POLAR CAPITAL

Polar Capital Global Healthcare Growth and Income Trust plc

Report and Financial Statements for the half year ended 31 March 2013

Half year ended
2013

About Us

Profile

The Company was incorporated on 12 May 2010. On 15 June 2010, it issued ordinary shares plus one subscription share for every five ordinary shares which were admitted to trading on the Main Market of the London Stock Exchange. The original subscription price for each ordinary share was £1 and the Net Asset Value ("NAV") per share on 15 June 2010 was 98p (after launch costs).

Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Investment Objective

The Company's investment objective is to generate capital growth and income by investing in a global portfolio of healthcare stocks.

Investment Policy

The Company seeks to achieve this objective by investing in a diversified global portfolio consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology. The portfolio is diversified by geographic location and size of investee companies.

The full details of the investment policy are set out in the annual report.

Benchmark

The Benchmark is the MSCI ACWI/Healthcare Index total return in Sterling with dividends reinvested.

Capital Structure

At 31 March 2013, the Company had in issue 100,050,000 ordinary shares of 25p each and 17,800,000 subscription shares of 1p each.

The Company has not bought back any ordinary or subscription shares for cancellation in the half year up to 31 March 2013.

The subscription shares give the holders the right, but not the obligation, to subscribe for one ordinary share at 100p per ordinary share on 31 January 2014 after which the subscription rights will lapse.

Life

The Articles of Association require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in January 2018.

Gearing

It is not intended that the Company incur borrowings to provide long-term structural debt. No borrowings have been made and no arrangements made for any banking loans. However, the Company may borrow up to 15% of its NAV at the time of drawdown for tactical deployment when the Board believes that gearing will enhance returns to shareholders.

Management

The investment manager is Polar Capital LLP and Dr Daniel Mahony and Mr Gareth Powell have managed the portfolio since launch. The Manager is entitled to a fee at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's net asset value. 80% of the management fee is charged to the capital account.

The investment manager is also entitled to a performance fee paid in cash. The fee is equal to 10% of the excess return over the performance fee hurdle. The hurdle is 100p increased or decreased by reference to the return on the Benchmark plus 15p. The performance is adjusted for these purposes to take into account the dividends paid by the Company. The fee is calculated and payable at the liquidation of the Company expected at the seventh AGM in January 2018.

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Financial Highlights
for the half year ended 31 March 2013

		(Unaudited) Half Year ended 31 March 2013	(Audited) Year ended 30 September 2012	% Change
Net assets per ordinary share	Undiluted	149.74p	123.33p	21.41%
	Diluted	142.22p	119.74p	18.77%
Share price				
Ordinary shares		143.00p	123.25p	16.02%
Subscription shares (note 1)		36.50p	17.88p	104.14%
Shares in issue	Ordinary	100,050,000	97,899,999	2.19%
	Subscription	17,800,000	17,800,000	–

Benchmark Index	
MSCI ACWI/Healthcare Index (total return in Sterling with dividends reinvested)	22.20%
Net asset value (undiluted) per ordinary share (total return)	22.39%
Ongoing charges for the half year ended 31 March 2013 (note 2) (Ongoing charges for the half year ended 31 March 2012: 1.09%)	1.15%

Dividends

The Company has paid the following dividends in the period:

	Pay Date	Amount	Record Date	Ex-Date	Declared date
The Company has paid the following dividend relating to the financial year ended 30 September 2012:	30 November 2012	0.50p	9 November 2012	7 November 2012	31 October 2012
The Company has paid the following dividend relating to the current financial year:	28 February 2013	0.50p	8 February 2013	6 February 2013	23 January 2013
The Company has declared the following dividend relating to the current financial year:	31 May 2013	0.50p	17 May 2013	15 May 2013	9 May 2013

Note 1 – Subscription shares were issued free to investors on 15 June 2010 on the basis of one subscription share for every five ordinary shares.

Note 2 – Ongoing charges represents the total expenses of the fund, excluding finance costs, expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012.

Chairman's Statement

Performance

During the six months to 31 March 2013 your Company generated a total return of 22.39% which was slightly ahead of our benchmark, the MSCI Global Healthcare Index (Total Return) which rose by 22.20% over the same period. Since the Company's inception in June 2010 we have achieved a total return of 59.90% compared to the benchmark return of 58.33%. These gains have been achieved notwithstanding our structural underweight position in biotechnology which has been the best performing area of healthcare. Meanwhile our share price closed the period at 143.0p which represents a small premium of 0.5% to our diluted net asset value. Encouragingly our share price has exhibited comparatively lower volatility which means that we are achieving very satisfactory risk-adjusted returns.

Dividends

Dividends totalling 1.0p have been paid or declared in respect of the six months ended 31 March 2013 which compares with 0.92p for the corresponding period last year. Following the pattern set last year the dividends paid in February, May and November are likely to be smaller than the dividend paid in August. The Company's policy remains to increase the dividend on an annual basis progressively but there can be no guarantee that this will be achieved.

Outlook

We seem to be in the midst of a broad re-rating of the healthcare sector which is now outperforming the broader stock market averages. Previously the sector tended to display defensive characteristics by showing resilience in weak markets but now seems to be outperforming in stronger markets as well. With share prices having appreciated a lot in recent months it would be unrealistic to expect similar gains in the second half of the year. However with Central Banks around the globe still committed to monetary expansion it is difficult to see a great deal of downside either. The latest to join the party is the Bank of Japan whose recent declaration of intent has already boosted the Japanese stock market in which around 8% of our portfolio is invested.

