

## Trust Overview

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

**Investment Rationale:** The Managers believe there is significant growth opportunities which apply not only to pharmaceutical companies but across the whole healthcare sector.

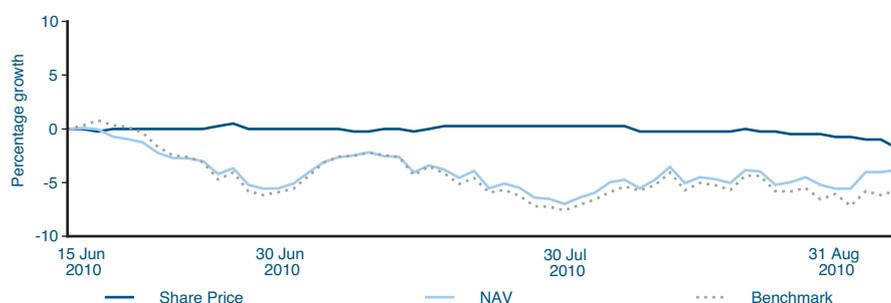
**Approach:** The Company will seek to achieve its objective by investing in a diversified global portfolio consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology. The portfolio is expected to be diversified by the geographic location and size of the constituent companies and achieve growth by focusing on three themes: inefficiency reduction, innovation and infrastructure.

**Dividends:** The company aims to pay interim dividends totalling not less than 3p per ordinary share in the period to 30 September 2011.

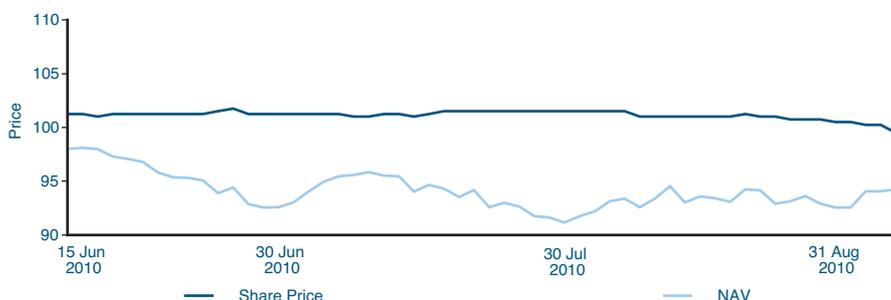
## Monthly Returns US\$ Class (%)

	1 Month	3 Months	6 Months	1 Year	5 Years
Ordinary Share Price	-1.97	N/A	N/A	N/A	N/A
Subscription Share Price	-15.38	N/A	N/A	N/A	N/A
NAV per Share	3.39	N/A	N/A	N/A	N/A
Benchmark	1.98	N/A	N/A	N/A	N/A

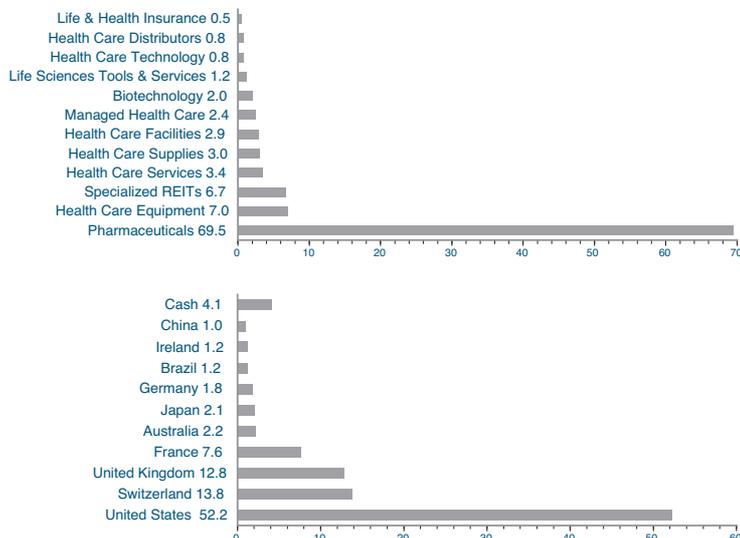
## Ordinary Share Performance Since Launch



