

OrbiMed considers sector-specific guidance from the Sustainability Accounting Standards Board (SASB) to determine material ESG factors. Depending on the investment, all or a subset of the ESG factors that are financially material and relevant are considered in OrbiMed's research. The evaluation of a company's performance on ESG issues provides guidance for investment decisions and constitutes part of the investment analysis. ESG factors, however, do not form the sole, or primary, set of considerations for an investment decision.

ESG is a rapidly evolving field. ESG evaluation is not standardised and faces limitations due to a lack of availability of accurate, timely and uniform data. Presently, no known universally accepted standards for ESG incorporation in investment decisions exist. Therefore, ESG evaluation carries a significant degree of subjectivity.

## ESG MONITORING

OrbiMed has integrated ESG scores for public equity holdings from third-party service providers onto its platform via programming interface. ESG scores are assigned by third-party service providers to each company based on the company's disclosure and practice on material environmental, social and governance factors. Recognising the need to supplement the scores with OrbiMed's internal ESG research, OrbiMed has enabled enhancements in its monitoring capability with a custom-built protocol for updating these scores.

OrbiMed is taking the initiative in leading meaningful ESG engagement in the healthcare sector. As part of these efforts, OrbiMed facilitates dialogues and an exchange of leading practices among investors, companies and other relevant experts on ESG in the large capitalisation pharmaceutical sector.

## CLIMATE CHANGE

As per the guidance from SASB, climate change in relation to the Company's own operations is not a material ESG consideration for biotechnology and pharmaceutical, medical equipment and supplies, and managed care sectors. However, Energy management is noted as a material ESG concern for the healthcare delivery sector. To that end, OrbiMed includes the scores on energy management for the relevant sectors in its overall ESG monitoring.

OrbiMed engages with a number of companies, including one-on-one meetings with management on ESG, analyst calls and other forums. For example, OrbiMed held a meeting with Horizon Therapeutics on leading ESG practices and provided feedback and recommendations on specific ESG topics such as talent management, disclosure and governance benchmarks to the company. Through these engagements, OrbiMed was made aware of the 'Energize' programme – a collaborative programme launched by 10 pharmaceutical companies – including several OrbiMed portfolio companies – to increase access to renewable electricity for global pharmaceutical supply chains, and reduce greenhouse gas (GHG) emissions within the healthcare supply chain.

OrbiMed generally follows the guidelines and recommendations of Glass Lewis & Co LLC, a leading proxy voting services provider, including on climate change matters.

**Sven H. Borho and Trevor M. Polischuk**

OrbiMed Capital LLC
Portfolio Manager
26 May 2022

# BUSINESS REVIEW

## The Strategic Report, on pages 1 to 40, contains a review of the Company's business model and strategy, an analysis of its performance during the financial year and its future developments and details of the principal risks and challenges it faces.

Its purpose is to inform shareholders in the Company and help them to assess how the Directors have performed their duty to promote the success of the Company. Further information on how the Directors have discharged their duty under s172 of the Companies Act 2006 in promoting the success of the Company for the benefit of the investors as a whole, and how they have taken wider stakeholders' needs into account can be found on pages 35 to 39. The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

### BUSINESS MODEL

Worldwide Healthcare Trust PLC is an externally managed investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. Its investment objective and policy is set out on pages 8 and 9.

As an externally managed investment trust, all of the Company's day-to-day managements and administrative functions are outsourced to service providers. As a result, the Company has no executive directors, employees or internal operations. 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 Business Review on pages 27 and 28.

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 Section 1158 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of the investment strategy a s well as the review of investment performance and policy. It also has responsibility for all strategic issues, the dividend policy, the share issuance and buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters.

### CONTINUATION OF THE COMPANY

A resolution was passed at the Annual General Meeting held in 2019 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 the Annual General Meeting to be held in 2024 and every five years thereafter.

### THE BOARD

The Board of the Company comprises Sir Martin Smith (Chairman), Sarah Bates, Sven Borho, Doug McCutcheon, Dr Bina Rawal and Humphrey van der Klugt. All of these Directors, 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 41 and 42.

All Directors, with the exception of Sir Martin Smith, are seeking re-election by shareholders at this year's Annual General Meeting.

### 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. Such dividends will typically be paid twice a year by means of an interim dividend and a final dividend.

BUSINESS REVIEW CONTINUED

## KEY PERFORMANCE INDICATORS ('KPI')

The Board assesses the Company's performance in meeting its objectives against key performance indicators as follows. The Key Performance Indicators have not changed from the previous year:

- 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 94.

* Alternative Performance Measure (See Glossary beginning on page 94)

### 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 (the 'Benchmark'). As noted on pages 8 and 9, OrbiMed has flexibility in managing the investments and are not limited by the make up of the Benchmark. As a result, investment decisions are 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 14 of this Annual Report.

### Share price discount/premium to NAV per share

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

### Ongoing charges ratio

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

## PRINCIPAL SERVICE PROVIDERS

The principal service providers to the Company are the AIFM, Frostrow Capital LLP (Frostrow), the Portfolio Manager, OrbiMed Capital LLC (OrbiMed), the Custodian and Prime Broker J.P. Morgan Securities LLC, and the Depositary, J.P. Morgan Europe Limited. Details of their key responsibilities follow and further information on their contractual arrangements with the Company are included in the Report of the Directors beginning on page 43.

### 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.

BUSINESS REVIEW CONTINUED

### Portfolio manager

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

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

OrbiMed receives a base fee of 0.65% of NAV and a performance fee of 15% of outperformance against the Benchmark as detailed on page 43.

### Depositary, custodian and prime broker

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

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

The Depositary receives a variable fee based on the size of the Company as set out on pages 43 and 44.

J.P. Morgan Europe Limited has discharged certain of its liabilities as Depositary to J.P. Morgan Securities LLC. Further details of this arrangement are set out on pages 43 and 44. 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. See page 90 for further details; 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 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 2022 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 pages 27 and 28, 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.

## RISK MANAGEMENT

The Board is responsible for the management of risks faced by the Company. Through delegation to the Audit & Risk Committee, the Board has established procedures to manage risk, to review the Company's internal control framework and establish the level and nature of the principal risks the Company is prepared to accept in order to achieve its long-term strategic objective. At least twice a year the Audit & Risk Committee carries out a robust assessment of the principal risks and uncertainties with the assistance of Frostrow (the Company's AIFM) identifying the principal risks faced by the Company. These principal risks and the ways they are managed or mitigated are detailed on the following pages.

## BUSINESS REVIEW CONTINUED

| Principal risks and uncertainties | Mitigation |
|---|---|
| **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 8 and 9. 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.<br><br>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 86).<br><br>The Company does not currently hedge its currency exposure. |
| **Geo-political/regulatory and macro economic risk** | |
| Macro events may have an adverse impact on the Company's performance by causing exchange rate volatility, changes in tax or regulatory environments, and/or a fall in market prices. Emerging markets, which a portion of the portfolio is exposed to, can be subject to greater political uncertainty and price volatility than developed markets. | While such events are outside the control of the Company the Board reviews regularly, and discusses with the Portfolio Manager, the wider economic and political environment, along with the portfolio exposure and the execution of the investment policy against the long-term objectives of the Company. The Portfolio Manager's risk team perform systematic risk analysis, including country and industry specific risk monitoring.<br><br>The Board monitors regulatory developments but relies on the services of its external advisers to ensure compliance with applicable law and regulations.<br><br>The Board has appointed a specialist investment trust AIFM and Company Secretary who provides industry and regulatory updates at each Board meeting.<br><br>With regard to Brexit, the Board does not believe that it poses a unique risk to the Company or that it will affect the Company's share price or how its shares are sold. |

## BUSINESS REVIEW CONTINUED

| Principal risks and uncertainties | Mitigation |
|---|---|
| **Unquoted investment risk** | |
| The Company's risk could be increased by its investment in unquoted companies. These investments may be more difficult to buy, sell or value, so changes in their valuations may be greater than for listed assets. The valuation of unquoted investments requires considerable judgement as explained in Note1(a) beginning on page 76 and as such realisations may be materially lower than the value as estimated by the Company. Particular events, outside the control of the Company, may also have a significant impact on the valuation and considerable uncertainty may exist around the potential future outcomes for each investment. | To mitigate this risk the Board and AIFM have set a limit of 10% of the portfolio, calculated at the time of investment, that can be held in unquoted investments and have established a robust and consistent valuation policy and process as set out in Note 1(b) on page 77, which is in line with UK GAAP requirements and the International Private Equity and Venture Capital (IPEV) Guidelines. The Board also monitors the performance of these investments compared to the additional risks involved. |
| **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:<br>• appointing OrbiMed, who operate a team environment such that the loss of any individual should not impact on service levels;<br>• receiving reports from OrbiMed at each Board meeting, such report includes any significant changes in the make-up of the team supporting the Company;<br>• 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<br>• 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. |

## BUSINESS REVIEW CONTINUED

| Principal risks and uncertainties | Mitigation |
|---|---|
| **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.<br><br>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:<br><br>• 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;<br><br>• monitoring of the assets taken as collateral (further details can be found in note 16 beginning on page 86);<br><br>• 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;<br><br>• monitoring of counterparties, including reviews of internal control reports and credit ratings, as appropriate;<br><br>• by primarily 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<br><br>• 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. |

## BUSINESS REVIEW CONTINUED

| Principal risks and uncertainties | Mitigation |
|---|---|
| **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.<br><br>The spread of an infectious disease, such as has been seen as a result of the COVID-19 pandemic, may again force governments to introduce rules to restrict meetings and movements of people and take other measures to prevent its spread, which may cause disruption to the Company's operations. | To manage these risks the Board:<br>• receives a monthly compliance report from Frostrow, which includes, *inter alia*, details of compliance with applicable laws and regulations;<br>• reviews internal control reports, key policies, including measures taken to combat cyber security issues, and also the disaster recovery procedures of its service providers;<br>• 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;<br>• receives updates on pending changes to the regulatory and legal environment and progress towards the Company's compliance with these; and<br>• the operational and regulatory risks arising from the COVID-19 pandemic, and measures introduced to combat its spread, are discussed by the Board, with updates on operational resilience received from the Portfolio Manager, AIFM and other key service providers. |
| **ESG related risks** | |
| Both the Board and the Portfolio Manager recognise the importance of having a coherent ESG policy. There is a risk that investing in companies that disregard ESG factors will have a negative impact on investment returns and also that the Company itself may become unattractive to investors if ESG is not appropriately considered in the Portfolio Manager's decision making process. In light of this, the Board has asked OrbiMed to provide ESG reports at each Board meeting, highlighting examples where ESG issues influenced investment decisions and/or led to engagement with an investee company. | The Board ensures that the Portfolio Manager's ESG approach is in line with standards elsewhere and the Board's expectations. A summary of the Portfolio Manager's approach to Responsible Investing can be found on page 25. |
| **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. Also, falls in stock markets, such as those experienced as a consequence of the COVID-19 pandemic, and the risk of a global recession, are likely to adversely affect the performance of the Company's investments. | In managing this risk the Board:<br>• reviews the Company's Investment Objective in relation to market, and economic, conditions and the operation of the Company's peers;<br>• discusses at each Board meeting the Company's future development and strategy;<br>• reviews the shareholder register at each Board meeting;<br>• actively seeks to promote the Company to current and potential investors; and<br>• has implemented a discount/premium control mechanism.<br><br>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. |

BUSINESS REVIEW CONTINUED

### Emerging risks

The Company has carried out a robust assessment of the Company's emerging and principal risks and the procedures in place to identify emerging risks are described below. The International Risk Governance Council definition of an 'emerging' risk is one that is new, or is a familiar risk in a new or unfamiliar context or under new context conditions (re-emerging). Failure to identify emerging risks may cause reactive actions rather than being proactive and, in worst case, could cause the Company to become unviable or otherwise fail or force the Company to change its structure, objective or strategy.

The Audit and Risk Committee reviews a risk map at its half-yearly meetings. Emerging risks are discussed in detail as part of this process and also throughout the year to try to ensure that emerging (as well as known) risks are identified and, so far as practicable, mitigated.

## COVID-19

The Board recognises that the spread of new coronavirus (COVID-19) strains represents an area of continuing risk, both to the Company's investments, investment performance and to its operations. The Portfolio Manager has continued its dialogue with investee companies and the Board has stayed in close contact with both the AIFM and the Portfolio Manager and has been regularly monitoring portfolio and share price developments. The Board has also received assurances from all of the Company's service providers in respect of:

- their business continuity plans and the steps being taken to guarantee the ongoing efficiency of their operations while ensuring the safety and well-being of their employees;
- their cyber security measures including improved user-access controls, safe remote working and evading malicious attacks; and
- any increased risks of fraud resulting from weaknesses in systems user access controls.

As the rate of vaccinations increases across the world, the outlook is cautiously positive, but the Board will continue to monitor developments as they occur.

## 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. Such meetings have been conducted on a virtual basis during the COVID-19 pandemic;

**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.

BUSINESS REVIEW CONTINUED

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

Under the DCM, when the discount reaches a level of 6% or more, the Company's shares may be bought back and held as treasury shares (See Glossary beginning on page 94).

Treasury shares can be sold back to the market at a later date at a premium to the cum-income net asset value 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 and share buy-backs are set out on page 45.