James Robinson

Chairman
8 May 2013

Investment Manager's Report
for the half year ended 31 March 2013

For the six months to 31 March 2013, the Company delivered a total return of 22.39%, which was slightly ahead of the benchmark performance of 22.20% over the same period.

Stock market performance over the last 6 months was divided into two distinct phases. While calendar 2012 was a reasonably good year for global stock markets, performance in the last three months of the year was pretty lacklustre. The US Presidential election in early November followed by investor anxiety over the implications of a fiscal cliff in the United States created considerable uncertainty. However, the first three months of 2013 have exceeded expectations and stock market performance has been strong across the board. The performance of the Company mirrored the broader stock market indices – virtually all of the returns from the Company's investment portfolio came in the second three months of the half year.

From a healthcare perspective, the re-election of President Obama alleviated any lingering concerns that the Affordable Care Act, often referred to as "Obamacare", would not be implemented. The President has made it clear that implementing this Act is a key priority for the second term of his Presidency and so the US healthcare reforms are now set to go ahead as expected with a significant expansion of healthcare access in 2014. We think that this will drive a number of positive investment opportunities in the healthcare sector.

The beginning of calendar 2013 signalled a marked change in market sentiment. The catalysts seemed to include a last-minute solution to the US fiscal cliff issue, public announcements suggesting a commitment to continued intervention from Central Banks and the perception that macro-economic risk had diminished. Moreover, economic indicators in the United States, especially employment data, began to improve at the beginning of the year suggesting that the global economy may begin to strengthen in 2013.

Given these market conditions, we would have expected healthcare to have lagged behind other more cyclical sectors. However, healthcare ended March as the best-performing sector year-to-date. Moreover, this performance was broad-based across healthcare sub-sectors and by market capitalisation. In our view, healthcare's outperformance provides some tangible evidence that investors are beginning to re-evaluate the sector. The strongest sub-sector was biotechnology – an area where our investment portfolio is underweight. While we like the high risk/reward biotechnology sector, not least because we see biotechnology companies as the key drivers of innovation in drug development, we have limited our exposure in this sub-sector. Our stated intention has been to manage the investment portfolio reasonably cautiously and to limit exposure to more volatile areas of healthcare.

As we have written previously, our key investment thesis when the Company was formed in 2010 was that the pharmaceutical sector was set for a significant re-rating. In our view, we have begun to approach the "end of the beginning" of this process. The so-called "patent cliff" is now behind most of the major pharmaceutical companies as the peak of drug patent expirations was in 2012. Cost-cutting efforts across the industry have meant that the earnings impact from patent expirations has been lower than anticipated. Moreover, cash flow remains strong and pharmaceutical companies have continued to return cash to shareholders in the form of buy-backs and dividends. As a result, the Price/Earnings multiple for the sector has begun to expand and generalist investors are beginning to re-visit the sector.

In our view, the next phase of healthcare performance will be driven by a realisation that large pharmaceutical companies can return to growth – either from sales in emerging markets or from successful pipeline progress (or both). We think there is a growing body of evidence that suggests drug pipelines are improving – providing a major reason for a revival in the biotechnology sector's fortunes over the last 18 months. In our view, clinical news flow over the next two years will be critical for confirming a resurgence of the pharmaceutical industry. Importantly, however, there is likely to be a greater dispersion of returns in the pharmaceutical sector with the companies delivering positive clinical news flow likely to outperform.

We will continue to maintain a high weighting in the large cap pharmaceutical sector – we expect at least 60% of the portfolio to be invested in the larger drug stocks throughout the life of the Company. Our goal since the start of the Company has been to deliver a total return in the region of 10-12% per annum throughout the life of the Company. Clearly, the Company's performance has exceeded this goal in the first six months of the fiscal year – helped in no small part by the weakness of sterling versus the dollar. Our current expectation is that the Company's investment performance should revert to the targeted level of return over the balance of 2013.

Investment Manager's Report continued
for the half year ended 31 March 2013

Our Income Portfolio

The overall portfolio has essentially maintained the 80:20 split between the income and growth portfolios that we described in the original prospectus. The largest weighting in the income portfolio is in pharmaceuticals, where the Company has significant positions in most of the major global pharmaceutical companies. Large pharmaceutical companies continue to offer good dividend yields but given the strong share price performance these yields have fallen over the last two years. We continue to see the potential for low- to mid-single digit dividend growth across the pharmaceutical sector.

The rest of the income portfolio is diversified across a number of medical device and healthcare service names that generate a good dividend yield. We also have a series of investments in healthcare real estate investment trusts (REITs). As expected, turnover in the income portfolio has been reasonably low, although we continue to look for new income-producing names.

The major contributors to portfolio performance during the reporting period were **Pfizer**, **Novartis**, **Roche**, **Sanofi** and **Eli Lilly**. **Pfizer** continues to be the largest position in the portfolio – the stock was up 25% over the reporting period and was therefore the most significant contributor to performance. We began to reduce the weighting in Pfizer over the last few weeks of the reporting period. In our view, the company's focus on cost control and capital allocation, particularly the divestment of non-core assets, has begun to be reflected in its valuation.