## Ordinary Share Price & NAV per Share Since Launch



## Sector & Geographic Exposure (%)



# 31 August 2010

## Fact sheet

## Trust Facts

### Ordinary Shares

Share Price (p)	99.50
NAV per Share (p)	94.23
Premium (%)	5.59
Capital Structure	89,000,000 shares of 25p

### Subscription Shares<sup>1</sup>

Share Price (p)	11.00
Exercise Price <sup>2</sup> (p)	100.00
Capital Structure	17,800,000 shares of 1p

Total Net Assets (£m)	84
AIC Gross Gearing Ratio (%) <sup>*</sup>	100.00
AIC Net Gearing Ratio (%) <sup>*</sup>	94.00

<sup>\*</sup>Gearing calculations are exclusive of current year Revenue/Loss

## Trust Characteristics

Launch Date	15 June 2010
Co-Manager	Dan Mahony
Co-Manager	Gareth Powell
Portfolio Characteristics	80/20 (Income/Capital)
1st Year End	30 September 2011
Results Announced	Mid December
Next AGM	January 2012
Trust Term	Fixed life to 7th AGM
Listed	London Stock Exchange

## Benchmark

MSCI All Country World Index / Healthcare (Sterling)

## Fees<sup>\*</sup>

Management Fee	0.85% of Market Cap
Performance Fee <sup>**</sup>	10% over performance hurdle

<sup>\*</sup> Further details can be found in the Prospectus

<sup>\*\*</sup> Subject to high watermark

## Total Number of Holdings

50

## Top Ten Holdings

(%)

Pfizer	8.3
Bristol Myers Squibb	8.3
Novartis	8.2
GlaxoSmithKline	8.1
Sanofi Aventis	7.6
Eli Lilly	7.3
Merck & Co	6.4
Roche Holding	4.2
AstraZeneca	2.9
Abbott Labs	2.1
<b>Total</b>	<b>63.4</b>

## Market Capitalisation Exposure

(%)

Large (greater than US\$ 5bn)	76.9
Medium (US\$ 1bn to 5bn)	12.0
Small (less than US\$ 1bn)	11.1

Investors' attention is drawn to prospectus for full details.

†Subscription shares - each share confers the right to subscribe for 1 Ordinary share at 100p on 31st January 2014.

It should not be assumed that recommendations made in the future will be profitable or will equal performance of the securities in this list. A list of all recommendations made within the immediately preceding 12 months is available upon request.

## Fund Manager Comments

August was a decent month for the PCGH Trust with the NAV increasing 3.4%, which was ahead of the 2.0% return recorded for the benchmark (Morgan Stanley Global Healthcare Index) over the same period. While it would be premature to say that there is a renewed interest in the pharmaceutical sector from generalist investors, the large cap drug stocks had a good August relative to the broader market. In our view, this is in large part due to macro-economic concerns dominating throughout the month – particularly the renewed concerns of a “double-dip” – that drove investors to more defensive areas of the market. In this respect, some investors began to be attracted by the pharmaceutical sector’s dividend yield and visible cash flow growth.

In terms of the large cap pharmaceutical names, we made no changes to the holdings in the fund. Following last month’s volatility, driven by the “excitement” of three FDA panels, August was relatively quiet. The best performers for the Trust in August were Novartis, GlaxoSmithKline and Pfizer – although there was no fundamental news behind the share price moves. The one outlier for August was Eli Lilly, which had a disappointing month as the company lost a legal case regarding generic competition for its attention deficit disorder drug, Strattera, and also prematurely terminated a Phase III trial for a novel Alzheimer’s treatment.