## 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. As an externally- managed investment trust, the Company does not have any employees or maintain any premises, nor does it undertake any manufacturing or other physical operations itself. All its operational functions are outsourced to third party service providers. Therefore, the Company has no material, direct impact on the environment or any particular community and the Company itself has no environmental, human rights, social or community policies. 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 U.K., with usually 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 pages 45 and 46. During the Pandemic all of the Board and Committee meetings were held via video conference. Video conferencing has proved to be a very effective way of holding meetings, and this medium will continue to be used alongside in person meetings.

The Portfolio Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and the development of their policies on social, community and environmental matters.

## TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

The Company notes the TCFD recommendations on climate-related financial disclosures. The Company is an investment trust with no employees, internal operations or property and, as such, it is exempt from the Listing Rules requirement to report against the TCFD framework.

## 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 28 to 33.

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

**BUSINESS REVIEW CONTINUED**

risks and uncertainties as shown on pages 28 to 33. The Directors also took into account the liquidity of the portfolio and the expectation that the Company will pass the next continuation vote in 2024 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.

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.

## STAKEHOLDER INTERESTS AND BOARD DECISION-MAKING (SECTION 172 OF THE COMPANIES ACT 2006)

The Directors are required to explain more fully how they have discharged their duty under s172 of the Companies Act 2006 in promoting the success of the Company for the benefit of the members as a whole. This includes the likely consequences of the Directors' decisions in the long-term and how they have taken wider stakeholders' needs into account.

The Directors aim to act fairly between the Company's stakeholders. The Board's approach to shareholder relations is summarised in the Corporate Governance Report beginning on page 48. The Chairman's Statement beginning on page 4 provides an explanation of actions taken by the Directors during the year to achieve the Board's long-term aim of ensuring that the Company's shares trade at a price close to the NAV per share.

As an externally managed investment trust, the Company has no employees, customers, operations or premises. Therefore, the Company's key stakeholders (other than its shareholders) are considered to be its service providers. The need to foster business relationships with the service providers and maintain a reputation for high standards of business conduct are central to the Directors' decision-making as the Board of an externally managed investment trust. The Directors believe that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Company for the benefit of all shareholders.

The Board engages with representatives from its service providers throughout the year. Representatives from OrbiMed and Frostrow are in attendance at each Board meeting. As the Portfolio Manager and the AIFM respectively, the services they provide are fundamental to the long-term success and smooth running of the Company. The Chairman's Statement and the Business Review on pages 4 to 7 and also on page 28, describe relevant decisions taken during the year relating to OrbiMed and Frostrow. Further details about the matters discussed in Board meetings and the relationship between OrbiMed and the Board are set out in the Corporate Governance Report.

Representatives from other service providers are asked to attend Board meetings when deemed appropriate.

Further details are set out overleaf.

## BUSINESS REVIEW CONTINUED

| Who? | Why? | How? |
|---|---|---|
| **Stakeholder group** | **The benefits of engagement with the company's stakeholders** | **How the board, the portfolio manager and the AIFM have engaged with the company's stakeholders** |
| **Investors** | Clear communication of the Company's strategy and the performance against the Company's objective can help the share price trade at a narrower discount or a premium to its net asset value per share which benefits shareholders.<br><br>New shares can be issued to meet demand without net asset value per share dilution to existing shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs.<br><br>Share buy backs are undertaken at the discretion of the Directors. | The Portfolio Manager and Frostrow, on behalf of the Board, complete a programme of investor relations throughout the year. While such meetings were conducted on a virtual basis during the COVID-19 pandemic, meetings in person are now being held again. In addition, the Chairman has been available to engage with the Company's larger shareholders where required.<br><br>An analysis of the Company's shareholder register is provided to the Directors at each Board meeting along with marketing reports from Frostrow. The Board reviews and considers the marketing plans on a regular basis. Reports from the Company's broker are submitted to the Board on investor sentiment and industry issues.<br><br>Key mechanisms of engagement include:<br><br>• The Annual General Meeting. While shareholder attendance was not possible during the COVID-19 pandemic, shareholders will be able to attend the 2022 Annual General Meeting in person (subject to any government restrictions). In 2021, shareholders were not able to attend the Annual General Meeting in person. The Portfolio Manager produced an online shareholder presentation which was followed by an interactive question and answer session.<br><br>• The Company's website which hosts reports, articles and insights, and monthly factsheets<br><br>• One-on-one and group investor meetings<br><br>• Should any significant votes be cast against a resolution, proposed at the Annual General Meeting the Board will engage with shareholders.<br><br>• The Board will explain in its announcement of the results of the AGM any actions it intends to take to consult shareholders in order to understand the reasons behind significant votes against.<br><br>• Following any consultation, an update would be published no later than six months after the AGM and the Annual Report will detail the impact shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed. |

## BUSINESS REVIEW CONTINUED

<table>
<tr><th>What?</th><th>Outcomes and actions</th></tr>
<tr><th>What were the key areas of engagement?</th><th>What actions were taken, including main decisions?</th></tr>
<tr><td>Key areas of engagement with investors<br>• Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.</td><td>• The Portfolio Manager and Frostrow meet regularly with shareholders and potential investors to discuss the Company's strategy, performance and portfolio. The Chairman meets with key shareholders from time to time and as required. He engaged with a number of investors on ESG issues.<br><br>Frostrow and the Portfolio Manager engage with retail investors through a number of different channels:<br><br>(i) The Company's website, which is maintained by Frostrow, contains articles, webinars and quarterly updates;<br><br>(ii) A distribution list of shareholders (retail and professional) which is maintained by Frostrow and is used to communicate with investors on a regular basis;<br><br>(iii) The Portfolio Manager provides annual presentations online – (webcasts) and offline (AGM), which shareholders are able to attend and participate in; and<br><br>(iv) Frostrow ensures that the Company is available through a wide range of leading execution only platforms.</td></tr>
</table>

## BUSINESS REVIEW CONTINUED

| Who? | Why? | How? |
|---|---|---|
| **Stakeholder group** | **The benefits of engagement with the company's stakeholders** | **How the board, the portfolio manager and the AIFM have engaged with the company's stakeholders** |
| **Portfolio Manager** | Engagement with the Company's Portfolio Manager is necessary to evaluate their performance against the Company's stated strategy and to understand any risks or opportunities this may present. The Board ensures that the Portfolio Manager's environmental, social and governance ("ESG") approach is in line with standards elsewhere and the Board's expectations.<br><br>Engagement also helps ensure that the Portfolio Manager's fees are closely monitored and remain competitive.<br><br>Gaining a deeper understanding of the portfolio companies and their strategies as well as incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment as well as identifying future potential opportunities. | The Board met regularly with the Company's Portfolio Manager throughout the year. The Board also receives monthly performance and compliance reporting.<br><br>The Portfolio Manager's attendance at each Board meeting provides the opportunity for the Portfolio Manager and Board to further reinforce their mutual understanding of what is expected from both parties.<br><br>The Board encourages the Company's Portfolio Manager to engage with companies and in doing so expects ESG issues to be an important consideration.<br><br>The Board receives an update on Frostrow's engagement activities by way of a dedicated report at Board meetings and at other times during the year as required. |
| **Service Providers** | The Company contracts with third parties for other services including: custody, company secretarial, accounting & administration and registrar. The Company ensures that the third parties to whom the services have been outsourced complete their roles in line with their service level agreements thereby supporting the Company in its success and ensuring compliance with its obligations.<br><br>The COVID-19 pandemic meant that it was vital to make certain there were adequate procedures in place at the Company's principal service providers to ensure safety of their employees and the continued high quality service to the Company. | The Board and Frostrow, acting in its capacity as AIFM, engage regularly with other service providers both in one-to-one meetings and via regular written reporting. This regular interaction provides an environment where topics, issues and business development needs can be dealt with efficiently and collegiately.<br><br>The Board together with Frostrow have maintained regular contact with the Company's principal service providers during the pandemic, as well as carrying out a review of the service providers' business continuity plans and additional cyber security provisions.<br><br>The review of the performance of the Portfolio Manager and Frostrow is a continuous process carried out by the Board and the Management Engagement & Remuneration Committee with a formal evaluation being undertaken annually. |

## BUSINESS REVIEW CONTINUED

| What? | Outcomes and actions |
|---|---|
| **What were the key areas of engagement?** | **What actions were taken, including main decisions?** |
| **Key areas of engagement with the Portfolio Manager on an ongoing basis are portfolio composition, performance, outlook and business updates.** | |
| • The ongoing impact of the pandemic upon their business and how components in the portfolio dealt with the pandemic.<br>• Regular review of the make up of the investment portfolio.<br>• The integration of ESG factors into the Portfolio Manager's investment processes. | • The Board has received regular updates from the Portfolio Manager throughout the pandemic and its impact on investment decision making. In addition, the impact of new working practices adopted by the Portfolio Manager as a consequence of the pandemic have been reviewed by the Board.<br>• The Portfolio Manager reports on ESG issues at each Board meeting. |
| **Key areas of engagement with Service Providers** | |
| • The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting. This engagement is completed with the aim of maintaining an effective working relationship and oversight of the services provided.<br>• The Board sought and received assurances from all of the Company's service providers that steps had been taken to maintain the ongoing efficiency of their operations while ensuring the safety and well-being of their employees. | • No specific action required as the reviews of the Company's service providers, have been positive and the Directors believe their continued appointment is in the best interests of the Company.<br>• The Board agreed to continue to monitor the position closely. |
| **Key areas of engagement with the broker** | |
| • The Board is cognisant that the trading of the Company's shares at a persistent and significant discount or premium to the prevailing NAV per share is not in the interests of shareholders. | • Throughout the year the Board closely monitored the Company's discount/premium to NAV per share and received regular updates from the broker. 80,509 shares were bought back during the year, and a further 223,842 shares were bought back since the year-end to 25 May 2022. 1,227,500 new shares were issued during the year, no shares issued following the year-end to 25 May 2022. (Please see the Chairman's Statement on page 5 for further information.) |

BUSINESS REVIEW CONTINUED

## INTEGRITY AND BUSINESS ETHICS

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent this. In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues.

The Company believes that high standards of ESG make good business sense and have the potential to protect and enhance investment returns. The Portfolio Manager's investment criteria provide that ESG and ethical issues are taken into account and best practice is encouraged by the Board. The Board's expectations are that its principal service providers have appropriate governance policies in place.

## PERFORMANCE AND FUTURE DEVELOPMENTS

A review of the Company's year, its performance and the outlook for the Company can be found in the Chairman's Statement on pages 4 to 7 and in the Portfolio Manager's Review on pages 14 to 23.

The Company's overall strategy remains unchanged.

## LOOKING TO THE FUTURE

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

A review of the Company's year, its performance since the year-end and the outlook for the Company can be found in the Chairman's Statement on pages 4 to 7 and in the Portfolio Manager's Review on pages 14 to 23. It is expected that the Company's Strategy will remain unchanged in the coming year.

## ALTERNATIVE PERFORMANCE MEASURES

The Financial Statements (on pages 72 to 92) 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 explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 27.

By order of the Board

**Frostrow Capital LLP**

Company Secretary

26 May 2022

# BOARD OF DIRECTORS

## SIR MARTIN SMITH

### Independent Non-Executive Chairman

Joined the Board in 2007 and became Chairman in 2008

Annual remuneration year-end 2022: £53,150pa

**Committee Membership**
Sir Martin attends the Audit & Risk Committee by invitation and is a member of the Nominations and Management Engagement & Remuneration Committees.

**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 almost 50 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 acting as Chairman Emeritus of GP Bullhound, the technology investment banking firm. He is also a member of the Advisory Board of Cerno Capital Partners LLP.

Sir Martin's pro-bono interests include being a founder of the Orchestra of the Age of Enlightenment of which he is Life President, and he has served on the boards of a number of other arts organisations including English National Opera, the Glyndebourne Arts Trust and the Royal Academy of Music and the Ashmolean Museum. He is a Trustee of ClientEarth. In 2008 Sir Martin with his family were founding benefactors of the Smith School of Enterprise and the Environment at Oxford University.

**Standing for re-election:** No

## SARAH BATES

### Independent Non-Executive Director

Joined the Board in 2013

Annual remuneration year-end 2022: £36,007pa

**Committee Membership**
Sarah is Chair of the Nominations Committee and is the Senior Independent Director. Sarah is also a member of the Audit & Risk and Management Engagement & Remuneration Committees.

**Shareholding in the Company**
7,200

**Skills and Experience**
Sarah is a past Chair of the Association of Investment Companies and has been involved in the UK savings and investment industry in different roles for over 35 years.

Sarah is a fellow of CFA UK.

**Other Appointments**
Sarah is non-executive Chair of Polar Capital Technology Trust plc and a non-executive Director of Alliance Trust PLC. Sarah is also Chair of The John Lewis Partnership Pensions Trust of BBC Pension Investments Limited and of the Universities Superannuation Fund Investment Management Limited. Sarah is a member of the BBC Pension Scheme Investment Committee and is an Ambassador for Chapter Zero and a mentor for Chairmen Mentors International.

**Standing for re-election:** Yes

## SVEN BORHO

### Non-Executive Director

Joined the Board in 2018

Annual remuneration year-end 2022: Nil

**Committee Membership**
Sven is not a member of any of the Company's 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.

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

**Standing for re-election:** Yes

## BOARD OF DIRECTORS CONTINUED

### HUMPHREY VAN DER KLUGT, FCA

**Independent Non-Executive Director**

Joined the Board in 2016

Annual remuneration year-end 2022: £41,133pa

**Committee Membership**
A Chartered Accountant, Humphrey is Chairman of the Audit & Risk Committee. Humphrey is also a member of the Management Engagement & Remuneration and the Nominations Committees.