On a relative basis, **Merck** was a significant underperformer although it still delivered a positive performance over the reporting period. In December, the company reported disappointing data from a major clinical trial, called HPS2-THRIVE, which was studying the use of its drug Tredaptive to reduce serious cardiovascular events in high-risk patients. This news combined with 2013 being Merck's "patent cliff" year (asthma drug, Singulair, lost patent protection in 2012) caused the shares to underperform. However, in the mid-term, we see upside potential from two new drug candidates, one for osteoporosis and one for insomnia, which could help turn Merck back into an earnings growth story from 2014.

The most significant change to the income portfolio over the reporting period was an increase in our position in AstraZeneca. AstraZeneca has the lowest price to earnings multiple of all the major pharmaceutical stocks and investor expectations are extremely muted, arguably with good reason given that it faces some major patent expiries over the next 4 years. However, the new CEO recently presented his longer-term strategic vision at the company's capital markets day and this has helped to improve investor and sell-side analyst sentiment. It is not going to be possible to "fix" AstraZeneca overnight – we think the company may need to complete a number of smaller transactions before convincing the market that it is back on track to sustainable earnings growth. Management remains committed to the dividend, which is well covered by cash flow in the mid-term, and we think the stock may continue to steadily appreciate in the coming months.

Our Growth Portfolio

In the growth portfolio, we currently have 41 holdings in a range of biotechnology, device, service and pharmaceutical stocks. There is a bias towards smaller market capitalisation stocks – nearly 52% of the growth book is invested in companies with a market capitalisation less than US$1 billion. The turnover in this part of the portfolio has been, and is likely to be, much higher than the income portfolio.

Within the growth book, we have built a small diversified portfolio of investments in companies with a market capitalisation below US$200 million at the date of purchase. We now have investments in thirteen companies that account for 4.2% of the entire investment portfolio. We view these investments as high risk/reward opportunities where we can take some liquidity risk and a longer-term investment horizon – two benefits of a closed-end fund. Given the longer-term investment horizon, we do not expect to add any new holdings to this part of the portfolio as the Trust is expected to wind up in 2018.

The best performer in the growth portfolio was one of these micro-cap stocks, **Oxford Pharmascience**. The company is a drug re-formulation company that has developed a technology that can mask the taste of a drug – the drug formulation does not dissolve in the mouth but is rapidly dissolved in the low pH conditions of the stomach. Towards the end of last year the company announced agreements with two major pharmaceutical companies and also completed the scale-up of its taste-masked ibuprofen. On the back of these positive developments the stock more than doubled over the course of the reporting period.

As noted above, our weighting in biotechnology names is low – at the end of March our weighting in biotechnology stocks for the entire portfolio was 4.3% compared to a benchmark weighting of 10.0%. We had winners and losers in the biotechnology sector during the reporting period. We participated in the IPO of **Intercept Pharmaceuticals**, which is developing drug candidates for the treatment of various liver diseases – the stock has more than doubled since the IPO. On the negative side, we sold our position in **Alexion Pharmaceuticals** in December following a poor run of performance from the middle of September. Alexion has been one of the best growth stories in biotechnology over the last 5 years but with a market capitalisation now approaching US$20 billion the stock looks to be fairly valued.

Other notable positive contributors in the growth book included **Asahai Intecc**, a Japanese medical device company, and **HCA Holdings**, the largest private hospital group in the United States. The biggest detractor in the quarter was **HMS Holdings**. This is a healthcare IT company that has software to help State and Federal governments identify over-billing by hospitals. Given the complexity of implementing US healthcare reform, many States have delayed the implementation of their contracts with HMS and so the company missed revenue and earnings expectations last year.

Outlook

Given the strong run in the first quarter, our outlook for the stock market is reasonably cautious in the near-term. However, our view on healthcare remains positive with fundamentals improving as we head into the expansion under healthcare reform in the US in 2014.

In the United States, it has been estimated that roughly 45 million people currently have no health insurance coverage. We estimate that approximately 20 million of these people will gain coverage in 2014 under the Affordable Care Act. Therefore we expect a positive impact on volumes and utilisation in the United States next year. In particular, we think operating margins for healthcare providers are set to expand from both an increase in volume and a reduction in bad debt expense.

We believe this will be another solid year for the pharmaceutical sector – especially if clinical news flow supports the concept that drug pipelines are improving. The "patent cliff" is now in the rear view mirror for most of the major companies and the focus is now on the growth potential of the sector over the next 3–5 years. In broader healthcare, our focus remains on the identification of companies that can help cut the costs of healthcare – the ageing population makes this a critical economic issue for governments across the world. Companies that have products and services to address this problem are set to grow irrespective of government austerity measures, in our opinion.

In summary, our investment thesis and approach for the portfolio remains unchanged, we continue to find healthcare companies that we think are undervalued as investors still underestimate the growth opportunities for both large and small companies in the sector. We think healthcare is very well positioned compared to other sectors in terms of growth and valuation. Therefore, we remain optimistic that the portfolio will continue to perform well on a relative and absolute basis over the balance of 2013.

