

A Statement by Alternative Investment Fund Manager

POLAR CAPITAL GLOBAL HEALTHCARE TRUST PLC

The Alternative Investment Fund Managers Directive ('AIFMD') is a European Union Directive that entered into force on 22 July 2013, with a 12-month transitional period allowing firms to comply with the Directive by 22 July 2014. The Directive was agreed by the European Parliament and the Council of the European Union and transposed 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 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.

Polar Capital LLP has been appointed as the Alternative Investment Fund Manager to the Polar Capital Global Healthcare Trust plc (the 'AIF') and PCGH ZDP plc. The AIFs and the AIFM are required to make certain disclosures to investors in the AIF on a periodic basis under the AIFMD. In addition to the periodic disclosures listed below supplemental information is set out in the Investor Disclosure Document which is available on the Company's website or from Polar Capital LLP, 16 Palace Street, London SW1E 5JD. All references to the Strategic Report and Financial Statements are to those disclosed in the Company's Annual Report and Financial Statements for the year ended 30 September 2021. PCGH ZDP plc is a subsidiary of Polar Capital Global Healthcare Trust plc, but also an AIF within its own right.

The periodic disclosures to investors are:

- Information about the investment strategy, geographic and sector investment focus and principal stock exposures of the AIF:

These are included within the Strategic Report which includes the portfolio of all positions at 30 September 2021.
- Notification of any of the AIF's assets that are subject to special arrangements arising from their illiquid nature:

There are no assets of this nature.
- Risk disclosures about the profile and risk management processes in place:

These are set out in the Strategic Report and in note 26 to the Financial Statements. There have been no changes to the risk management processes in the period under review and there have been no breaches to the risk limits set. No breaches are anticipated.
- Liquidity management:

There are no new arrangements for the management of liquidity of the AIF or any material changes to the liquidity management systems and procedures employed by the AIFM.
- Remuneration disclosures:

During the AIFM's financial year between 1 April 2020 and 31 March 2021, the proportion of the total remuneration paid by the AIFM to its staff attributable to the AIF was £1,185,000. Within such figure, the proportion of the fixed remuneration of the AIFM's staff attributable to the AIF was £227,000 and the proportion of the variable remuneration of the AIFM's staff attributable to the AIF was £958,000.

During the financial year, the aggregate amount of remuneration paid to the senior management of the AIFM was £4,862,000 and the aggregate amount of remuneration paid

to members of staff, including senior management, whose actions had a material impact on the risk profile of the AIF was £9,715,000. For the purposes of identifying the members of the AIFM's staff whose actions had a material impact on the risk profile of the Fund, the AIFM has conducted an assessment that it believes to be consistent with certain guidance published by the European Securities and Markets Authority (ESMA/2013/201).

- **Leverage disclosure:**

Leverage is disclosed in accordance with the AIFMD below. There were no breaches to the leverage restrictions over the period.

- **Depositary Disclosure:**

The AIF and the AIFM have appointed HSBC Bank plc as Depositary to the AIF. The role of the Depositary is to oversee the operations of the investment vehicle including safekeeping, cash monitoring and verification of ownership and valuation.

Leverage

Under the AIFMD it is necessary for AIFs to disclose their leverage in accordance with the prescribed calculations of the directive. Leverage is often used as another term for gearing which is included within the Strategic Report. Under the AIFMD there are two types of leverage that the AIF is required to set limits for, monitor and periodically disclose to investors. The two types of leverage calculations defined are the gross and commitment methods. These methods summarily express leverage as a ratio of the exposure of debt, non-Sterling currency, equity or currency hedging and derivatives exposure against the net asset value. The commitment method nets off derivative instruments, while the gross method aggregates them.

The limits that have been set for the investment policy of the AIF under the Directive have been disclosed below and accommodate the maximum level of leverage conceivable and do not reflect a level of leverage that is to be expected in the foreseeable future.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the AIF through non-fully funded exposure to underlying markets or securities.

Leverage is considered in terms of the AIF's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the AIF is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. Polar Capital is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the AIF, expressed as the ratio between the total exposure of the AIF and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method basis are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the AIF requires the calculation to:

- include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities;
- exclude cash and cash equivalents which are highly liquid investments held in the base currency of the AIF, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- include derivative instruments which are converted into the equivalent position in their underlying assets;
- exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable.

Exposure values under the commitment method basis are calculated on a similar basis to the above but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The table below sets out the current maximum permitted limit and actual level of leverage for the AIF:

| | | As a percentage of net assets | |
|---|----------------|--------------------------------------|--------------------------|
| | | Gross Method | Commitment Method |
| Maximum Leverage Limit | | 200.0% | 200.0% |
| Actual Leverage Level 30 September 2021 entitlement) | (including ZDP | 106.1% | 106.1% |

There have been no breaches to the maximum limits set out above since the introduction of these limits on 22 July 2014.

B K Tomlinson
Polar Capital LLP
Chief Legal & Compliance Officer

16 December 2021

All references to 'the Fund' in the above report are to 'the Company'.