We made one addition to the income portfolio in August – NIB Holdings, an Australian health insurance company. This is a small cap company with a solid mid to high single digit top-line growth and a projected 2011 dividend yield in the region of 4.8%. In addition, we believe that there is a good probability that the company returns excess capital to shareholders over the next 12 months in the form of a special dividend. NIB continues to take market share in Australia with a particular focus on the younger population, generally a more profitable market segment for health insurers.

We also increased our weighting in the US healthcare REITs over the course of August – this continues to be one of the better performing sub-sectors for the fund as dividend yields for the group remain attractive in the region of 5 to 7%. However, we are keeping an eye on valuations, as these are now approaching the high-end of historical multiples, and so we may look to reduce the weighting in certain positions in the coming weeks.

As we discussed last month, the major issue for the broader healthcare investment universe remains concerns over healthcare utilisation – especially in the United States. Our due diligence suggests that this issue is likely to persist through the September quarter. This view was supported by Medtronic’s fiscal Q1 results at the end of August, which confirmed that the weak patient volumes seen in June continued into July. While it is not a holding in the portfolio, it is pertinent to note that Medtronic’s shares declined over 10% on the day of its earnings announcement.

We made some adjustments to the growth portfolio at the beginning of the month. We reduced our holdings in two orthopaedics companies, Zimmer and Alphatec, the latter after a very disappointing earnings announcement. On the service side, shorter-term concerns over pricing-competition have had an impact on the outlook for the pharmacy-benefit managers and so the position in Medco was sold.

Given the slowdown in healthcare utilisation, we decided to add two large US health insurance companies, Unitedhealth and Wellpoint, as these companies are likely to be beneficiaries of reduced healthcare spending. Moreover, we believe that the impact of US healthcare reform is now beginning to become clearer for the health insurers based on public statements by the National Association of Insurance Commissioners

(NAIC), the organisation that has been charged with formulating many of the definitions and methodologies for health insurance reform.

We have also begun to add some emerging market exposure to the growth book.

We have built a position in a Brazilian dental insurance company, Odontoprev, and have initiated a small position in a Chinese orthopaedics company, China Kangui. Anna has just returned from a trip to Brazil where she met the management teams from a number of healthcare companies – including Odontoprev and Cremer (the two current Brazilian holdings in the Trust). We expect that we will continue to increase our emerging market exposure in the coming months.

The mood of investors was incredibly bearish throughout August, with focus on the economy potentially witnessing a “double-dip” scenario. However sentiment indicators have reached levels suggesting the market is a buy, which, if proved correct, should help the performance of many of the smaller and mid cap companies in the portfolio. We think that valuations remain attractive across the space, particularly in pharmaceuticals, biotechnology and healthcare insurance. In addition, we are optimistic that the sector could enjoy a stronger period of performance into year-end driven by the mid-term elections in the US where the potential outcome of substantial gains by the Republicans in the House is likely to be seen as a positive for the healthcare industry and business in general.

Dan Mahony and Gareth Powell, 6 September 2010

31 August 2010

Fact sheet

## Polar Capital Healthcare Investment Management Team

### Dan Mahony - Co-Manager



Dan joined Polar Capital to set up the Healthcare Investment team in 2007. He has more than 11 years' investment experience in the healthcare sector, with over 2 years as a portfolio manager and 9 years as a sell-side analyst. Prior to joining Polar Capital, he was head of the European healthcare research team at Morgan Stanley, which covered the European biotechnology, medical technology and healthcare services industries. Dan was ranked second in the Institutional Investor Magazine All-Europe Research Team survey in 2003. He also previously worked in New York for ING Barings Furman Selz following the US biotechnology sector. Before working in the investment field, Dan worked as a research scientist for 7 years with the majority of his time at Schering Plough Corporation in California.

Dan acts as co-manager of the Polar Capital Healthcare Opportunities Fund alongside Gareth Powell. He has primary responsibility for medical devices, diagnostics, and healthcare services company sectors on a global basis. Dan received his PhD from Cambridge University in 1995 and a first class honours degree in biochemistry from Oxford University in 1991. Dan was involved in the recent UK government review of the biotechnology industry and is currently advising the UK Trade & Industry Department on its life sciences marketing strategy initiative.