Dr Daniel Mahony and Mr Gareth Powell
Polar Capital LLP
8 May 2013

Portfolio
as at 31 March 2013

				Market Value (£'000)		% of total net assets	
			Country	31 March 2013	30 September 2012	31 March 2013	30 September 2012
1	(1)	Pfizer	United States	12,270	10,383	8.2%	8.6%
2	(2)	Merck & Co	United States	9,897	9,773	6.6%	8.1%
3	(3)	Novartis	Switzerland	9,844	9,481	6.6%	7.9%
4	(4)	GlaxoSmithKline	United Kingdom	9,600	7,409	6.4%	6.1%
5	(5)	Roche Holding	Switzerland	8,453	6,368	5.6%	5.3%
6	(15)	AstraZeneca	United Kingdom	8,244	1,773	5.5%	1.5%
7	(7)	Eli Lilly	United States	7,292	5,871	4.9%	4.9%
8	(8)	Astellas Pharma	Japan	6,025	5,365	4.0%	4.4%
9	(9)	Sanofi	France	5,697	4,758	3.8%	3.9%
10	(12)	Takeda Pharmaceutical	Japan	5,285	2,862	3.5%	2.4%
Top 10 investments				82,607		55.1%	
11	(10)	Bristol-Myers Squibb	United States	4,338	4,385	2.9%	3.6%
12	(11)	Johnson & Johnson	United States	4,292	3,412	2.9%	2.8%
13		AbbVie	United States	3,754	–	2.5%	–
14	(13)	Consort Medical	United Kingdom	2,723	2,485	1.8%	2.1%
15		Teva Pharmaceutical	Israel	2,612	–	1.7%	–
16	(14)	Sonic Healthcare	Australia	2,210	1,913	1.5%	1.6%
17	(24)	HCA Holdings	United States	1,598	1,030	1.1%	0.9%
18	(20)	National Health Investors	United States	1,508	1,115	1.0%	0.9%
19	(23)	Omega Healthcare	United States	1,500	1,055	1.0%	0.9%
20	(21)	Senior Housing Property Trust	United States	1,413	1,079	1.0%	0.9%
Top 20 investments				108,555		72.5%	
21	(19)	Covidien	Ireland	1,385	1,140	0.9%	0.9%
22	(16)	Health Care REIT	United States	1,341	1,430	0.9%	1.2%
23	(64)	Oxford Pharmascience	United Kingdom	1,305	364	0.9%	0.3%
24		Cerner	United States	1,247	–	0.8%	–
25	(30)	Healthcare Reality Trust REIT	United States	1,121	856	0.7%	0.7%
26		Religare Health Trust	India	1,065	–	0.7%	–
27	(40)	Medical Properties Trust	United States	1,055	647	0.7%	0.5%
28	(29)	Cyberonics	United States	1,017	860	0.7%	0.7%
29	(50)	Asahi Intecc	Japan	1,013	549	0.7%	0.5%
30		Sigma Pharmaceutical	Australia	1,009	–	0.7%	–
Top 30 investments				120,113		80.2%	
31	(28)	Medical Facilities	Canada	988	901	0.7%	0.7%
32		TeamHealth	United States	958	–	0.7%	–
33	(47)	Endologix	United States	957	577	0.7%	0.5%
34	(42)	SABRA Health Care REIT	United States	955	619	0.6%	0.5%
35	(34)	Air Methods	United States	953	739	0.6%	0.6%
36		Universal Health	United States	925	–	0.6%	–
37	(32)	Novadaq Technologies	Canada	847	830	0.6%	0.7%
38	(57)	Coltene Holding	Switzerland	795	465	0.5%	0.4%
39	(63)	Basilea Pharmaceuticals	Switzerland	794	390	0.5%	0.3%
40	(52)	NIB Holdings	Australia	779	540	0.5%	0.4%
Top 40 investments				129,064		86.2%	

			Country	Market Value (£'000) 31 March 2013	30 September 2012	% of total net assets 31 March 2013	30 September 2012
41	(38)	United Drug	Ireland	775	655	0.5%	0.5%
42	(45)	Acadia Healthcare	United States	774	590	0.5%	0.5%
43		Tesaro	United States	768	–	0.5%	–
44	(44)	Insulet	United States	766	601	0.5%	0.5%
45		Pacira Pharmaceuticals	United States	760	–	0.5%	–
46		Alnylam Pharmaceuticals	United States	757	–	0.5%	–
47	(33)	Biomarin Pharmaceutical	United States	738	748	0.5%	0.6%
48	(46)	Jazz Pharmaceuticals	Ireland	736	587	0.5%	0.5%
49	(53)	Five Star Quality Care	United States	736	529	0.5%	0.4%
50	(49)	Brookdale Senior Living	United States	713	559	0.5%	0.5%
Top 50 investments				136,587		91.2%	
51	(36)	Synairgen	United Kingdom	708	693	0.5%	0.6%
52		Intercept Pharmaceutical	United States	706	–	0.5%	–
53		Mylan	United States	686	–	0.5%	–
54	(48)	Epistem	United Kingdom	676	564	0.5%	0.5%
55		Extendicare	Canada	656	–	0.4%	–
56	(51)	Healthcare Services Group	United States	647	543	0.4%	0.4%
57	(55)	Spectranetics	United States	644	482	0.4%	0.4%
58	(59)	Emeritus	United States	641	454	0.4%	0.4%
59	(54)	Trius Therapeutics	United States	611	489	0.4%	0.4%
60		Vocera	United States	606	–	0.4%	–
Top 60 investments				143,168		95.6%	
61	(56)	Meridian Biosciences	United States	601	475	0.4%	0.4%
62		Ablynx	Belgium	576	–	0.4%	–
63	(58)	Hutchison China Meditech	China	506	462	0.3%	0.4%
64	(66)	Summit	United Kingdom	488	352	0.3%	0.3%
65	(43)	Optos	United Kingdom	472	613	0.3%	0.5%
66	(65)	AmSurg	United States	451	358	0.3%	0.3%
67	(67)	Photocure	Norway	447	335	0.3%	0.3%
68	(60)	Futura Medical	United Kingdom	418	441	0.3%	0.4%
69	(68)	Leisureworld Senior Care	Canada	415	309	0.3%	0.3%
70	(69)	HCP	United States	328	275	0.2%	0.2%
Top 70 investments				147,870		98.7%	
71	(70)	Newron Pharmaceuticals	Italy	293	263	0.2%	0.2%
72	(72)	Stentys	France	266	220	0.2%	0.2%
73	(61)	Circle Holdings	United Kingdom	250	413	0.2%	0.3%
74	(73)	EOS Imaging	France	242	176	0.2%	0.1%
75	(71)	CML Healthcare	Canada	212	252	0.1%	0.2%
76	(74)	Sul America	Brazil	167	116	0.1%	0.1%
77	(75)	Oxford Biomedica	United Kingdom	28	48	–	–
Total equities				149,328		99.7%	
Other net assets				482		0.3%	
Net assets				149,810		100.0%	

