

## Trust Fact Sheet

30 September 2015



### Trust Facts

#### Ordinary Shares

Share Price	168.25p
NAV per share	174.19p
Premium	-
Discount	-3.41%
Capital	120,775,000 shares of 25p

#### Assets & Gearing <sup>2</sup>

Total Net Assets	£210.4m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	0.79%

**Historic Yield (%) 2.14**

### Dividends (p/share)

August 2015 (paid)	1.80
May 2015 (paid)	0.60
February 2015 (paid)	0.60
November 2014 (paid)	0.60

### Benchmark

MSCI All Country World Index / Healthcare (Sterling)

### Fees <sup>3, 4</sup>

Management	0.85%
Performance	10% over performance hurdle

### Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information on Page 4 and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

### Discount Warning

The shares of investment trusts may trade at a discount or a premium to Net Asset Value for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

## Company Profile

### 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.

### Dividends

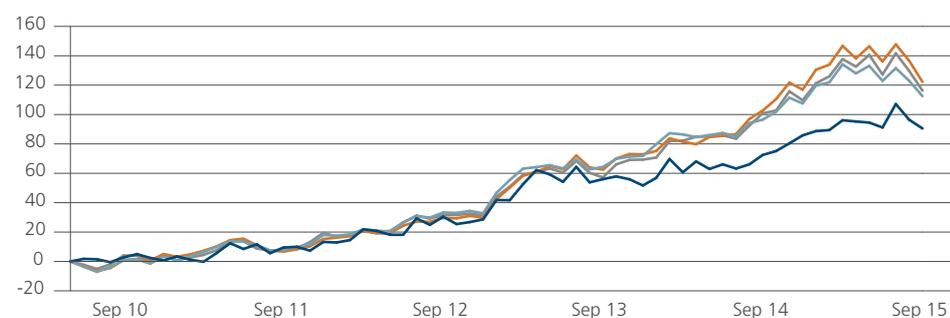
The Company pays four dividends a year and has a policy to increase the dividend on an annual basis progressively but there is no guarantee this will be achieved.

### Fixed Life

The Company has a fixed life to the 7th AGM which is expected to be held in January 2018.

## Performance

### Performance Since Launch (%)



	1 Month	3 Months	6 Months	1 Year	Since Launch
Ordinary Share Price (TR) <sup>1</sup>	-3.03	-0.34	-2.85	10.46	90.52
NAV per Share (TR) <sup>5</sup>	-4.66	-4.65	-9.23	8.12	112.60
Total Return for Shareholders <sup>6</sup>	-	-	-	-	101.33
MSCI ACWI / Healthcare TR	-6.08	-5.89	-9.93	9.63	122.21
NYSE Arca Pharmaceutical CR	-5.84	-4.82	-9.02	7.70	116.27

### Discrete Annual Performance (%)

	30/09/14 30/09/15	30/09/13 30/09/14	28/09/12 30/09/13	30/09/11 28/09/12	30/09/10 30/09/11
Ordinary Share Price (TR) <sup>1</sup>	10.46	10.56	19.57	19.20	6.53
NAV per Share (TR) <sup>5</sup>	8.12	19.69	23.28	23.58	6.71
MSCI ACWI / Healthcare TR	9.63	24.76	25.38	21.45	5.65
NYSE Arca Pharmaceutical CR	7.70	27.73	19.53	22.38	3.28

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP terms. Past performance is not indicative or a guarantee of future results.

- The ordinary share price has been adjusted for dividends paid in the period in GBP.
- Gearing calculations are exclusive of current year Revenue/Loss.
- All fees are allocated 80% to capital and 20% to income. Further details can be found in the Report and Accounts.
- The management fee is based on the lower of the market cap or NAV. The performance fee is subject to a cap.
- The NAV per share is adjusted to show dividends reinvested on the payment date in ordinary shares at their Net Asset Value; to remove the dilution of the exercise of the subscription rights and, to remove any effects from any issuance or repurchase of ordinary shares. This is the metric used by the company when assessing the investment manager's performance. For Full details please refer to the Annual Report.
- The Total Return for Shareholders since Inception calculation is adjusted for any dividends to have been reinvested on the payment date in ordinary shares at the prevailing share price and assumes that all investors have exercised their subscription rights.