**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, BlackRock Commodities Income Investment Trust plc and J P Morgan Claverhouse 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 Allianz Technology Trust PLC.

**Standing for re-election:** Yes

### DOUG MCCUTCHEON

**Independent Non-Executive Director**

Joined the Board in 2012

Annual remuneration year-end 2022: £33,573pa

**Committee Membership**
Doug is Chairman of the Management Engagement & Remuneration Committee. Doug is also a member of the Audit & Risk and Nominations Committees.

**Shareholding in the Company**
20,000

**Skills and Experience**
Doug is the President of Longview Asset Management Ltd., an independent 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 a non-executive Director of Labrador Iron Ore Royalty Corporation listed on the Toronto Stock Exchange.

**Standing for re-election:** Yes

### DR BINA RAWAL

**Independent Non-Executive Director**

Joined the Board in 2019

Annual remuneration year-end 2021: £33,573pa

**Committee Membership**
Dr Rawal is a member of the Audit & Risk, Management Engagement & Remuneration and Nominations Committees.

**Shareholding in the Company**
1,810

**Skills and Experience**
Dr Rawal, a physician scientist with 25 years' experience in Research and Development, has held senior executive roles in drug development and scientific evaluation in four global pharmaceutical companies. She has also worked in senior roles with two medical research funding organisations: Wellcome Trust and Cancer Research UK.

**Other Appointments**
Dr Rawal is a non-executive Director of the Central London Community Healthcare NHS Trust and of Vann Limited. Dr Rawal is also a Trustee on the Board of the Social Mobility Foundation.

**Standing for re-election:** Yes

# REPORT OF THE DIRECTORS

The Directors present their Annual Report on the affairs of the Company together with the audited financial statements and the Independent Auditors' Report for the year ended 31 March 2022.

## SIGNIFICANT AGREEMENTS

Details of the services provided under these agreements are included in the Strategic Report on pages 27 and 28.

### Alternative investment fund management agreement

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.

Details of the fee payable to Frostrow can be found on page 29.

### 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

less any cumulative outperformance on which a performance fee has already been paid.

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

Due to underperformance against the Benchmark during the year, a reversal of prior period performance fee provisions totalling £18.9 million occurred (2021: charge of £31.7 million).

As at 31 March 2022 no performance fees were accrued or payable (31 March 2021: £31.7 million). Of the 31 March 2021 accrual £12.9 million was paid and became payable as at 30 June 2021 and £18.9 million was reversed due to underperformance, as noted above. The performance fee paid related to outperformance generated as at 30 June 2020 that was maintained to 30 June 2021.

### 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.

REPORT OF THE DIRECTORS CONTINUED

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

The Delegation Agreement transfers the Depositary's liability for the loss of the Company's financial instruments held in custody by the Custodian and Prime Broker to the Custodian and Prime Broker in accordance with the AIFMD. The Company has consented to the transfer and reuse of its assets by the Custodian and Prime Broker (known as "rehypothecation") in accordance with the terms of an institutional account agreement between the Company, the Custodian and Prime Broker and certain other J.P. Morgan entities (as defined therein). See page 28 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 85.

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 72 and 73. Details of the Company's dividend record can be found on page 3.

### 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 2022, the latest practicable date before publication of the Annual Report:

| | 30 April 2022 | | 31 March 2022 | |
|---|---|---|---|---|
| Shareholder | Number of shares | % of issued share capital | Number of shares | % of issued share capital |
| Rathbone Brothers plc | 5,962,688 | 9.1 | 5,956,447 | 9.1 |
| Investec Wealth & Investment Limited | 4,784,176 | 7.3 | 4,763,731 | 7.3 |
| Interactive Investor | 4,066,312 | 6.2 | 4,043,547 | 6.2 |
| Hargreaves Lansdown plc | 3,865,715 | 5.9 | 3,812,568 | 5.8 |
| Forsyth Barr | 3,370,420 | 5.2 | 3,303,660 | 5.1 |
| Charles Stanley & Co Limited | 2,900,353 | 4.5 | 2,889,422 | 4.4 |
| Brewin Dolphin | 2,421,278 | 3.7 | 2,430,556 | 3.7 |
| Quilter Cheviot Investment Management | 2,396,904 | 3.7 | 2,346,563 | 3.6 |
| Craigs Investment Partners | 2,083,678 | 3.2 | 2,067,121 | 3.2 |
| Embark Investment Services | 2,008,353 | 3.1 | 2,031,031 | 3.1 |
| BlackRock | 2,003,967 | 3.1 | 2,003,967 | 3.1 |

As at 31 March 2022 the Company had 65,457,246 shares in issue (excluding 80,509 shares held in treasury). As at 30 April 2022 there were 65,233,404 shares in issue (excluding 304,351 shares held in treasury).

REPORT OF THE DIRECTORS CONTINUED

## DIRECTORS' & OFFICERS' LIABILITY INSURANCE COVER

Directors' & officers' liability insurance cover was maintained by the Company during the year ended 31 March 2022 and to the date of this report. It is intended that this policy will continue for the year ending 31 March 2023 and subsequent years.

## 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. Please refer to the Chairman's Statement on pages 4 to 7 for details of this year's Annual General Meeting arrangements.

## CAPITAL STRUCTURE

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

During the year, a total of 1,227,500 new shares were issued at an average premium of 0.8% to the prevailing cum income NAV per share. Also, 80,509 shares were repurchased during the year at a discount of 8.4% to the prevailing cum income NAV per share. These shares are held in treasury. Following the year-end, to 25 May 2022, the latest practicable date prior to the publication of this Annual Report, a further 223,842 shares were repurchased at a discount of 7.0% to the cum income NAV per share. These shares are also held in treasury. As of 25 May 2022 304,351 shares were held in treasury (2021: Nil).

Since the year end, to 25 May 2022, no new shares have been issued.

### 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 101.

## 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 & Risk 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 the Companies Act 2006 (Strategic Reports and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, including those within the Company's underlying investment portfolio. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Report of the Directors is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

REPORT OF THE DIRECTORS CONTINUED

## 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 is an annual requirement. The Registrars, Link Group, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

## CORPORATE GOVERNANCE

The Corporate Governance Report is set out on pages 48 to 54.

## 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 next be put to shareholders at the Annual General Meeting to be held in 2024. The content of the Company's portfolio, trading activity, the Company's cash balances and revenue forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of substantial falls in markets and significant reductions in market liquidity, on the Company's net asset value, its cash flows and its expenses. Further information is provided in the Audit & Risk Committee report beginning on page 55.

Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement on pages 34 and 35, the Company's cash balances, and the liquidity of the Company's listed investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

## 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

26 May 2022

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and 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 unless it is inappropriate to presume that the Company will continue in business.

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 Directors are also responsible for ensuring that the Annual Report and the Financial Statements are made available on a website. The Annual Report and the Financial Statements are published on the Company's website at www.worldwidewh.com and via Frostrow's website at 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.

## DISCLOSURE OF INFORMATION TO THE AUDITORS

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

## RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

The Directors confirm to the best of their knowledge that:

- the Annual Report and the Financial Statements 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 2022;
- 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 Guidance and Transparency Rules; and
- the Annual Report and the 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

26 May 2022

# CORPORATE GOVERNANCE

## 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 Capital LLP.

### THE BOARD

**Chairman** – Sir Martin Smith

**Senior Independent Director** – Sarah Bates

Four additional non-executive Directors, all considered independent, except for Sven Borho (see page 41 for further information).

**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 & Risk 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

**Chair**
Sarah Bates
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 & Risk Committee.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary and can be found at the Company's website at www.worldwidewh.com. Copies will also be available for inspection on the day of the Annual General Meeting.

## 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 published in February 2019 ('AIC Code'). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the 'UK Code'), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Financial Reporting Council has confirmed that by following the AIC Code 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 Board considers that reporting in accordance with the principles and recommendations of the AIC Code (which has been endorsed by the Financial Reporting Council) provides more relevant and comprehensive information to shareholders. By reporting against the AIC Code, the Company meets its obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such does not need to report further on issues contained in the UK Code which are irrelevant to the Company as an externally-managed investment company, including the provisions relating to the role of the chief executive, executive directors' remuneration and the internal audit function.

The Company has complied with the principles and recommendations of the AIC Code.

The AIC Code can be viewed at www.theaic.co.uk and the UK Code can be viewed on the Financial Reporting Council website at www.frc.org.uk. The Corporate Governance Report on pages 48 to 54, forms part of the Report of the Directors on pages 43 to 46.

## BOARD LEADERSHIP AND PURPOSE

### Purpose and strategy

The purpose and strategy of the Company are described in the Strategic Report.

## 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 (with the exception of Sven Borho) been an employee of OrbiMed or any of the Company's service providers. Further details regarding the Directors can be found on pages 41 and 42.

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 retire at the AGM each year and, if appropriate, seek election or 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.

## BOARD CULTURE

The Board aims to consider and discuss differences of opinion, unique vantage points and to exploit fully areas of expertise. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants. Strategic decisions are discussed openly and constructively. The Board aims to be open and transparent with shareholders and other stakeholders and for the Company to conduct itself responsibly, ethically and fairly in its relationships with service providers.

The Board has gained assurance on whistleblowing procedures at the Company's principal service providers to ensure employees at those companies are supported in speaking up and raising concerns. No concerns relating to the Company were raised during the year.

### Shareholder relations

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, stable list of shareholders and its shares will trade at close to net asset value per share over the long run. Frostrow actively promotes the Company as set out on page 33.

**CORPORATE GOVERNANCE CONTINUED**

### Shareholder communications

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 supports the principle that the Annual General Meeting be used to communicate with private investors, in particular. While the COVID-19 pandemic necessitated different arrangements, shareholders are usually encouraged to attend the Annual General Meeting, where they are given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. In addition, the Portfolio Manager makes a presentation to shareholders covering the investment performance and strategy of the Company at the Annual General Meeting. Voting at the Annual General Meeting is conducted on a poll and details of the proxy votes received in respect of each resolution will be made available on the Company's website.

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

### Significant holdings and voting rights

Details of the shareholders with substantial interests in the Company's shares, the Directors' authorities to issue and repurchase the Company's shares, and the voting rights of the shares are set out in the Directors' Report.

## BOARD 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.

## 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.

## 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 8 and 9, 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, are set out in the Strategic Report.

The Corporate Governance Report, on pages 48 to 54, includes a statement of compliance with corporate governance codes and best practice, and the Business Review (pages 26 to 40) includes details of the internal control and risk management framework within which the Board operates.

## BOARD COMPOSITION AND SUCCESSION

### Succession planning

The Board regularly considers its structure and recognises the need for progressive refreshment. (Please see the Chairman's Statement on page 5 for further information).

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; 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.

During the year, the Board reviewed the policy on Directors' tenure and considered the overall length of service of the Board as a whole.

### Policy on the tenure of the chairman and other non-executive directors

The tenure of each non-executive Director, including the Chairman, is not ordinarily expected to exceed nine years. However, the Board has agreed that the tenure of the Chairman may be extended for an agreed time provided such an extension is conducive to the Board's overall orderly succession. The Board believes that this more flexible approach to the tenure of the Chairman is appropriate in the context of the regulatory rules that apply to investment companies, which ensure that the chair remains independent after appointment, while being consistent with the need for regular refreshment and diversity.

The Board is, however, continuing the process of refreshing its membership which will mean that certain Directors will serve for longer than nine years to ensure that the changes to be implemented are made in an orderly and structured manner. Further details of this process can be found in the Chairman's Statement on pages 5 and 6.

The Board subscribes to the view that long serving Directors should not necessarily be prevented from forming part of an independent majority. The Board considers that a Director's tenure does not necessarily reduce his or her ability to act independently and will continue to assess each Director's independence annually, through a formal performance evaluation. Please see page 52 for further information.

### Appointments to the board

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

The rules governing the appointment and replacement of Directors are set out in the Company's articles of association and the aforementioned succession planning policy. Where the Board appoints a new Director during the year, that Director will stand for election by shareholders at the next AGM. Subject to there being no conflict of interest, all Directors are entitled to vote on candidates for the appointment of new Directors and on the recommendation for shareholders' approval for the Directors seeking re-election at the AGM. When considering new appointments, the Board endeavours to ensure that it has the capabilities required to be effective and oversee the Company's strategic priorities. This will include an

CORPORATE GOVERNANCE CONTINUED

appropriate range, balance and diversity of skills, experience and knowledge. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates.

### Diversity policy

The Company supports the objectives of improving the performance of corporate boards by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Company recognises the benefits of diversity (of which gender is one aspect) on the Board and takes this into account in its Board appointments. The Company is committed to ensuring that its director search processes actively seek men and women with the right qualifications so that appointments can be made, on the basis of merit, against objective criteria from a diverse selection of candidates. The Board actively considers diversity during director searches.

The Board is continuing with the process of refreshing its membership. Its intention is for there to continue to be not less than one-third of its membership as women and for there to be at least one Director from an ethnic minority background.