Portfolio continued
as at 31 March 2013

Geographical Exposure as at	31 March 2013 %	30 September 2012 %
United States	47.0	53.8
United Kingdom	16.7	12.6
Switzerland	13.2	15.0
Japan	8.2	7.3
France	4.2	4.2
Australia	2.7	2.0
Canada	2.1	1.9
Ireland	1.9	1.9
Israel	1.7	–
India	0.7	–
Belgium	0.4	–
China	0.3	0.4
Norway	0.3	0.3
Italy	0.2	0.2
Brazil	0.1	0.1
Cash	0.3	0.3
Total	100.0	100.0

Sector Exposure as at	31 March 2013 %	30 September 2012 %
Pharmaceuticals	68.4	62.1
Specialized REITs	6.8	5.8
Healthcare Equipment	5.9	12.3
Healthcare Facilities	5.5	4.3
Biotechnology	4.3	5.4
Healthcare Services	3.3	3.6
Healthcare Supplies	2.0	1.7
Healthcare Distributors	1.2	0.5
Healthcare Technology	1.2	–
Life Sciences Tools & Services	0.5	2.1
Life & Health Insurance	0.5	0.4
Multi-line Insurance	0.1	0.1
Managed Healthcare	–	1.4
Cash	0.3	0.3
Total	100.0	100.0

Market Capitalisation of investments as at	31 March 2013 %	30 September 2012 %
Large (more than US$5bn)	73.3	75.5
Medium (US$1bn – US$5bn)	10.9	10.0
Small (less than US$1bn)	15.8	14.5
Total	100.0	100.0

Statement of Directors' Responsibilities

Risks and Uncertainties

The Directors consider that the principal risks and uncertainties faced by the group for the remaining six months of the financial year, which could have a material impact on performance, are consistent with those outlined in the Report and Financial Statements for the year ended 30 September 2012.

These principal risks can be summarised as market volatility, stock pricing and liquidity risk, currency and interest rate risk, counterparty risk, and differing economic cycles between different markets.

The investment manager's report comments on the outlook for market related risks.

The Company's risk management framework is a structured process for identifying, assessing and managing the risks associated with the Company's business. The investment portfolio is diversified by geography, which mitigates risk, but is focused on the healthcare sector and has a high proportion of investments listed on U.S. markets or exposed to the U.S. Dollar.

Directors' Responsibility Statement

The Directors of Polar Capital Global Healthcare Growth and Income Trust plc, who are listed in the Company Information Section, confirm to the best of their knowledge that:

- the condensed set of financial statements have been prepared in accordance with International Accounting Standard 34 as adopted by the European Union;
- the Interim Management Report (constituting the Investment Manager's report) includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R;
- in accordance with DTR 4.2.8R there have been no new related party transactions during the six month period to 31 March 2013 and therefore nothing to report on any material effect by such transactions on the financial position or performance of the Company during that period. There have been no changes in any related party transaction described in the last annual report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

The half year financial report for the six months ended 31 March 2013 has not been audited or reviewed by the auditors.

The financial report for the six months ended 31 March 2013 was approved by the Board on 8 May 2013 and the responsibility statement was signed on its behalf by J P Robinson, Chairman of the Board.

James Robinson

Chairman
8 May 2013

Consolidated Statement of Comprehensive Income

for the half year ended 31 March 2013

	Notes	(Unaudited) Half year ended 31 March 2013 Revenue return £'000	Capital return £'000	Total return £'000
Investment income	2	2,362	313	2,675
Other operating income	2	164	–	164
Gains on investments held at fair value		–	25,638	25,638
Other movements on written options		–	–	–
Other currency losses		–	(70)	(70)
Total income		2,526	25,881	28,407
Expenses				
Investment management fee		(110)	(439)	(549)
Other administrative expenses		(202)	–	(202)
Total expenses		(312)	(439)	(751)
Profit before finance costs and tax		2,214	25,442	27,656
Finance costs		–	–	–
Profit before tax		2,214	25,442	27,656
Tax		(260)	(25)	(285)
Net profit for the period and total comprehensive income		1,954	25,417	27,371
Earnings per ordinary share (basic) (pence)	3	1.95	25.42	27.37
Earnings per ordinary share (diluted) (pence)	3	1.88	24.51	26.39

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

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

The net profit for the period of the Company was £27,371,000 (31 March 2012: £13,002,000 and 30 September 2012: £23,431,000).