### Gareth Powell - Co-Manager



Gareth joined Polar Capital in 2007 to set up the Healthcare team. He has over 10 years' investment experience in the Healthcare sector, with 8 years as a portfolio manager. He joined Framlington in 1999 becoming a Portfolio Manager on the Framlington Health Fund. In 2002, he helped launch and then run the Framlington Biotech Fund. During his 3.5 year tenure as fund manager, his fund out-performed the Nasdaq Biotech Index by 17%. In 2007, he received both a "highly commended" designation from Investment Week and Framlington was rated "Best for Biotechnology" in the Extel European buy-side survey. Gareth became a CFA charterholder in 2003.

Gareth acts as co-manager of the Polar Capital Healthcare Opportunities Fund alongside Dan Mahony; this fund was launched in late 2007 and assets under management are now approaching US\$80 million. Gareth has primary responsibility for the pharmaceuticals, specialty pharmaceuticals, generics, biotech and life science tools sectors in the developed markets. Gareth studied Biochemistry at Oxford University from 1995 to 1999 and during that time worked at Astellas, the Sir William Dunn School of Pathology, the Wolfson Institute for Biomedical Research and the Oxford Business School.

### Anna Sizova - Analyst

Anna joined the Polar Capital Healthcare team in February 2008 as a specialist analyst covering the medical technology and medical services sectors. She has nearly 4 years' investment experience in the healthcare sector that started with her time at Morgan Stanley as a healthcare analyst covering the European medical technology sector. Before joining the investment management field, she spent 5 years at Johnson & Johnson, the world leading medical devices and diagnostics group, working in both the marketing and finance departments.

Anna has responsibility for healthcare IT (e.g. software) and medical technology (e.g. heart valves, pacemakers, stents) and covers all sectors in the emerging markets. Anna holds an MBA degree from the London Business School and a degree in Theoretical and Applied Linguistics from Moscow State University.

## How to Invest

### Market Purchases

The ordinary and subscription shares are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

### Registered Office

4 Matthew Parker Street, London SW1H 9NP

### Custodian

HSBC PLC acts as global custodian for all the company's investments.

### Registrar

Equiniti  
The Causeway, Worthing, West Sussex BN99 6DA  
[www.shareview.co.uk](http://www.shareview.co.uk)

## Codes

### Ordinary Shares

ISIN	GB00B6832P16
SEDOL	B6832P1
Ticker	PCGH

### Subscription Shares

ISIN	GB00B68VXC96
SEDOL	B68VXC9
Ticker	PCGS

## House View

This document has been produced based on Polar Capital research and analysis and represents our house view. All sources are Polar Capital unless otherwise stated.

## Important Information

This document is being issued by Polar Capital LLP and is for private circulation only. The information and opinions contained in this document are for background purposes only, do not purport to be full or complete and do not constitute investment advice. No reliance may be placed for any purpose on the information and opinions contained in this document or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by Polar Capital LLP or any of its members or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

This information is not intended to provide, and should not be relied upon, for accounting, legal, tax advice or investment recommendations. You should consult your tax, legal, accounting or other professional advisors about the issues discussed herein. The descriptions contained herein are summaries and are not intended to be complete and neither Polar Capital LLP nor any of its affiliates undertakes any obligation to update or correct any errors or inaccuracies in any of the information presented herein. The information in these materials and any other information discussed is subject to change. This document does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase any investment nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor.

The distribution of these materials in certain jurisdictions may be restricted by law and persons into whose possession these materials come should inform themselves about and observe any relevant restrictions. In particular, these materials are not for publication or distribution, directly or indirectly, in, into or from the United States of America, Australia, Canada, or Japan. Any failure to comply with the above restrictions may constitute a violation of such securities laws. This document is and may be communicated only to (and is directed only at) persons to whom such communication may lawfully be made.