## MEETING ATTENDANCE

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

| Type and number of meetings held in 2021/22 | Board (4) | Audit & Risk 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+ | 1 | 1 | – | – |
| Humphrey van der Klugt | 4 | 2 | 1 | 1 |
| Doug McCutcheon | 4 | 2 | 1 | 1 |
| Dr Bina Rawal | 4 | 2 | 1 | 1 |

^ Sir Martin Smith is not a member of the Audit & Risk Committee
* Sven Borho does not sit on any of the Company's Committees
+ Dr. Holbrook retired from the Board on 8 July 2021

All of the serving Directors attended the Annual General Meeting held on 8 July 2021.

## BOARD EVALUATION

During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment led by the Senior Independent Director. The performance of the Chairman was also evaluated by the Senior Independent Director. The review concluded that the Board was working well. 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 2021 the next such review will be held in 2024.

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 re-election (with the exception of Sir Martin Smith who will be retiring from the Board on the date of this year's AGM) at the forthcoming AGM for the following reasons:

CORPORATE GOVERNANCE CONTINUED

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 has been involved in the UK savings and investment industry in different roles for over 35 years. Sarah is the Chair of the Nominations Committee and the Senior Independent Director.

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.

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 & Risk 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. Doug will become Chairman of the Company following the retirement of Sir Martin Smith.

Dr Bina Rawal joined the Board on November 2019. A physician with 25 years' experience in life sciences research and development, she has held senior executive roles in drug development and scientific evaluation in four global pharmaceutical companies. Bina will become chair of the Management Engagement & Remuneration Committee when Doug McCutcheon becomes Chairman of the Company.

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.

## 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 & Risk 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 & Risk Committee receiving and examining regular reports from the Company's principal service providers. The Board then receives a detailed report from the Audit & Risk Committee on its findings. The Directors have not identified any significant failures or weaknesses in respect of the Company's internal control systems.

CORPORATE GOVERNANCE CONTINUED

## 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 Group, 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 considered 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 stock broker, 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 stock broker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee**

The Company's Annual General Meeting will be held at etc. venues, 1-3 Bonhill Street, London EC2A 4BX on Wednesday, 6 July 2022 from 12.30 p.m. Please refer to the Chairman's Statement beginning on page 4 for details of this year's arrangements.

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

| | |
|---|---|
| Resolution 11 | Authority to allot shares |
| Resolution 12 | Authority to disapply pre-emption rights |
| Resolution 13 | Authority to sell shares held in Treasury on a non pre-emptive basis |
| Resolution 14 | Authority to buy-back shares |
| Resolution 15 | Authority to hold General Meetings (other than the Annual General Meeting) on at least 14 clear days' notice |

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 98 to 102. Explanatory notes regarding the resolutions can be found on pages 103 and 104.

## EXERCISE OF VOTING POWERS

The Board and the AIFM have delegated authority to OrbiMed to vote the shares owned by the Company. 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 Board has reviewed OrbiMed's Voting Guidelines and is satisfied with their approach.

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; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

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

26 May 2022

# AUDIT & RISK COMMITTEE REPORT

## INTRODUCTION FROM THE CHAIRMAN

I am pleased to present my formal report to shareholders as Chairman of the Audit & Risk Committee, for the year ended 31 March 2022. During the year under review, a decision was made to rename the Audit Committee as the Audit & Risk Committee. The change was made because the Committee carries out a full and thorough review of the risks associated with the Company and the Board agreed that this should better be reflected in the name of the Committee.

## 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. The Committee met twice during the year and attendance by each Director is shown in the table on page 52. 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 it 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 & Risk Committee of one other public company; the other Committee members have a combination of financial, investment and other relevant experience gained throughout their careers. The experience of the Committee members can be assessed from the Directors' biographies set out on pages 41 and 42.

## RESPONSIBILITIES

The Committee's main responsibilities during the year were:

1. To review the Company's Half-Year and Annual Report. In particular, the Committee considered and advised the Board on whether the Annual Report and the Financial Statements, taken as a whole, 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 Committee's review are included in the Principal Risks section beginning on page 28.
3. To develop and implement a policy for the engagement of the external Auditors and agreeing the scope of its work and its remuneration. Also, to be responsible for the selection process of the external Auditors (including the leadership of an audit tender process) and to have primary responsibility for the Company's relationship with the external Auditors.
4. To review the effectiveness of the external audit and the process.
5. To review the independence and objectivity of the external Auditors.
6. To consider any non-audit work to be carried out by the Auditors. The 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.
7. To consider the need for an internal audit function. Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.
8. To assess the going concern and viability of the Company, including the assumptions used.
9. To report its findings to the Board.

A comprehensive description of the Committee's role, its duties and responsibilities, can be found in its terms of reference which are available for review on the Company's website at www.worldwidewh.com.

## SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT & RISK 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;

AUDIT & RISK COMMITTEE REPORT CONTINUED

- the extensive levels of review that were undertaken in the production process, by the Company's AIFM and 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 to the Board that the Annual Report and the Financial Statements for the year ended 31 March 2022, 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.

### Audit Regulation

While the Committee has not had to consider any new audit regulations in the past year, there have been a number of initiatives to consider including with regard to the roles, responsibilities and accountability of Directors, Audit Committees, Auditors and the Regulator itself, with reports published by Kingman, Brydon and the CMA. The Business Enterprise, Industry and Skills (BEIS) Select Committee has also published a report containing its views on the future of audit. The Committee will continue to keep a close review of developments.

In addition to this, the Committee also reviews the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with our Auditors.

## SIGNIFICANT REPORTING MATTERS

### Overall accuracy of the annual report

The 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 Committee.

### Valuation and ownership of the company's investments and derivatives

The 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 ensure that the Company's assets are safeguarded 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.

### Valuation of unquoted investments

The Company has the ability to make unquoted investments within its investment portfolio, up to a limit of 10% of the portfolio at the time of acquisition. Both the Company's Directors and the AIFM need to ensure that an appropriate value is placed on such investments within the Company's net asset value. The Committee has worked with the Company's Portfolio Manager and the AIFM to establish clear guidelines for the valuation of unquoted investments, including the use of valuations produced by independent external valuers, where appropriate.

## OTHER REPORTING MATTERS

### COVID-19

The Committee continued to pay particular attention to the effects and potential effects on the Company of the COVID-19 pandemic. The long-term effect of the pandemic on the global economy is becoming clearer and the Committee will continue to monitor the impact of COVID-19, which is also captured in the Company's risk register.

In order to mitigate the business risks caused by the pandemic, the Committee continues to review the operational resilience of its various service providers, who have continued to demonstrate their ability to provide services to the expected level, whilst doing so remotely.

### 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.

### Investment trust status

The Committee approached and dealt with ensuring compliance with Section 1158 of the Corporation Tax Act 2010, by seeking confirmation from Frostrow 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 27).

### Accounting policies

During the year the Committee ensured that the accounting policies, as set out on pages 76 to 79, 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. Further detail is provided on page 46. The Committee's review of the Company's financial position included consideration of the cash and cash equivalent position of the Company; the diversification of the portfolio; and the analysis of portfolio liquidity, which estimated a liquidation of c.92% of the portfolio within 10 trading days (based on current market volumes).

### Viability statement

The Committee also considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on pages 34 and 35. The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties, the expectation that the Company will pass the next continuation vote in 2024, and the results of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds. This included modelling substantial market falls, and significantly reduced market liquidity. The scenarios assumed that there would be no recovery in asset prices and that listed portfolio companies which have cut or cancelled any dividends due since the coronavirus outbreak would not reinstate them.

The results demonstrated the impact on the Company's NAV, its expenses, its cash flows and its ability to meet its liabilities. In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to be able to meet its liabilities as they fall due. Based on the information available to the Directors at the time, the Committee therefore concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years. The Committee expects that the Company will continue to exist for the foreseeable future and at least for the period of the assessment.

## INTERNAL CONTROLS AND RISK MANAGEMENT

As set out on page 28 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.

AUDIT & RISK COMMITTEE REPORT CONTINUED

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 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.

### Principal service providers

In addition to reviewing the systems of internal control in place at the Company's principal service providers, the Committee also reviewed the cyber security strategies adopted by them.

### Half year report and financial statements

The Committee reviewed the Half Year Report and Financial Statements, which are not audited or reviewed by the external Auditors, to ensure that the accounting policies used in the Annual Financial Statements were also used at the half-year stage and that they portrayed a fair balanced and understandable picture of the period in question.

## INTERNAL AUDIT

The Committee considered whether there was a need for the Company to have an internal audit function. As the Company delegates its day-to-day operations to third parties and has no employees, the Committee concluded that there was no such need.

## 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 3 November 2021. I, as Chairman of the Committee, had a separate meeting with them specifically to discuss the audit and any issues that arose. The Committee then met PricewaterhouseCoopers LLP on 23 May 2022 via video conference 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.

### Remuneration

The Committee approved a fee of £46,725 for the audit for the year ended 31 March 2022 (2021: £44,500). While this represents an increase on the previous year's fee, the Committee believes that the fee is in line with general audit fees payable for the quoted investment trust sector and is reflective of the level of work required to audit a listed company.

### 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 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. The Committee will monitor the need for non-audit work to be performed by the Auditors, if any, in accordance with the Company's non-audit services policy. A copy of the Company's non-audit services policy can be found on the Company's website at www.worldwidewh.com

Non-audit fees of £5,000 (2021: nil) 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 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.

As a public company listed on the London Stock Exchange, the Company is subject to mandatory auditor rotation requirements. The Company will put the external audit out to tender at least every 10 years, and change auditor at least every 20 years. The Committee will, however, continue to consider annually the need to go to tender for audit quality, remuneration or independence reasons. Unless any such grounds for change arise in the interim, it is expected that the next audit tender will take place in the autumn of 2023, in order that the successful candidate's appointment or re-appointment can be approved by shareholders at the AGM to be held in 2024. A range of audit firms will be considered not just those who are considered to be part of the "Big Four" group of audit firms. The Committee will be mindful of any potential conflicts of interest. Any firms providing services to the Company within a two-year period of the date of the audit tender will be unable to participate.

The Committee has adopted formal audit tender guidelines to govern the audit tender process.

### 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 AGM.

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.

## PERFORMANCE EVALUATION

The Committee's performance over the past year was reviewed and discussed as part of the annual Board evaluation. The evaluation considered the composition of the Committee and the efficacy of Committee meetings, as well as assessing the Committee's role in monitoring and overseeing the Company's financial reporting and accounting, risk management and internal controls, compliance with corporate governance regulations and also the assessment of the external audit.

This year, an internal evaluation was completed and I am pleased to confirm that the evaluation result was positive and no matters of concern or requirements for change were highlighted.

## AUDIT & RISK COMMITTEE CONFIRMATION

The Audit & Risk 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 27 May 2022. This procedure is regularly reviewed by the Board; and

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

**Humphrey van der Klugt, FCA**
Chairman of the Audit & Risk Committee
26 May 2022

# DIRECTORS' REMUNERATION REPORT

## INTRODUCTION FROM THE CHAIR

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013, 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 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 63 to 71.

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 8 July 2021, and was passed with 99.9% 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 £350,000 in aggregate per annum. The amount paid in aggregate to the Directors in 2022 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 2020, and was passed with 99.8% 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 July 2020, shareholder approval will again be sought at the Annual General Meeting to be held in 2023.

### 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 by the Management Engagement & Remuneration Committee it was agreed that the Directors' fees would not be increased, with effect from 1 April 2022.

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

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

## DIRECTORS' REMUNERATION REPORT CONTINUED

| Director | Year Ending 31 March 2023 Fee Level (per annum) | 2023 % Change | Year Ended 31 March 2022 Fee Level (per annum) | 2022 % Change |
|---|---|---|---|---|
| Chairman | £53,150 | – | £53,150 | 4.0 |
| Audit & Risk Committee Chair | £41,133 | – | £41,133 | 4.0 |
| Senior Independent Director | £36,007 | – | £36,007 | 4.0 |
| Director | £33,573 | – | £33,573 | 4.0 |

### Sums paid to third parties

None of the fees referred to in the below table were paid to any third party in respect of the services provided by any of the Directors.

### Directors' emoluments for the year (audited)

| | Date of Appointment to the Board | Fixed fees (£) 2022 | Taxable Expenses (£)† 2022 | Total (£) 2022 | Fixed fees (£) 2021 | Taxable Expenses (£)† 2021 | Total (£) 2021 |
|---|---|---|---|---|---|---|---|
| Sir Martin Smith | 8 November 2007 | 53,150 | 865 | 54,015 | 51,106 | – | 51,106 |
| Humphrey Van Der Klugt | 15 February 2016 | 41,133 | – | 41,133 | 39,551 | – | 39,551 |
| Sarah Bates# | 22 May 2013 | 35,389 | – | 35,389 | 32,282 | – | 32,282 |
| Dr David Holbrook^ | 8 November 2007 | 9,833 | – | 9,833 | 34,622 | – | 34,622 |
| Doug McCutcheon | 7 November 2012 | 33,573 | – | 33,573 | 32,282 | – | 32,282 |
| Sven Borho* | 7 June 2018 | – | – | – | – | – | – |
| Dr Bina Rawal | 1 November 2019 | 33,573 | – | 33,573 | 32,282 | – | 32,282 |
| **Total** | | **206,651** | **865** | **207,516** | **222,125** | **–** | **222,125** |

† 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.

* Mr Borho has waived his Director's fee.

^ Dr Holbrook retired from the Board on 8 July 2021.

# Sarah Bates was appointed as the Senior Independent Director with effect from 8 July 2021.

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.