The Group does not have any Other Comprehensive Income and hence the net profit, as disclosed above, is the same as the Group's total Comprehensive Income.

The notes on pages 15 to 18 form part of these financial statements.

	Notes	(Unaudited) Half year ended 31 March 2012 Revenue return £'000	Capital return £'000	Total return £'000	(Audited) Year ended 30 September 2012 Revenue return £'000	Capital return £'000	Total return £'000
Investment income	2	2,316	149	2,465	4,174	149	4,323
Other operating income	2	310	–	310	407	–	407
Gains on investments held at fair value		–	11,128	11,128	–	20,512	20,512
Other movements on written options		–	78	78	–	74	74
Other currency losses		–	(121)	(121)	–	(162)	(162)
Total income		2,626	11,234	13,860	4,581	20,573	25,154
Expenses							
Investment management fee		(92)	(363)	(455)	(188)	(752)	(940)
Other administrative expenses		(139)	–	(139)	(310)	–	(310)
Total expenses		(231)	(363)	(594)	(498)	(752)	(1,250)
Profit before finance costs and tax		2,395	10,871	13,266	4,083	19,821	23,904
Finance costs		–	–	–	–	–	–
Profit before tax		2,395	10,871	13,266	4,083	19,821	23,904
Tax		(261)	(3)	(264)	(481)	8	(473)
Net profit for the period and total comprehensive income		2,134	10,868	13,002	3,602	19,829	23,431
Earnings per ordinary share (basic) (pence)	3	2.18	11.10	13.28	3.68	20.25	23.93
Earnings per ordinary share (diluted) (pence)	3	2.15	10.95	13.10	3.61	19.85	23.46

Consolidated Statement of Changes in Equity
for the half year ended 31 March 2013

	(Unaudited) Half year ended 31 March 2013					
	Called up share capital £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Group						
Total equity at 30 September 2012	24,653	7,360	64,792	22,278	1,655	120,738
Total comprehensive income:						
Profit for the half year ended 31 March 2013	–	–	–	25,417	1,954	27,371
Transactions with owners, recorded directly to equity:						
Issue of 2,150,001 ordinary shares	538	2,170	–	–	–	2,708
Share issue costs	–	(6)	–	–	–	(6)
Equity dividends paid	–	–	–	–	(1,001)	(1,001)
Total equity at 31 March 2013	25,191	9,524	64,792	47,695	2,608	149,810

	(Unaudited) Half year ended 31 March 2012					
	Called up share capital £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Group						
Total equity at 30 September 2011	24,653	7,365	64,792	2,449	1,165	100,424
Total comprehensive income:						
Profit for the half year ended 31 March 2012	–	–	–	10,868	2,134	13,002
Transactions with owners, recorded directly to equity:						
Share issue costs	–	(10)	–	–	–	(10)
Equity dividends paid	–	–	–	–	(900)	(900)
Total equity at 31 March 2012	24,653	7,355	64,792	13,317	2,399	112,516

	(Audited) Year ended 30 September 2012					
	Called up share capital £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Group						
Total equity at 30 September 2011	24,653	7,365	64,792	2,449	1,165	100,424
Total comprehensive income:						
Profit for the year ended 30 September 2012	–	–	–	19,829	3,602	23,431
Transactions with owners, recorded directly to equity:						
Share issue costs	–	(5)	–	–	–	(5)
Equity dividends paid	–	–	–	–	(3,112)	(3,112)
Total equity at 30 September 2012	24,653	7,360	64,792	22,278	1,655	120,738

The notes on pages 15 to 18 form part of these financial statements.

Consolidated Balance Sheet
as at 31 March 2013

	Notes	(Unaudited) 31 March 2013 £'000	(Unaudited) 31 March 2012 £'000	(Audited) 30 September 2012 £'000
Non current assets				
Investments held at fair value		149,328	112,107	120,332
Current assets				
Receivables		480	1,659	482
Overseas tax recoverable		139	132	130
Cash and cash equivalents		162	4,070	112
		781	5,861	724
Total assets		150,109	117,968	121,056
Current liabilities				
Payables		(159)	(5,450)	(291)
Fair value of open derivative contracts		–	(2)	–
Bank overdraft		(140)	–	(27)
		(299)	(5,452)	(318)
Net assets		149,810	112,516	120,738
Equity attributable to equity shareholders				
Called up share capital		25,191	24,653	24,653
Share premium reserve		9,524	7,355	7,360
Special distributable reserve		64,792	64,792	64,792
Capital reserves		47,695	13,317	22,278
Revenue reserve		2,608	2,399	1,655
Total equity		149,810	112,516	120,738
Net asset value per ordinary share (pence)	4	149.74	114.93	123.33
Net asset value per ordinary share (diluted) (pence)	4	142.22	112.63	119.74

The notes on pages 15 to 18 form part of these financial statements.