The fund described herein has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act") and the holders of its shares will not be entitled to the benefits of that Act. In addition, the offer and sale of the shares mentioned herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). No securities may be offered or sold or otherwise transacted within the United States or to, or for the account or benefit of U.S. Persons (as defined in regulation S of the Securities Act). In connection with the transaction referred to in this presentation the shares of the fund will be offered and sold only outside the United States to, and for the account or benefit of non U.S. Persons in "offshore transactions" within the meaning of, and in reliance on the exemption from registration provided by Regulation S under the Securities Act. No public offer of the shares is being made in the United States and the information contained herein does not constitute an offering of securities for sale in the United States, Australia, Canada or Japan. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Any failure to comply with the above restrictions may constitute a violation of such securities laws.

This document does not provide all information material to an investor's decision to invest in the Polar Capital Healthcare Opportunities Fund, including, but not limited to, risk factors. For more information, please refer to the fund's offer document and read it carefully before you invest.

## Disclaimers

These materials and any offer mentioned herein if subsequently made are only addressed to and directed at persons in member states of the European Economic Area who are 'qualified investors' within the meaning of Article (2)(1)(e) of the Prospectus Directive (Directive 2003/71/EC). This document is for distribution in the United Kingdom only to persons who are authorised or exempt persons within the meaning of the Financial Services and Markets Act 2000 or to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (all such persons together being referred to as, "relevant persons"). This document is directed only at relevant persons. Other persons should not act or rely on this document or any of its contents. Any investment or investment activity to which this presentation relates will be available only to (i) in the United Kingdom, relevant persons and (ii) in any member state of the EEA other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons. Solicitations resulting from this presentation will only be responded to if the person concerned is, (i) in the United Kingdom, a relevant person, and (ii) in any member state of the EEA other than the United Kingdom, a Qualified Investor.

## Forecasts

References to future returns are not promises or even estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. In addition, the forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

Return targets are targets only and are based over the long-term on the performance projections of the investment strategy and market conditions at the time of modelling and are therefore subject to change. There is no guarantee that any target return can be achieved. Investors should not place any reliance on such target return in deciding whether to invest in any fund established by Polar Capital LLP.

## Third-party Data

Some information contained herein has been obtained from other third party sources and has not been independently verified by Polar Capital. Polar Capital makes no representations as to the accuracy or the completeness of any of the information herein. Neither Polar Capital nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data.

## Holdings

The top 10 positions were selected based on percentage of AUM. This portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fund's best interest to do so. A complete list of the portfolio holdings may be made available upon request. It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

## Benchmarks

The following benchmark index is used: MSCI All Country World Index/Healthcare These benchmarks are generally considered to be representative of the Healthcare equity universe and of the global emerging market universe. These benchmarks are broad-based indices which are used for comparative/illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Please refer to [www.msibarra.com](http://www.msibarra.com) for further information on these indices. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the fund. For example, investments made for the fund may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the fund may differ from those of the benchmark. Also, the indices noted in this presentation are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. The information regarding the indices are included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to any of the indices in composition or risk.

## Regulatory Status

This document is Issued in the UK by Polar Capital.

Polar Capital LLP is a limited liability partnership number OC314700. It is authorised and regulated by the Financial Services Authority. A list of members is open to inspection at the registered office, 4 Matthew Parker Street, London SW1H 9NP

## Performance

Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Many factors affect fund performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment return and principal value of your investment will fluctuate, so that when your investment is sold, the amount you receive could be less than what you originally invested. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Investments are not insured by the FDIC (or any other state or federal agency), are not guaranteed by any bank, and may lose value.

## Investment Process - Risk

No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable. Investors may lose all of their investments.

## Allocations

The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. The actual performance of the fund will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the fund while minimizing its risk. The actual investments in the fund may or may not be the same.