### Directors' interests in the company's shares (audited)

| | Ordinary Shares of 25p each 31 March 2022 | 31 March 2021 |
|---|---|---|
| Sir Martin Smith | 11,871 | 11,871 |
| – Trustee | 2,725 | 2,725 |
| Sarah Bates | 7,200 | 7,200 |
| Dr David Holbrook* | – | 1,094 |
| Sven Borho | 10,000 | 10,000 |
| Humphrey van der Klugt | 3,000 | 3,000 |
| Doug McCutcheon | 20,000 | 15,000 |
| Dr Bina Rawal | 1,810 | 1,000 |
| | **56,606** | **51,890** |

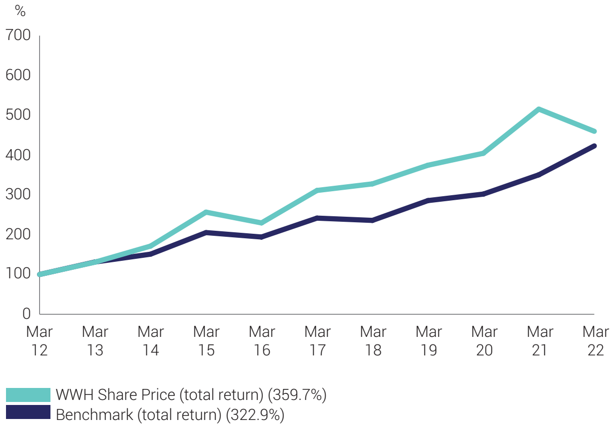
* Dr Holbrook retired from the Board on 8 July 2021.

DIRECTORS' REMUNERATION REPORT CONTINUED

## 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.

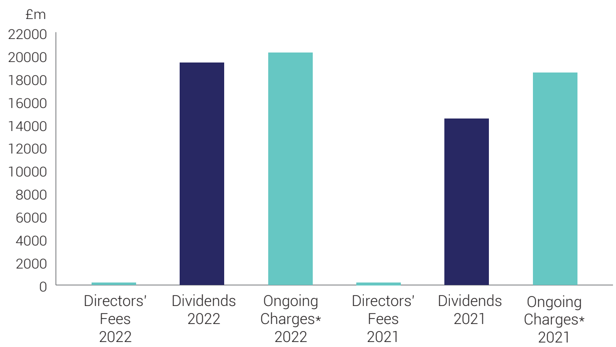
### TOTAL SHAREHOLDER RETURN FOR THE TEN YEARS TO 31 MARCH 2022




Rebased to 100 as at 31 March 2012
Source: Morningstar

## Relative cost of directors' remuneration

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and ongoing charges for 2021 and 2022.




* Alternative Performance Measure (see Glossary beginning on page 94).

## Annual statement

On behalf of the Board, I confirm that the Directors' Remuneration Policy, set out on page 60 of this Annual Report, and Directors' Remuneration Report set out on page 60 to 62 summarise, as applicable, for the year to 31 March 2022:

(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**

Chair of the Management Engagement & Remuneration Committee

26 May 2022

# 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 2022 and of its loss and cash flows 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 2022; the Income Statement, the Statement of Changes in Equity and the Statement of Cash Flows 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 & Risk 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.

Other than those disclosed in the Audit & Risk Committee Report, we have provided no non-audit services to the Company in the period under audit.

### Our audit approach

### Overview

#### Audit scope

- 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 have 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDWIDE HEALTHCARE TRUST PLC CONTINUED

## Key audit matters

- Income from Investments
- Valuation and existence of investments

## Materiality

- Overall materiality: £22,682,000 (2021: £23,600,000) based on approximately 1% of net assets.
- Performance materiality: £17,011,000 (2021: £17,700,000).

## 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 planning our audit, we made enquiries of management to understand the extent of the potential impact of climate change risk on the Company's financial statements.

The Directors and the AIFM concluded that there was no material impact on the financial statements. Our evaluation of this included assessing how the Directors had incorporated climate risk factors into the key area of judgement and estimation in the financial statements, being in relation to the process of valuation of unlisted investments. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

## 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.

Consideration of the impacts of COVID-19 and calculation of the performance fee accrual, which were key audit matters last year, are no longer included because of the reduced uncertainty of the impact of COVID-19 and the absence of a performance fee in the current year. Otherwise, the key audit matters below are consistent with last year.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDWIDE HEALTHCARE TRUST PLC CONTINUED

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Income from investments** | |
| Refer to page 56 (Audit & Risk Committee Report), page 78 (Principal Accounting Policies) and page 80 (Notes to the Financial Statements).<br><br>ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments).<br><br>As the Company has a capital objective, there might be an incentive to overstate income in that category if capital is particularly underperforming. As such, we focussed this risk on the existence/occurrence of gains/losses on investments and completeness of dividend income recognition 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 assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy.<br><br>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.<br><br>We understood and assessed the design and implementation of key controls surrounding income recognition.<br><br>The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end (see below), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses.<br><br>In addition, we tested a sample of dividend receipts by agreeing the dividend rates from all investments to independent third party sources.<br><br>To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all listed investments during the year. Our testing did not identify any unrecorded dividends.<br><br>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. We did not find any special dividends that were not treated in accordance with the AIC SORP.<br><br>No material misstatements were identified from this testing. |

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDWIDE HEALTHCARE TRUST PLC CONTINUED

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation and existence of investments** | |
| Refer to pages 56 (Audit & Risk Committee Report), page 77 (Accounting Policies) and page 84 (Notes to the Financial Statements).<br><br>The investment portfolio at 31 March 2022 principally comprised listed equity investments and unquoted debt and equity investments totalled £2,379,848,000.<br><br>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements. | We tested the valuation of all listed investments by agreeing the prices used in the valuation to independent third party sources.<br><br>We tested the existence of all listed investments by agreeing the holdings of each investment to an independent confirmation from the Custodian and Prime Broker, J.P. Morgan Securities LLC, as at 31 March 2022.<br><br>For unquoted investments we understood and evaluated the valuation methodology applied, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of unquoted investments. Our testing, performed on a sample basis, included:<br><br>• assessing the appropriateness of the valuation models used;<br>• testing the inputs either through validation to appropriate third party sources, or where relevant, assessing the reasonableness of significant estimates and judgements used;<br>• assessing the potential impact of climate change on the valuation of the unquoted investments; and<br>• assessing the ongoing impact of COVID-19 and geopolitical events on the valuation of investments.<br><br>We found that the Directors' valuations of unquoted investments were materially consistent with the IPEV guidelines and that the assumptions used to derive the valuations within the financial statements were reasonable based on the investee's circumstances or consistent with appropriate third party sources. No material misstatements were identified from this testing.<br><br>We tested the existence of the unquoted investment portfolio by agreeing a sample of the holdings to independently obtained third party confirmations as at 31 March 2022. No variances were identified from this testing. |

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDWIDE HEALTHCARE TRUST PLC CONTINUED**

## How we tailored the audit scope

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

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.

## 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 Company materiality** | £22,682,000 (2021: £23,600,000). |
| **How we determined it** | Approximately 1% of net assets. |
| **Rationale for benchmark applied** | We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit. |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £17,011,000 (2021: £17,700,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £1,134,000 (2021: £1,180,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDWIDE HEALTHCARE TRUST PLC
CONTINUED

## Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including the ongoing impact of Covid-19 and the heightened economic uncertainty as a result of recent global events;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implications of reductions in NAV as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and the 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 the Report of the Directors for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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 the Report of the Directors.

### 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDWIDE HEALTHCARE TRUST PLC CONTINUED**

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDWIDE HEALTHCARE TRUST PLC CONTINUED**

## 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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 (see page 57 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 financial statements such as the Companies act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the Audit & Risk Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant meeting minutes, including those of the Audit & Risk Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of unquoted investments (see related key audit matter above);
- identifying and testing journal entries, in particular any material or revenue-impacting manual journal entries posted as part of the Annual Report preparation process; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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 & Risk 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 8 years, covering the years ended 31 March 2015 to 31 March 2022.

**Allan McGrath (Senior Statutory Auditor)**

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

26 May 2022

# INCOME STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 Revenue £'000 | 2022 Capital £'000 | 2022 Total £'000 | 2021 Revenue £'000 | 2021 Capital £'000 | 2021 Total £'000 |
|---|---|---|---|---|---|---|---|
| (Losses)/gains on investments | 9 | – | (152,475) | (152,475) | – | 517,267 | 517,267 |
| Exchange losses on currency balances | | – | (6,342) | (6,342) | – | (6,076) | (6,076) |
| Income from investments | 2 | 23,471 | – | 23,471 | 19,247 | – | 19,247 |
| AIFM, portfolio management and performance fees | 3 | (938) | 1,061 | 123 | (853) | (47,963) | (48,816) |
| Other expenses | 4 | (1,305) | (529) | (1,834) | (1,338) | (155) | (1,493) |
| **Net return/(loss) before finance charges and taxation** | | **21,228** | **(158,285)** | **(137,057)** | **17,056** | **463,073** | **480,129** |
| Finance costs | 5 | (40) | (761) | (801) | (20) | (379) | (399) |
| **Net return/(loss) before taxation** | | **21,188** | **(159,046)** | **(137,858)** | **17,036** | **462,694** | **479,730** |
| Taxation on net return | 6 | (3,668) | – | (3,668) | (2,712) | – | (2,712) |
| **Net return/(loss) after taxation** | | **17,520** | **(159,046)** | **(141,526)** | **14,324** | **462,694** | **477,018** |
| **Return/(loss) per share** | 7 | **26.8p** | **(243.5)** | **(216.7)** | **24.1p** | **777.8p** | **801.9p** |

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

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

The Company has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Comprehensive Income has been presented.

The accompanying notes are an integral part of these statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2022

| | Share capital £'000 | Capital redemption reserve £'000 | Share premium account £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total shareholders' funds £'000 |
|---|---|---|---|---|---|---|
| **At 1 April 2021** | **16,078** | **8,221** | **796,357** | **1,542,628** | **18,141** | **2,381,425** |
| Net (loss)/return after taxation | – | – | – | (159,046) | 17,520 | (141,526) |
| Final dividend paid in respect of year ended 31 March 2021 | – | – | – | – | (10,085) | (10,085) |
| Interim dividend paid in respect of year ended 31 March 2022 | – | – | – | – | (4,586) | (4,586) |
| New shares issued | 307 | – | 45,242 | – | – | 45,549 |
| Shares purchased for treasury | – | – | – | (2,544) | – | (2,544) |
| **At 31 March 2022** | **16,385** | **8,221** | **841,599** | **1,381,038** | **20,990** | **2,268,233** |

## FOR THE YEAR ENDED 31 MARCH 2021

| | Share capital £'000 | Capital redemption reserve £'000 | Share premium account £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total shareholders' funds £'000 |
|---|---|---|---|---|---|---|
| **At 1 April 2020** | **13,406** | **8,221** | **418,441** | **1,079,934** | **18,296** | **1,538,298** |
| Net return after taxation | – | – | – | 462,694 | 14,324 | 477,018 |
| Second interim dividend paid in respect of year ended 31 March 2020 | – | – | – | – | (10,512) | (10,512) |
| Interim dividend paid in respect of year ended 31 March 2021 | – | – | – | – | (3,967) | (3,967) |
| New shares issued | 2,672 | – | 377,916 | – | – | 380,588 |
| **At 31 March 2021** | **16,078** | **8,221** | **796,357** | **1,542,628** | **18,141** | **2,381,425** |

# STATEMENT OF FINANCIAL POSITION

## As at 31 March 2022

| | Notes | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 9 | 2,379,848 | 2,416,038 |
| Derivative – OTC swaps | 9 & 10 | 283 | 18,864 |
| | | **2,380,131** | **2,434,902** |
| **Current assets** | | | |
| Debtors | 11 | 14,724 | 18,172 |
| Cash | | 26,594 | 29,595 |
| | | **41,318** | **47,767** |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 12 | (147,804) | (92,932) |
| Derivative – OTC swaps | 9 & 10 | (5,412) | (8,312) |
| | | **(153,216)** | **(101,244)** |
| **Net current liabilities** | | **(111,898)** | **(53,477)** |
| **Total net assets** | | **2,268,233** | **2,381,425** |
| **Capital and reserves** | | | |
| Share capital | 13 | 16,385 | 16,078 |
| Capital redemption reserve | | 8,221 | 8,221 |
| Share premium account | | 841,599 | 796,357 |
| Capital reserve | 17 | 1,381,038 | 1,542,628 |
| Revenue reserve | | 20,990 | 18,141 |
| **Total shareholders' funds** | | **2,268,233** | **2,381,425** |
| **Net asset value per share** | 14 | **3,465.2p** | **3,703.0p** |

The financial statements on pages 72 to 92 were approved by the Board of Directors and authorised for issue on 26 May 2022 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)

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Net cash (outflow)/inflow from operating activities** | 18 | **(13,329)** | **931** |
| Purchases of investments and derivatives | | (1,330,279) | (1,709,998) |
| Sales of investments and derivatives | | 1,253,138 | 1,481,508 |
| Realised (loss)/gain on foreign exchange transactions | | (5,541) | 3,205 |
| **Net cash outflow from investing activities** | | **(82,682)** | **(225,285)** |
| Issue of shares | 13 | 48,126 | 378,728 |
| Shares repurchased | 13 | (2,544) | – |
| Equity dividends paid | | (14,671) | (14,479) |
| Interest paid | | (801) | (399) |
| **Net cash inflow from financing activities** | | **30,110** | **363,850** |
| **(Increase)/decrease in net debt** | | **(65,901)** | **139,496** |

Cash flows from operating activities include interest received of £968,000 (2021: £1,265,000) and dividends received of £23,853,000 (2021: £18,907,000).

## RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| (Increase)/decrease in net debt resulting from cashflows | (65,901) | 139,496 |
| Losses on foreign currency cash and cash equivalents | (801) | (9,281) |
| **Movement in net debt in the year** | **(66,702)** | **130,215** |
| Net debt at 1 April | (20,301) | (150,516) |
| **Net debt at 31 March** | **(87,003)** | **(20,301)** |

Net debt includes the bank overdraft of £113,597,000 (2021: £49,896,000) (see note 12) and cash as per the balance sheet of £26,594,000 (2021: £29,595,000).

The accompanying notes are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

## 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'), published in February 2021, 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. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of substantial falls in markets and significant reductions in market liquidity (including further stressing the current economic conditions caused by the coronavirus pandemic) on the Company's financial position and cash flows. Further information on the assumptions used in the stress scenarios is provided in the Audit & Risk Committee report beginning on page 55. The results of the tests showed that the Company would have sufficient cash, or the ability to liquidate a sufficient proportion of its listed holdings, to meet its liabilities as they fall due. Based on the information available to the Directors at the time of this report, including the results of the stress tests, the Company's cash balances, and the liquidity of the Company's listed investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months from the date of approval of these financial statements and that, accordingly, it is appropriate to adopt the going concern basis in preparing these financial statements.

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.

## 1. ACCOUNTING POLICIES continued

In the course of preparing the financial statements, the only key source of estimation uncertainty in the process of applying the Company's accounting policies, is in relation to the valuation of the unquoted (Level 3) investments. The nature of estimation means that the actual outcomes could differ from those estimates, possibly significantly. The estimates relate to the investments where there is no appropriate market price i.e. the private investments. Whilst the board considers the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed. As at 31 March 2022, there is no single key assumption used in the valuation of the unquoted investments, or other key source of estimation uncertainty, that, in the Directors' opinion has a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year.

Unquoted investments are all valued in line with the accounting policy set out below.

### (B) Investments

Investments are measured under FRS 102 and are measured initially, and at subsequent reporting dates, at fair value. Investments 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 and apply these consistently. The following principles used in determining the valuation of unquoted investments, are consistent with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. The assumptions and estimates made in determining the fair value of each unquoted investment are considered at least each six months or sooner if there is a triggering event. An example of where a valuation would be considered out of the six-month cycle is the success or failure of a drug under development to meet an anticipated outcome of its trial, announcement of the company undergoing an initial public offering, or other performance against tangible development milestones.

The primary valuation method applied in the valuation of the unquoted investments is the probability-weighted expected return method (PWERM), which considers on a probability weighted basis the future outcomes for the investment. When using the PWERM method significant judgements are made in estimating the various inputs into the model and recognising the sensitivity of such estimates. Examples of the factors where significant judgement is made include, but are not limited to, the probability assigned to potential future outcomes; discount rates; and, the likely exit scenarios for the investor company, for example, IPO or trade sale.

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.

## 1. ACCOUNTING POLICIES continued

### (C) Derivative financial instruments

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

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

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

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, with the withholding tax recognised in the taxation charge.

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 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.

## 1. ACCOUNTING POLICIES continued

### (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 when it is probable 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 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.

### (J) Capital reserve

The following are transferred to this reserve:

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

This reserve can be used to distribute realised capital profits by way of dividend or share buy backs. Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve. Distributions are only payable out of the capital reserve if capital reserves are greater than the proposed distribution and positive on the date of distribution.

### (K) Revenue reserve

The revenue reserve is distributable by way of dividend. Dividends are only payable out of the revenue reserve if revenue reserves are greater than the proposed dividend and positive on the date of distribution.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 1. ACCOUNTING POLICIES continued

### (L) Dividend payments

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

### (M) Cash and cash equivalents

Cash comprises cash at bank and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are considered as a component of cash and cash equivalents as they are repayable on demand and form an integral part of the Company's cash management.

## 2. INCOME FROM INVESTMENTS

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Income from investments** | | |
| Overseas dividends | 19,678 | 16,730 |
| Fixed interest income | 772 | 999 |
| UK dividends | 2,825 | 1,449 |
| | **23,275** | **19,178** |
| **Other income** | | |
| Derivatives | 151 | – |
| Deposit interest | 45 | 24 |
| Income from liquidity stocks | – | 45 |
| **Total income from investments** | **23,471** | **19,247** |
| **Total income comprises:** | | |
| Dividends | 22,503 | 18,179 |
| Interest | 968 | 1,068 |
| | **23,471** | **19,247** |

## 3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| AIFM fee | 160 | 3,046 | 3,206 | 152 | 2,892 | 3,044 |
| Portfolio management fee | 778 | 14,781 | 15,559 | 701 | 13,323 | 14,024 |
| Performance fee (reversal)/charge* | – | (18,888) | (18,888) | – | 31,748 | 31,748 |
| | **938** | **(1,061)** | **(123)** | **853** | **47,963** | **48,816** |

* During the year ended 31 March 2022, due to underperformance against the Benchmark , a reversal of prior period performance fee provisions totalling £18,888,000 occurred (2021: charge of £31,748,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES continued

See page 43 for further information on the performance fee.

Further details on the above fees are set out in the Strategic Report on pages 27 and 28 and in the Report of the Directors on pages 43 and 44.

## 4. OTHER EXPENSES

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Directors' remuneration | 207 | 222 |
| Employer's NIC on Directors' remuneration | 20 | 20 |
| Auditors' remuneration for the audit of the Company's financial statements | 47 | 49 |
| Auditors' remuneration for non-audit services | 5 | – |
| Depositary and custody fees | 213 | 177 |
| Listing fees* | 77 | 461 |
| Registrar fees | 63 | 48 |
| Legal and professional costs | 255 | 78 |
| Broker fees | 117 | 30 |
| Other costs | 301 | 253 |
| | **1,305** | **1,338** |
| Professional fees (Capital)^ | 529 | 155 |
| | **1,834** | **1,493** |

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on page 61.

* 2021 includes £405,000 in respect of London Stock Exchange block listing fees required as a result of the issuance of new shares by the Company during the year.
^ Professional fees in respect of acquisition of unquoted investments. These fees do not form part of the ongoing charge ratio, see Glossary on page 96.

## 5. FINANCE COSTS

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Finance costs | 40 | 761 | 801 | 20 | 379 | 399 |

## 6. TAXATION ON NET RETURN

### (A) Analysis of charge in year

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Corporation tax at 19% (2020: 19%) | – | – | – | – | – | – |
| Overseas taxation | 3,668 | – | 3,668 | 2,712 | – | 2,712 |
| | **3,668** | **–** | **3,668** | **2,712** | **–** | **2,712** |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 6. TAXATION ON NET RETURN continued

### (B) Factors affecting the 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 (2021: lower) than the standard rate of corporation tax of 19% (2021: 19%).

The difference is explained below.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Net return before taxation | 21,188 | (159,046) | (137,858) | 17,036 | 462,694 | 479,730 |
| Corporation tax at 19% (2021: 19%) | 4,026 | (30,219) | (26,193) | 3,237 | 87,912 | 91,149 |
| Non-taxable gains on investments | – | 30,175 | 30,175 | – | (97,126) | (97,126) |
| Overseas withholding taxation | 3,668 | – | 3,668 | 2,712 | – | 2,712 |
| Non taxable dividends | (4,276) | – | (4,276) | (3,468) | – | (3,468) |
| Excess management expenses | 250 | 44 | 294 | 231 | 9,214 | 9,445 |
| **Total tax charge** | **3,668** | **–** | **3,668** | **2,712** | **–** | **2,712** |

### (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 £45,055,000 (25% tax rate) (2021: £33,851,000 (19% 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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| The return per share is based on the following figures: | | |
| Revenue return | 17,520 | 14,324 |
| Capital (loss)/return | (159,046) | 462,694 |
| | **(141,526)** | **477,018** |
| Weighted average number of ordinary shares in issue during the year | 65,307,132 | 59,487,545 |
| Revenue return per ordinary share | 26.8p | 24.1p |
| Capital (loss)/return per ordinary share | (243.5p) | 777.8p |
| | **(216.7p)** | **801.9p** |

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 8. DIVIDENDS

Under UK Company Law, 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:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Second interim dividend in respect of the year ended 31 March 2020 | – | 10,512 |
| Interim dividend in respect of the year ended 31 March 2021 | – | 3,967 |
| Final dividend in respect of the year ended 31 March 2021 | 10,085 | – |
| Interim dividend in respect of the year ended 31 March 2022 | 4,586 | – |
| | **14,671** | **14,479** |

In respect of the year ended 31 March 2022, an interim dividend of 7.0p per share was paid on 11 January 2022. A final dividend of 19.5p will be payable, subject to shareholder approval, on 15 July 2022, the associated ex dividend date will be 9 June 2022. The total dividends payable in respect of the year ended 31 March 2022 amount to 26.5p per share (2021: 22.0p per share). The aggregate cost of the final dividend, based on the number of shares in issue at 25 May 2022, will be £12,721,000. In accordance with FRS 102 dividends will be reflected in the financial statements for the year in which they become payable. 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.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Revenue available for distribution by way of dividend for the year | 17,520 | 14,324 |
| Interim dividend in respect of the year ended 31 March 2022 | (4,586) | – |
| Final dividend in respect of the year ended 31 March 2022* | (12,721) | – |
| Interim dividend in respect of the year ended 31 March 2021 | – | (3,967) |
| Final dividend in respect of the year ended 31 March 2021 | – | (10,085) |
| **Net retained revenue** | **213** | **272** |

* based on 65,233,404 shares in issue as at 25 May 2022.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 9. INVESTMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

| | Quoted Investments £'000 | Unquoted Investments £'000 | Derivative Financial Instruments - Net £'000 | Total £'000 |
|---|---|---|---|---|
| Cost at 1 April 2021 | 1,887,379 | 126,577 | – | 2,013,956 |
| Investment holdings gains at 1 April 2021 | 388,030 | 14,052 | 10,552 | 412,634 |
| **Valuation at 1 April 2021** | **2,275,409** | **140,629** | **10,552** | **2,426,590** |
| Movement in the year: | | | | |
| Purchases at cost | 1,284,504 | 69,066 | – | 1,353,570 |
| Sales - proceeds | (1,243,999) | (15,622) | 6,304 | (1,253,317) |
| Transfer between levels* | 44,424 | (44,424) | – | – |
| Net movement in investment holding gains | (152,963) | 22,824 | (21,985) | (152,124) |
| **Valuation at 31 March 2022** | **2,207,375** | **172,473** | **(5,129)** | **2,374,719** |
| Cost at 31 March 2022 | 1,952,701 | 136,760 | – | 2,089,461 |
| Investment holding gains/(losses) at 31 March 2022 | 254,674 | 35,713 | (5,129) | 285,258 |
| **Valuation at 31 March 2022** | **2,207,375** | **172,473** | **(5,129)** | **2,374,719** |

* See Note 16.

The Company received £1,253,317,000 (2021: £1,484,698,000) from investments and derivatives sold in the year. The book cost of these was £1,278,065,000 (2021: £1,217,151,000). These investments and derivatives have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Net movement in investment holding (losses)/gains in the year | (130,139) | 483,612 |
| Net movement in derivative holding (losses)/gains in the year | (21,985) | 33,760 |
| Effective interest rate amortisation | (351) | (105) |
| **(Losses)/gains on investments** | **(152,475)** | **517,267** |

Purchase transaction costs were £1,668,000 (2021: £2,808,000). Sales transaction costs were £1,244,000 (2021: £1,352,000). These comprise mainly commission and stamp duty.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Fair value of OTC equity swaps (asset) | 283 | 18,864 |
| Fair value of OTC equity swaps (liability) | (5,412) | (8,312) |
| | **(5,129)** | **10,552** |

See note 9 above for movements during the year.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 11. DEBTORS

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Amounts due from brokers | 10,581 | 10,402 |
| Issue of own shares awaiting settlement | – | 2,577 |
| Withholding taxation recoverable | 2,587 | 2,295 |
| VAT recoverable | – | 66 |
| Prepayments and accrued income | 1,556 | 2,832 |
| | **14,724** | **18,172** |

## 12. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Amounts due to brokers | 30,131 | 6,840 |
| Overdraft drawn* | 113,597 | 49,896 |
| Performance fee provision** | – | 31,748 |
| Other creditors and accruals | 4,076 | 4,448 |
| | **147,804** | **92,932** |

* 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 90, 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.
** As at 31 March 2022 no performance fees were accrued or payable (31 March 2021: £31.7 million). Of the 31 March 2021 accrual, £12.9 million crystallised and became payable as at 30 June 2021 and £18.9 million reversed due to underperformance, as set out in note 3. The performance fee paid related to outperformance generated as at 30 June 2020 that was maintained to 30 June 2021.