Consolidated Cash Flow Statement

for the half year ended 31 March 2013

	(Unaudited) Half year ended 31 March 2013 £'000	(Unaudited) Half year ended 31 March 2012 £'000	(Audited) Year ended 30 September 2012 £'000
Cash flows from operating activities			
Profit before finance costs and tax	27,656	13,266	23,904
Adjustment for non-cash items:			
Gain on investments held at fair value through profit or loss	(25,638)	(11,128)	(20,512)
Adjusted profit before finance costs and tax	2,018	2,138	3,392
Adjustments for:			
Purchases of investments, including transaction costs	(33,601)	(32,239)	(59,915)
Sales of investments, including transaction costs	30,243	29,034	53,759
Decrease/ (increase) in receivables	2	(617)	(163)
(Decrease)/increase in payables	(132)	84	(243)
Overseas tax deducted at source	(294)	(259)	(467)
Net cash used in operating activities	(1,764)	(1,859)	(3,637)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)	2,702	(10)	(5)
Equity dividends paid	(1,001)	(900)	(3,112)
Net cash from/(used in) financing activities	1,701	(910)	(3,117)
Net decrease in cash and cash equivalents	(63)	(2,769)	(6,754)
Cash and cash equivalents at the beginning of the period	85	6,839	6,839
Cash and cash equivalents at the end of the period	22	4,070	85

The notes on pages 15 to 18 form part of these financial statements.

Notes to the Financial Statements
for the half year ended 31 March 2013

1 General Information

The consolidated financial statements comprise the unaudited results for Polar Capital Global Healthcare Growth & Income Trust Plc and its subsidiary Polar Capital Global Healthcare Finance Limited for the six month period to 31 March 2013. The unaudited financial statements to 31 March 2013 have been prepared using the accounting policies used in the Group's financial statements to 30 September 2012. These accounting policies are based on International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Accounting Standards Committee ("IASC"), as adopted by the European Union.

The financial information in this half year Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the periods ended 31 March 2013 and 31 March 2012 have not been audited. The figures and financial information for the year ended 30 September 2012 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 September 2012, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Group's accounting policies have not varied from those described in the financial statements for the year ended 30 September 2012.

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise stated.

Notes to the Financial Statements continued
for the half year ended 31 March 2013

2 Dividends and other income

	(Unaudited) For the half year ended 31 March 2013 £'000	(Unaudited) For the half year ended 31 March 2012 £'000	(Audited) For the year ended 30 September 2012 £'000
Investment income			
Revenue:			
Franked: Listed investments			
Dividend income	454	454	757
Unfranked: Listed investments			
Dividend income	1,908	1,862	3,417
Total investment income allocated to revenue	2,362	2,316	4,174
Capital:			
Special dividends allocated to capital	157	31	31
Dividends from REITs allocated to capital	156	118	118
Total investment income allocated to capital	313	149	149
Other operating income			
Option premium income	164	309	406
Bank interest	–	1	1
Total other operating income	164	310	407

3 Earnings per ordinary share

	(Unaudited) For the half year ended 31 March 2013 £'000	(Unaudited) For the half year ended 31 March 2012 £'000	(Audited) For the year ended 30 September 2012 £'000
Basic earnings per share			
Net profit for the period:			
Revenue	1,954	2,134	3,602
Capital	25,417	10,868	19,829
Total	27,371	13,002	23,431
Weighted average number of shares in issue during the period	99,990,934	97,899,999	97,899,999
Revenue	1.95p	2.18p	3.68p
Capital	25.42p	11.10p	20.25p
Total	27.37p	13.28p	23.93p

	(Unaudited) For the half year ended 31 March 2013 £'000	(Unaudited) For the half year ended 31 March 2012 £'000	(Audited) For the year ended 30 September 2012 £'000
Diluted earnings per share			
Net profit for the period:			
Revenue	1,954	2,134	3,602
Capital	25,417	10,868	19,829
Total	27,371	13,002	23,431
Diluted number of shares in issue during the period	103,717,006	99,280,849	99,906,976
Revenue	1.88p	2.15p	3.61p
Capital	24.51p	10.95p	19.85p
Total	26.39p	13.10p	23.46p

The calculation of the diluted total, revenue and capital returns per ordinary share are carried out in accordance with IAS 33 "Earnings per Share". For the purposes of calculating diluted returns per ordinary share, the number of ordinary shares is the weighted average used in the basic calculation plus the number of ordinary shares deemed to be issued for no consideration on exercise of all subscription shares by reference to the average share price of the ordinary shares during the year.

Notes to the Financial Statements continued
for the half year ended 31 March 2013

4 Net asset value per ordinary share

	(Unaudited) For the half year ended 31 March 2013 £'000	(Unaudited) For the half year ended 31 March 2012 £'000	(Audited) For the year ended 30 September 2012 £'000
Undiluted:			
Net assets attributable to ordinary shareholders (£'000)	149,810	112,516	120,738
Ordinary shares in issue at end of period	100,050,000	97,899,999	97,899,999
Net asset value per ordinary share (pence)	149.74	114.93	123.33
Diluted:			
Net assets attributable to ordinary shareholders (£'000)	167,610	130,316	138,538
Ordinary shares in issue at end of period if subscription shares converted	117,850,000	115,699,999	115,699,999
Net asset value per ordinary share (pence)	142.22	112.63	119.74

The diluted net asset value per ordinary share has been calculated on the assumption that 17,800,000 subscription shares in issue were converted at 100 pence per share, resulting in a total number of shares in issue of 117,850,000 (31 March 2012: 115,699,999 and 30 September 2012: 115,699,999).