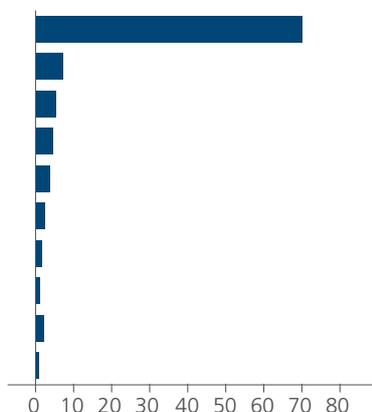
# Polar Capital Global Healthcare Growth and Income Trust plc

## Portfolio Exposure

As at 30 September 2015

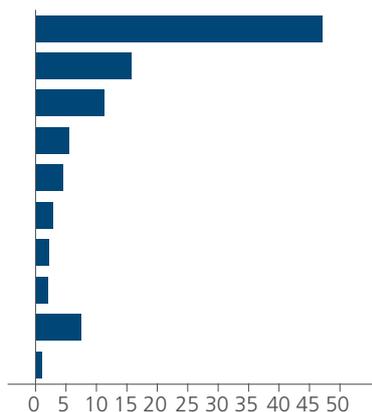
### Sector Exposure (%)

Pharmaceuticals	70.1
Healthcare Equipment	7.2
Healthcare Facilities	5.4
Healthcare REITs	4.5
Biotechnology	3.9
Healthcare Services	2.4
Managed Healthcare	1.8
Healthcare Distributors	1.3
Other	2.4
Cash	1.0



### Geographic Exposure (%)

United States	47.2
Switzerland	15.7
United Kingdom	11.4
Japan	5.5
France	4.5
Israel	2.9
Australia	2.2
Germany	2.0
Other	7.5
Cash	1.0



### Top 10 Holdings (% of net assets)

Pfizer	8.9
Novartis	8.0
Eli Lilly & Co	7.5
Roche	7.2
Johnson & Johnson	5.6
AstraZeneca	5.0
Sanofi	4.5
Astellas Pharma	3.4
Merck & Co	3.4
Bristol Myers Squibb	3.0

**Total** **56.5**

**Total Number of Positions** **72**

### Market Capitalisation Exposure (%)

Large Cap (>\$5bn)	75.5
Mid Cap (>\$1bn - \$5bn)	7.7
Small Cap (<\$1bn)	15.8
Cash	1.0

## Investing in the Trust and Shareholder Information

### Trust Characteristics

Launch Date	15 June 2010
Year End	30 September
Results Announced	Mid December
Next AGM (5th)	January 2016
Listed	London Stock Exchange

### Market Purchases

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

### Corporate Contacts

#### Registered Office and Website

16 Palace Street, London SW1E 5JD  
[www.polarcapitalhealthcaretrust.co.uk](http://www.polarcapitalhealthcaretrust.co.uk)

#### Custodian

HSBC Plc is the Depositary and provides global custody of all the company's investments

#### Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA  
[www.shareview.co.uk](http://www.shareview.co.uk)

### Codes

#### Ordinary Shares

ISIN	GB00B6832P16
SEDOL	B6832P1
London Stock Exchange	PCGH

The entire investment portfolio is published in the annual and semi annual reports and as part of the interim management statement.

It should not be assumed that recommendations made in 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.

Note: Totals may not sum due to rounding.

## Fund Manager Comments

As at 30 September 2015

Following a long period of outperformance, the healthcare sector suffered an abrupt downturn in September against a backdrop of another turbulent month for global markets. Given its defensive positioning, the Trust's portfolio fared reasonably well on a relative basis. The NAV for the Trust was down 4.7% for the month and was ahead of the 6.1% decline reported for the benchmark (Morgan Stanley Global Healthcare Index) and 5.8% decline for the New York Stock Exchange Pharmaceutical Index.