## 13. SHARE CAPITAL

| | Shares number | Treasury shares number | Total shares in issue number |
|---|---|---|---|
| Issued and fully paid at 1 April 2021 | 64,310,255 | – | 64,310,255 |
| New shares issued | 1,227,500 | – | 1,227,500 |
| Shares purchased for treasury | (80,509) | 80,509 | – |
| **At 31 March 2022** | **65,457,246** | **80,509** | **65,537,755** |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Issued and fully paid: | | |
| Ordinary Shares of 25p | 16,385 | 16,078 |

During the year ended 31 March 2022 1,227,500 shares were issued raising £45,549,000 and 80,509 shares were repurchased into Treasury at a cost of £2,544,000 (2021: 10,690,977 shares were issued raising £380,588,000 and no shares were repurchased).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 14. NET ASSET VALUE PER SHARE

| | 2022 | 2021 |
|---|---|---|
| Net asset value per share | 3,465.2p | 3,703.0p |

The net asset value per share is based on the assets attributable to equity shareholders of £2,268,233,000 (2021: £2,381,425,000) and on the number of shares in issue at the year end of 65,457,246 (2021: 64,310,255).

## 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 pages 27 and 28 and page 43. Sven Borho, who joined the Board on 7 June 2018, is a Managing Partner at OrbiMed. Sven Borho has waived his Director's fee of £33,573 (2021: £32,282). Details of fees paid to OrbiMed by the Company can be found in note 3 on page 80. All material related party transactions have been disclosed in notes 3 and 4 on pages 80 and 81.

Details of the remuneration of all Directors can be found on page 61. Details of the Directors' interests in the capital of the Company can also be found on page 61.

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 80.

## 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 8 and 9. 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 28 to 33 and have not changed from the previous accounting year. The AIFM, in close co-operation with the Board and the Portfolio Manager, co-ordinates the Company's risk management.

### Use of derivatives

As noted in the Strategic Report, on pages 8 and 9, equity swaps are used within the Company's portfolio.

More details on swaps can be found in the Glossary beginning on page 94.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 16. FINANCIAL INSTRUMENTS continued

### OTC equity swaps

The Company uses OTC equity swap positions to gain access to the Indian and Chinese markets either when it is more cost effective to gain access via swaps or to gain exposure to thematic baskets of stocks.

Details of financed swap positions* are noted in the Portfolio as set out on pages 10 and 11.

* See glossary beginning on page 94.

### 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.

†International Swap Dealers Association Inc.

#### (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 29 and 30.

**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.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Assets £'000 | Liabilities £'000 | Notional* exposure £'000 | Assets £'000 | Liabilities £'000 | Notional* exposure £'000 |
| Investments | 2,379,848 | – | 2,379,848 | 2,416,038 | – | 2,416,038 |
| OTC equity swaps | 283 | (5,412) | 135,018 | 18,864 | (8,312) | 145,636 |
| | **2,380,131** | **(5,412)** | **2,514,866** | **2,434,902** | **(8,312)** | **2,561,674** |

* The notional exposure is calculated in accordance with the AIFMD requirements for calculating exposure via derivatives. See glossary beginning on page 97.

**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 (2021: 25% higher or lower) while all other variables remained constant: the revenue return would have decreased/increased by £0.2 million (2021: £0.2 million); the capital return would have increased by £608.4 million (2021: £540.4 million)/decreased by £625.4 million (2021: £604.0 million); and, the return on equity would have increased by £608.2 million (2021: £540.1 million)/decreased by £625.2 million (2021: £603.8 million). 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 16. FINANCIAL INSTRUMENTS continued

### (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.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Current assets £'000 | Current liabilities £'000 | Investments £'000 | Current assets £'000 | Current liabilities £'000 | Investments £'000 |
| U.S. dollar | 64,264 | (169,551) | 1,821,239 | 72,352 | (99,943) | 2,034,533 |
| Swiss franc | 2,202 | – | 113,899 | 1,513 | – | 47,411 |
| Japanese yen | 332 | 114 | 83,225 | 858 | – | 42,203 |
| Hong Kong dollar | 851 | (851) | 190,260 | – | – | 179,407 |
| Other | 155 | – | 30,803 | 489 | – | 17,642 |
| | **67,804** | **(170,288)** | **2,239,426** | **75,212** | **(99,943)** | **2,321,196** |

**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 (2021: 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.

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | USD £'000 | YEN £'000 | CHF £'000 | HKD £'000 | USD £'000 | YEN £'000 | CHF £'000 | HKD £'000 |
| Sterling depreciates | 206,233 | 9,297 | 12,900 | 21,140 | 238,003 | 4,785 | 5,436 | 19,934 |
| Sterling appreciates | (168,736) | (7,606) | (10,555) | (17,296) | (194,730) | (3,915) | (4,448) | (16,310) |

### (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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 16. FINANCIAL INSTRUMENTS continued

At 31 March 2022, the Company held 0.4% of the portfolio in securitised debt (2021: 0.7% of the portfolio). The exposure is shown in the table below.

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 2.9 | 2.6 | 5,024 | – | 3.9 | 2.6 | 6,945 | 4,486 |
| Cash | | | – | 56,336 | | | – | 40,858 |
| Overdraft facility | | | – | (143,339) | | | – | (61,159) |
| Financed swap positions | | | – | (140,147) | | | – | (135,084) |
| | | | **5,024** | **(227,150)** | | | **6,945** | **(150,899)** |

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

Cash of £56.3 million (2021: £40.9 million) was held as collateral against the financed swap positions, of which £29.7 million (2021: £11.3 million) was offset against the overdraft position.

### 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 2022 and the net assets would increase/decrease by £2.3 million (2021: increase/decrease by £1.5 million).

### (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. There maybe circumstances where market liquidity is lower than normal. Stress tests have been performed to understand how long the portfolio would take to realise in such situations. The Board is comfortable that in such a situation the Company would be able to meet its liabilities as they fall due.

### Liquidity exposure and maturity

Contractual maturities of the financial liability exposures as at 31 March 2022, based on the earliest date on which payment can be required, are as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | 3 to 12 months £'000 | 3 months or less £'000 | 3 to 12 months £'000 | 3 months or less £'000 |
| Overdraft facility | – | 143,339 | – | 61,159 |
| Amounts due to brokers and accruals | – | 30,131 | – | 6,840 |
| OTC equity swaps | 5,412 | – | 8,312 | – |
| | **5,412** | **173,470** | **8,312** | **67,999** |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 16. FINANCIAL INSTRUMENTS continued

£56.3 million of cash held as collateral is offset against the overdraft facility in the Statement of Financial Position, as set out in Note 16(iii) above.

### (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 31, 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 2022 such assets held by J.P. Morgan Securities LLC are available for rehypothecation (see Glossary beginning on page 94 for further information). As at 31 March 2022, assets with a total market value of £203.1 million (2021: £106.9 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).

CREDIT RISK EXPOSURE

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Unquoted debt investments | 5,024 | 11,430 |
| Derivative – OTC equity swaps | 283 | 18,864 |
| **Current assets:** | | |
| Other receivables (amounts due from brokers, dividends and interest receivable) | 14,724 | 18,172 |
| Cash | 26,594 | 29,595 |

### (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).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 16. FINANCIAL INSTRUMENTS continued

| As of 31 March 2022 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Investments held at fair value through profit or loss | 2,207,375 | – | 172,473 | 2,379,848 |
| Derivatives: OTC swaps (assets) | – | 283 | – | 283 |
| Derivatives: OTC swaps (liabilities) | – | (5,412) | – | (5,412) |
| Financial instruments measured at fair value | **2,207,375** | **(5,129)** | **172,473** | **2,374,719** |

As at 31 March 2022, one debt, twelve equity and a deferred consideration investment (included in the portfolio on pages 10 to 11) have been classified as level 3. All level 3 positions have been valued in accordance with the accounting policy set out in Note 1(b).

During 2022 four unquoted investments were transferred to Level 1 following their initial public offerings.

| As of 31 March 2021 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Investments held at fair value through profit or loss | 2,275,409 | – | 140,629 | 2,416,038 |
| Derivatives: OTC swaps (assets) | – | 18,864 | – | 18,864 |
| Derivatives: OTC swaps (liabilities) | – | (8,312) | – | (8,312) |
| Financial instruments measured at fair value | **2,275,409** | **10,552** | **140,629** | **2,426,590** |

As at 31 March 2021, three debt, eleven equity and a deferred consideration investment 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.

During 2021 three unquoted investments were acquired and subsequently transferred to Level 1 following their initial public offerings.

### (viii) Capital management policies and procedures

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

The Board's policy on gearing and leverage is set out on page 8.

As at 31 March 2022, the Company had a net leverage percentage of 10.9% (2021: 7.6%).

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 74.

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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 17. CAPITAL RESERVE

| | Capital Reserves | | |
|---|---|---|---|
| | Other £'000 | Investment Holding Gains* £'000 | Total £'000 |
| At 31 March 2021 | 966,717 | 575,911 | 1,542,628 |
| Net losses on investments | (25,105) | (127,370) | (152,475) |
| Expenses charged to capital | (229) | – | (229) |
| Exchange loss on currency balances | (6,342) | – | (6,342) |
| Shares repurchased for Treasury | (2,544) | – | (2,544) |
| **At 31 March 2022** | **932,497** | **448,541** | **1,381,038** |

* Investment holding gains relate to the revaluation of investments and derivatives held at the reporting date. (See note 9 beginning on page 84 for further details).

Under the Company's Articles of Association, sums within "capital reserves – other" are also available for distribution.

## 18. RECONCILIATION OF OPERATING (LOSS)/RETURN TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| (Loss)/returns before finance charges and taxation | (137,057) | 480,129 |
| Add: capital loss/(less: capital gain) before finance charges and taxation | 158,285 | (463,073) |
| **Revenue return before finance charges and taxation** | **21,228** | **17,056** |
| Expenses charged to capital | 532 | (48,118) |
| Decrease in other debtors | 1,342 | 934 |
| (Decrease)/increase in provisions, and other creditors and accruals | (32,120) | 33,302 |
| Net taxation suffered on investment income | (3,960) | (2,138) |
| Amortisation | (351) | (105) |
| **Net cash (outflow)/inflow from operating activities** | **(13,329)** | **931** |

# SHAREHOLDER INFORMATION

## FINANCIAL CALENDAR

| | |
|---|---|
| 31 March | Financial Year End |
| May | 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 Wednesday, 6 July 2022 from 12.30 p.m. Please refer to the Chairman's Statement on pages 4 to 7 for details of this year's arrangements.

### Dividends

The Company pays an interim and a final dividend 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 Group, 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

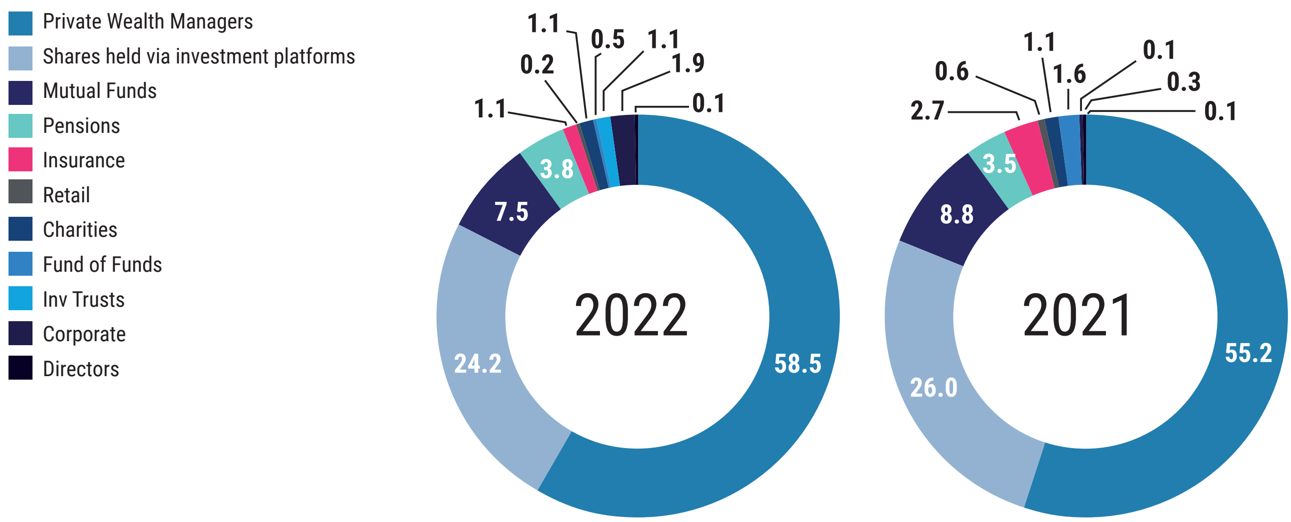
Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Link Group, under the signature of the registered holder.

### 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.



# 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.

### 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. Financed swaps increase exposure by the value of the underlying equity position, with no initial outlay and no increase in the investment portfolio's 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

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMS') CONTINUED

## 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.

| | 2022 £'000 | | 2021 £'000 | |
|---|---|---|---|---|
| | Fair Value | Exposure* | Fair Value | Exposure* |
| Investments | 2,379,848 | 2,379,848 | 2,416,038 | 2,416,038 |
| OTC equity swaps | (5,129) | 135,018 | 10,552 | 145,636 |
| | **2,374,719** | **2,514,866** | **2,426,590** | **2,561,674** |
| Shareholders' funds | | 2,268,233 | | 2,381,425 |
| Leverage % | | **10.9%** | | **7.6%** |

* 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.