5 Dividends

An interim dividend of 0.50 pence per Ordinary share will be paid on 31 May 2013 to shareholders on the register at 17 May 2013. A first interim dividend in respect of the current financial year of 0.50 pence per Ordinary Share was paid on 28 February 2013. In total dividends of 1.00 pence per share have been declared for the six months ended 31 March 2013.

6 Related party transactions

There have been no related party transactions that have materially affected the financial position or the performance of the Group during the six month period to 31 March 2013.

Company Information

Directors
J P Robinson, Chairman
J C Aston, OBE
A D Brampton
A B Milford

Company Registration Number
7251471
(Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Investment Manager
Polar Capital LLP
4 Matthew Parker Street, London SW1H 9NP

Authorised and regulated by the Financial Conduct Authority.

Telephone: 020 7227 2700
www.polarcapital.co.uk

Fund Managers
Dr Daniel Mahony and Mr Gareth Powell

Secretary
Polar Capital Secretarial Services Limited represented by N P Taylor.

Registered Office
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London SW1H 9NP

Chartered Accountants and Statutory Auditors
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Erskine House
68 – 73 Queen Street
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Solicitors
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Stockbrokers
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Share holder helpline 0800 3134922 (or +44 121 4157047)
www.shareview.co.uk

Identification Codes
Ordinary shares
SEDOL: B6832P1
ISIN: GB00B6832P16
TICKER: PCGH

Subscription shares
SEDOL: B68VXC9
ISIN: GB00B68VXC96
TICKER: PCGS

Share Prices and Net Asset Values
The Company's diluted and undiluted Net Asset Values (NAVs) are normally released to the London Stock Exchange daily, on the next working day, following the calculation date. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange Website:

www.londonstockexchange.co.uk

Portfolio Details
Portfolio information is provided to the AIC for its monthly statistical information service and published on the Company's Website.

Company Website
www.polarcapitalhealthcaretrust.co.uk

The Company maintains a website which provides a wide range of information on the Company, monthly factsheets issued by the investment manager and copies of announcements, including the annual and half year reports when issued.

aic

The company is a member of the Association of Investment Companies

www.theaic.co.uk

Company Information continued

Warnings to Shareholders

Past performance is no guarantee of future performance.

The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests, and by the supply and demand for the Company's shares.

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

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

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

Boiler Room Scams

We are aware that some shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

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

The Financial Conduct Authority ("FCA") estimates that share fraud costs around £200m a year through high-pressure techniques that persuade investors to enter into transactions involving shares. If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you. You can report an unauthorised firm using the FCA helpline on 0845 606 1234 or 0800 111 6768 or by visiting their website, which also has other useful information, at www.FCA.org.uk

If you receive any unsolicited investment advice:

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

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. Details of any share dealing facilities that the company endorses will be included in company mailings.

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

Forward-looking Statements

Certain statements included in this half year Report contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Annual Report for the financial period ended 30 September 2012 and the prospectus published by the Company on 30 January 2012. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Healthcare Growth and Income Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

Investing

Market Purchases

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

Share Dealing Services

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

For telephone sales call 0800 876 6889 (or +44 121 415 7047) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday.

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

Savings Scheme & ISA

UK residents can invest through a range of product providers which offer and administer a range of self-select investment plans, tax-advantaged ISAs and SIPPs (self-invested personal pensions).

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

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

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

Subscription Shares

Polar Capital Global Healthcare Growth and Income Trust plc issued subscription shares on 15 June 2010 on the basis of one subscription share for every five ordinary shares subscribed. The subscription shares were admitted to trading on the London Stock Exchange on 15 June 2010.

Subscription shares offer the right to subscribe for ordinary shares of the Company at 100p per ordinary share on 31 January 2014. It is intended that a reminder letter will be sent to holders of subscription shares along with the Annual Report for the year ending 30 September 2013.

Subscription shares acquired other than pursuant to the placing are qualifying investments for the stocks and shares component of an ISA, and should be eligible for inclusion in a UK SIPP.

Subscription Shares Tax Implications

The base 'cost' for UK tax purposes of the subscription shares will be a proportion of the issue price paid for the ordinary shares to which the subscription shares were attached. The apportionment is made by reference to the respective market values of the ordinary shares and subscription shares at the close of business on 15 June 2010, the day the ordinary and subscription shares were admitted to trading. The market value for UK tax purposes of the Company's ordinary shares and subscription shares on such date were as follows:

Ordinary Shares 101.0p

Subscription Shares 14.875p

If you exercise the subscription rights attaching to your subscription shares, the resulting ordinary shares will be treated for UK tax purposes as the 'same' asset as the subscription shares in respect of which the subscription rights are exercised. The base 'cost' for UK tax purposes of the resulting ordinary shares will be the base cost attributed to the exercised subscription shares, increased by the amount of subscription monies paid.

Please note this is a summary of some of the information contained in the Prospectus issued by the Company on 26 May 2010 (the "Prospectus") in connection with the Placing and Offer for Subscription of ordinary shares and subscription shares and should be read as such. Full details of the subscription shares, their issue and conversion are set out in the Prospectus and reference should be made to that document for a complete and full understanding of the terms of the subscription shares.

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