The catalyst for healthcare's rapid decline appeared to be comments from US Democratic Presidential Candidate Hillary Clinton. On 21 September, Clinton accused the pharmaceutical industry of "outrageous price gouging" practices and a day later published her proposals on how she would reform prescription drug pricing and improve access to healthcare for lower income families. Hillary Clinton was behind the Democrat's first attempt at healthcare reform in the early 90s during President Bill Clinton's first term. The Clinton healthcare plan ultimately failed, but was responsible for a significant decline in healthcare stocks and these latest comments caused a 'knee-jerk' reaction in the stock market, in our view.

It is important to put these comments and proposals into context. The first point is that there is nothing particularly new in Hillary Clinton's plan – many of the issues being discussed were part of the failed plan from the 1990s. Moreover, a key part of her proposal is to allow the US government, through its Medicare programme, to negotiate pricing directly with drug companies. This idea was discussed and rejected during the negotiations surrounding President Obama's healthcare reform in 2009. It is worth noting that the Democrats had control of the Presidency and the Congress at this time – a position that Hillary Clinton is unlikely to enjoy if she wins the Presidential election.

The second point is that Clinton is really targeting generic and speciality pharmaceutical companies that appear to be raising the price of existing drugs egregiously. Her comments seem to have been triggered by the public outcry at a 5,000% price hike for an old anti-parasitic drug, called Daraprim, by Turing Pharmaceuticals, a start-up specialty pharmaceutical company. We agree this is a business practice that should be called into question. In our view, pharmaceutical companies that are delivering true innovation and, more importantly, value to patients and healthcare systems will be able to command strong pricing for their products. We do not like business models that rely on pricing power in the absence of innovation. In a subsequent public Facebook Q&A session, Clinton re-affirmed her commitment to supporting innovation, stating: "companies working on life-saving breakthroughs won't have anything to fear from my plan..."

While we continue to see political rhetoric and news headlines as a risk to sentiment for healthcare as we enter into the US Presidential election, there seems to be little appetite in Congress to revisit President Obama's healthcare reform law. Moreover, while the stocks have declined over the last few weeks, the fundamentals for healthcare remain unchanged. The underlying driver is an aging population that needs and demands more healthcare. Our investment strategy is to focus on companies that are either consolidators or innovators that will decrease the cost and increase the quality of healthcare, respectively.

There was one major piece of clinical news during the month that was slightly lost in the frenzy surrounding drug pricing. Roche announced that it had generated positive Phase III data for ocrelizumab in primary progressive multiple sclerosis (PPMS). PPMS is a distinct form of multiple sclerosis where there is rapid progression of the disease with no relapses – this accounts for 10-15% of all multiple sclerosis patients. While a number of drugs have been tested in PPMS, none have shown efficacy in this patient population. Roche will present the data in full at the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS) conference in October. However, it appears as though this could be a major breakthrough for a group of patients with a serious and unmet medical need and we think ocrelizumab could have \$1 billion-plus blockbuster potential in PPMS alone.

We made no changes to the income portfolio in September and made only small changes to the size of certain positions in the growth portfolio. We continue to be positive on the outlook for healthcare given the fundamentals and the valuations following the pullback in the sector. As a sector, healthcare is now back to a market multiple with a superior earnings growth profile in both 2015 and 2016. We see the recent pullback as an opportunity to buy into a defensive growth sector at a reasonable price.

**Dan Mahony & Gareth Powell**

6 October 2015

### Fund Managers



**Daniel Mahony**  
Fund Manager

Daniel has managed the Trust since launch, he joined Polar Capital in 2007 and has 24 years of industry experience.



**Gareth Powell**  
Fund Manager

Gareth has managed the Trust since launch, he joined Polar Capital in 2007 and has 17 years of industry experience.

# Polar Capital Global Healthcare Growth and Income Trust plc

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