* Alternative Performance Measure

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMS') CONTINUED

## Net asset value (NAV) per share total return*

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

| NAV Total Return | 2022 p | 2021 p |
|---|---|---|
| Opening NAV | 3,703.0 | 2,868.9 |
| (Decrease)/increase in NAV | (237.8) | 834.1 |
| **Closing NAV** | **3,465.2** | **3,703.0** |
| % (decrease)/increase in NAV | (6.4%) | 29.1% |
| Impact of reinvested dividends | 0.6% | 0.9% |
| **NAV Total Return** | **(5.8%)** | **30.0%** |

## 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.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| AIFM & Portfolio Management fees (Note 3) | 18,765 | 17,068 |
| Other Expenses – Revenue (Note 4) | 1,305 | 1,338 |
| **Total Ongoing Charges** | **20,070** | **18,406** |
| Performance fees paid/crystallised | 12,861 | – |
| **Total** | **32,931** | **18,406** |
| Average net assets | 2,356,131 | 2,112,164 |
| **Ongoing Charges** | **0.9%** | **0.9%** |
| **Ongoing Charges (including performance fees paid or crystallised during the year)** | **1.4%** | **0.9%** |

## 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.

| Share Price Total Return | 2022 p | 2021 p |
|---|---|---|
| Opening share price | 3,695.0 | 2,920.0 |
| (Decrease)/increase in share price | (420.0) | 775.0 |
| **Closing share price** | **3,275.0** | **3,695.0** |
| % (decrease)/increase in share price | (11.4%) | 26.5% |
| Impact of reinvested dividends | 0.6% | 0.9% |
| **Share Price Total Return** | **(10.8%)** | **27.4%** |

* Alternative Performance Measure

# 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 | http://www.youinvest.co.uk/ |
| Barclays Smart Investor | https://www.smartinvestor.barclays.co.uk/ |
| Bestinvest | http://www.bestinvest.co.uk/ |
| Charles Stanley Direct | https://www.charles-stanley-direct.co.uk/ |
| Halifax Share Dealing | https://www.halifaxsharedealing-online.co.uk/ |
| Hargreaves Lansdown | http://www.hl.co.uk/ |
| HSBC | https://www.hsbc.co.uk/investments/ |
| iDealing | http://www.idealing.com/ |
| Interactive Investor | http://www.iii.co.uk/ |
| IWEB | http://www.iweb-sharedealing.co.uk/share-dealing-home.asp |
| The Share Centre | https://www.share.com/ |

## Investment scams are often sophisticated and difficult to spot

### How to avoid investment scams

**1 Reject unexpected offers**
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

**2 Check the FCA Warning List**
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without FCA authorisation.

**3 Get impartial advice**
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

### If you're suspicious, report it

You can report a firm or scam to the Financial Conduct Authority on **0800 111 6768** or through www.fca.org.uk/scamsmart

If you've lost money in a scam, contact Action Fraud on **0300 123 2040** or www.actionfraud.police.uk

**Be ScamSmart and visit www.fca.org.uk/scamsmart**

FINANCIAL CONDUCT AUTHORITY

Be a ScamSmart Investor

# 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 1-3 Bonhill Street, London EC2A 4BX on Wednesday, 6 July 2022 from 12.30 p.m. 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 2022
2. To approve the payment of a final dividend of 19.5p per ordinary share for the year ended 31 March 2022
3. To approve the Company's dividend policy, as set out on page 26 of the Annual Report for the year ended 31 March 2022
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-elect Dr Bina Rawal as a Director of the Company
9. To re-appoint PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Audit & Risk Committee to determine their remuneration
10. To approve the Directors' Remuneration Report for the year ended 31 March 2022

## SPECIAL BUSINESS

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

### Authority to allot shares

11. THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal amount of £1,630,835 (being 10% of the issued share capital of the Company at 25 May 2022) and representing 6,523,340 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 2023 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.

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

## Disapplication of pre-emption rights

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

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

    (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 £1,630,835, being 10% of the issued share capital of the Company as at 25 May 2022 and representing 6,523,340 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that (i) the number of equity securities to which this power applies shall be reduced from time to time by the number of treasury shares which are sold pursuant to any power conferred on the Directors by resolution 13 set out in the Notice of Annual General Meeting and (ii) no allotment of equity securities shall be made under this power which would result in Shares being issued at a price which is less than the net asset value per Share as at the latest practicable date before such allotment of equity securities as determined by the Directors in their reasonable discretion; and

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

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

    (a) this power shall be limited to the sale of relevant shares having an aggregate nominal value of £1,630,835 being 10% of the issued share capital of the Company as at 25 May 2022 and representing 6,523,340 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that the number of relevant shares to which power applies shall be reduced from time to time by the number of Shares which are allotted for cash as if Section 561(1) of the Act did not apply pursuant to the power conferred on the Directors by resolution 12 set out in the Notice of Annual General Meeting,

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

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

## Authority to repurchase ordinary shares

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

    (a) the maximum aggregate number of Shares authorised to be purchased 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 2023 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

15. THAT the Directors be authorised to call general meetings (other than the Annual General Meeting of the Company) on not less than 14 clear days' notice, such authority to expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of the resolution.

By order of the Board

**Frostrow Capital LLP**
Company Secretary
26 May 2022

Registered Office:
One Wood Street
London EC2V 7WS

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

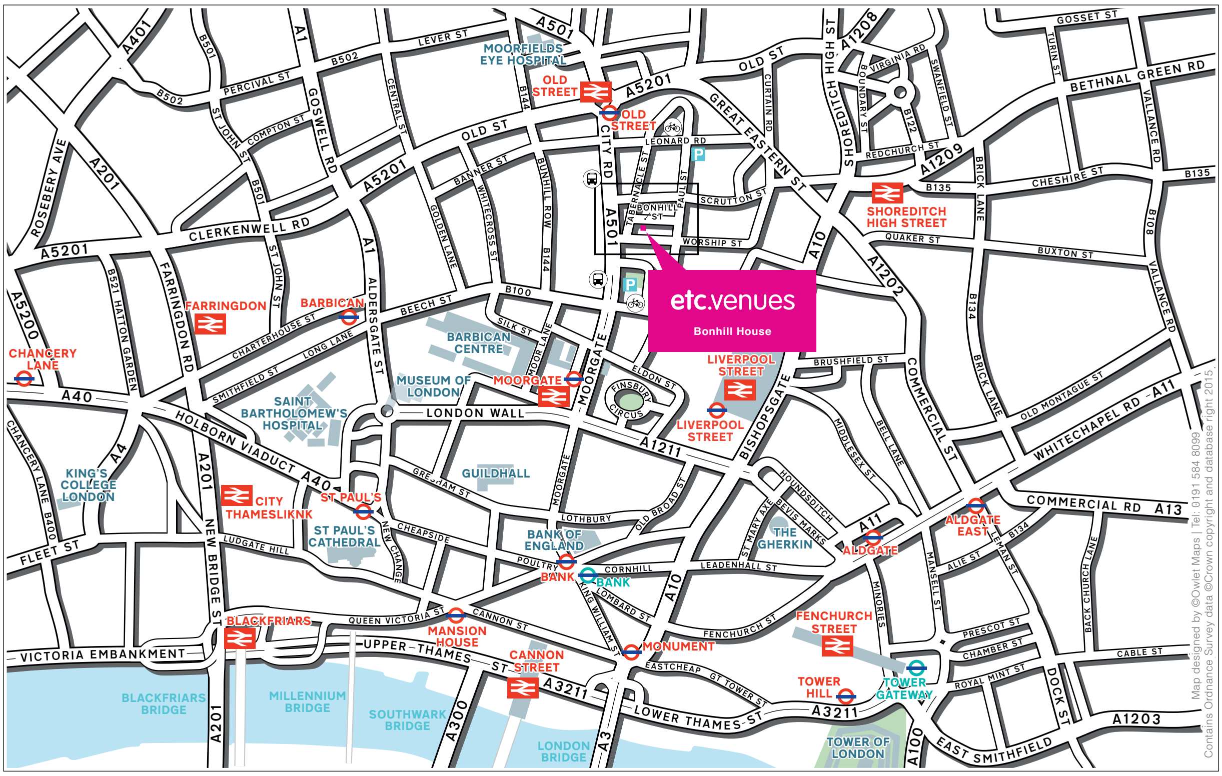
## NOTES

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 Group 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 Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 12.30 p.m. on Monday, 4 July 2022.
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 Monday, 4 July 2022 (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 25 May 2022 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 65,537,755 ordinary shares, carrying one vote each. The Company holds 304,351 shares in treasury. Therefore, the total voting rights in the Company as at 25 May 2022 are 65,233,404.
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.

## NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

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 Group on 0371 600 0300 or +44 371 600 0300. 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 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 Group, PXS1, 29 Wellington Street, 10th Floor, Central Square, Leeds LS1 4DL.
    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 101, the proxy appointment will remain valid.

Location of the Annual General Meeting
etc.venues 1-3 Bonhill Street
London EC2A 4BX




## How To Vote

If you hold your shares directly you can:

- Log on to https://www.signalshares.com and follow the instructions; or
- Request a hard copy form of proxy from the Company's registrars, Link Group, by emailing enquiries@linkgroup.co.uk or by calling +44 (0)371 664 0321 and returning the completed form to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, no later than 12.30 pm on 4 July 2022.

If you hold your shares via an investment platform (e.g. Hargreaves Lansdown) or a nominee, you should contact them to enquire about arrangements to vote.

# 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 2022 will be presented to the Annual General Meeting (AGM). These accounts accompany this Notice of Meeting.

### Resolution 2 – To approve a Final Dividend

The rationale for the payment of a final dividend is set out in the Chairman's Statement beginning on page 4 and the Report of the Directors on page 44.

### Resolution 3 – Approval of the Company's Dividend Policy

Resolution 3 seeks shareholder approval of the Company's dividend policy, which is set out on page 26.

### Resolutions 4 to 8 – Re-election of Directors

Resolutions 4 to 8 deal with the re-election of each Director. Biographies of each of the Directors can be found on pages 41 and 42 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 9 – Re-appointment of Auditors and the determination of their remuneration

Resolution 9 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 & Risk Committee to set their remuneration.

### Resolutions 10 – Remuneration Report

The Directors' Remuneration Report is set out in full in the annual report on pages 60 to 62.

### Resolutions 11, 12 and 13 – Issue of Shares

Ordinary Resolution 11 in the Notice of AGM will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,630,835 (equivalent to 6,523,340 shares, or 10% of the Company's existing issued share capital on 25 May 2022, 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 12 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 25 May 2022 (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 11. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (as amended) (the "Treasury Share Regulations") the Company is permitted to buy-back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. The Treasury Share Regulations require such sale to be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued share capital on a non pre-emptive basis pursuant to Resolution 12, Resolution 13, if passed, will give the Directors authority to sell shares held in treasury on a non pre-emptive basis. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares. It is the intention of the Board that any re-sale of treasury shares would only take place at a premium to the cum income net asset value per share. 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

## EXPLANATORY NOTES TO THE RESOLUTIONS CONTINUED

which may be sold pursuant to this authority is limited to 10% of the Company's existing share capital on 25 May 2022 (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 12, as described above). This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier.

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

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 14 – 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 14 in the Notice of AGM will renew the authority to purchase in the market a maximum of 14.99% of Ordinary Shares in issue 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 15 – General Meetings

Special Resolution 15 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) at 14 clear days' notice. The Board confirms that the shorter notice period would only be used where it was merited by the purpose of the meeting.

### Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM as the Directors intend to do in respect of their own beneficial holdings totalling 53,881 shares.

# REGULATORY DISCLOSURES (UNAUDITED)

## 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 pages 7 and 8 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 2022 | 113.4% | 110.9% |

## 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 2022 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 | (5,129) | (0.2) |

### 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. | 99,898 |
| JPMorgan | U.S.A. | 35,120 |

### 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 2022. 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 | 56,336 |

#### 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 | – |
| 3 to 12 months | 135,018 |

#### 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

## REGULATORY DISCLOSURES (UNAUDITED) CONTINUED

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.

# COMPANY INFORMATION

## Directors

Sir Martin Smith (Chairman)
Sarah Bates (Senior Independent Director and Chair of the Nominations Committee)
Sven Borho
Humphrey van der Klugt, FCA (Chairman of the Audit & Risk Committee)
Doug McCutcheon (Chairman of the Management Engagement & Remuneration Committee)
Dr Bina Rawal

## Company Registration Number

3023689 (Registered in England)

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

## 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
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

## Custodian and Prime Broker

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

## Stockbroker

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

## Registrars

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
E-mail: enquiries@linkgroup.co.uk
Telephone (in UK): 0371 664 0300†
Telephone (from overseas):
+ 44 371 664 0300†
Shareholder Portal:
www.signalshares.com
Website: www.linkgroup.eu

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

† Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK are 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.

## Shareholder Portal

You can register online to view your holdings using the Share Portal, a service offered by Link Group at www.signalshares.com.

The Share Portal is an online service enabling you to quickly and easily access and maintain your shareholding online – reducing the need for paperwork and providing 24 hour access to your shareholding details.

Through the Share Portal you may:

- Cast your proxy vote online;
- View your holding balance and get an indicative valuation;
- View movements on your holding;
- Update your address;
- Register and change bank mandate instructions so that dividends can be paid directly to your bank account;
- Elect to receive shareholder communications electronically; and
- Access a wide range of shareholder information including the ability to download shareholder forms.

## 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

Perivan 263122

**WORLDWIDE HEALTHCARE TRUST PLC**
**25 SOUTHAMPTON BUILDINGS**
**LONDON**
**WC2A 1AL**

**WWW.WORLDWIDEWH.COM**

A member of the Association of Investment Companies

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**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 Group, 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.