Polar Capital Global Healthcare Trust plc

Half-Year Report for the six months ended 31 March 2023

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YOUR COMPANY AT A GLANCE

WHO WE ARE

The Group comprises the Company, Polar Capital Global Healthcare Trust Plc and the subsidiary, PCGH ZDP Plc. The Group was formed on 30 March 2017 as part of a reconstruction of the Company which included the change of the name on 20 June 2017 from Polar Capital Global Healthcare Growth and Income Trust plc and a revised objective from creation of income and growth, to growth. The Company was originally launched on 15 June 2010.

PURPOSE

The purpose of the Group, comprising the Company and the wholly owned subsidiary PCGH ZDP Plc, is to provide a vehicle for investors in which assets are invested across a diversified global portfolio of healthcare stocks which aim to deliver long term capital growth to shareholders. The purpose is achieved through implementation of the Investment Objective and investment policies incorporating parameters to ensure excessive risk is not undertaken.

INVESTMENT OBJECTIVE AND POLICY

The Objective of the Company is to generate capital growth by investing in a global portfolio of healthcare stocks. The Company will seek to achieve its objective by investing in a diversified global portfolio consisting primarily of listed equities. The portfolio is diversified by geography, industry sub-sector and investment size. Stock selection is central to the process, looking to identify companies where there is a disconnect between valuations and the near and medium-term growth drivers. Whilst the Company primarily focusses on leading healthcare companies with resilient, medium-term growth profiles, it also has the opportunity to invest in earlier-stage, more innovative and disruptive companies. Structural debt, in the form of Zero Dividend Preference shares with a repayment date of 19th June 2024, offers access to additional liquidity and the opportunity to enhance returns through gearing.

In terms of structure, the majority of the assets (calculated on a gross basis and referred to as the Growth Portfolio) will be invested in companies with a market capitalisation of more than US$5 billion at the time of investment, with the balance invested in companies with a market capitalisation of less than US$5 billion at the time of investment (a maximum of 20% of gross assets and referred to as the Innovation Portfolio).

MANAGEMENT

The Company is an investment trust led by an experienced Board of independent non-executive Directors with a variety of expertise in investment and healthcare matters and with experience in the regulatory and legal framework within which the Group operates. The role of the Board is to provide oversight of the Company's activities and to seek to ensure that the appropriate controls are in place to deliver the Investment Objective and to manage the risks associated with such activities.

The Investment Manager is Polar Capital LLP ("Polar Capital") and the appointed Co- Managers are Dr James Douglas and Mr Gareth Powell supported by the wider Polar Capital Healthcare Team. Polar Capital LLP is also the Alternative Investment Fund Manager for the purposes of AIFM Regulations and is authorised and regulated by the Financial Conduct Authority.

BENCHMARK

The benchmark since launch has been the MSCI ACWI Health Care Index (total return in sterling with dividends reinvested).

LIFE

In the absence of any prior alternative proposals, the articles of association of the Company require the Directors to put forward at the first Annual General Meeting to be held after 1 March 2025 a resolution to place the Company into voluntary liquidation.

FINANCIAL HIGHLIGHTS

Performance	**For the six months to 31 March 2023**	**For the year to 30 September 2022**
Net asset value per Ordinary share (total return) (note 1)*	+2.09%	5.59%
Benchmark index MSCI ACWI/Healthcare Index (total return in sterling with dividends reinvested)	+0.40%	6.93%
Since restructuring on 20 June 2017		
Net asset value per Ordinary share (total return) (note 2)*	+64.15%	60.79%
Benchmark index total return since restructuring	+64.71%	64.05%
Expenses*		
Ongoing charges (note 3)	0.86%	0.84%

Financials	**(Unaudited) As at 31 March 2023**	**(Audited) As at 30 September 2022**	**Change**
Total net assets (Group and Company)	£411,952,000	£404,833,000	1.8%
Net asset value per Ordinary share	339.70p	333.83p	1.8%
Net asset value per ZDP share	118.64p	116.91p	1.5%
Price per Ordinary share	317.00p	315.00p	0.6%
Discount per Ordinary share	6.7%	5.6%	
Price per ZDP share	114.00p	114.00p	-
Net gearing	8.98%	7.41%	
Ordinary shares in issue (excluding those held in treasury)	121,270,000	121,270,000	-
Ordinary shares held in treasury	2,879,256	2,879,256	-
ZDP shares in issue	32,128,437	32,128,437	-

Dividends paid and declared in the period:	**Pay Date**	**Amount per Ordinary share**	**Record Date**	**Ex-Dividend Date**	**Declared date**
The Company has paid the following dividend relating to the financial year ended 30 September 2022:	28 February 2023	1.10p	3 February 2023	2 February 2023	9 December 2022
Dividends for the current financial year ending 30 September 2023, if declared, will be paid in August 2023 and February 2024. *All data sourced from Polar Capital LLP/HSBC.*					

Note 1 NAV total return is calculated as the change in NAV from the start of the period, assuming that dividends paid to shareholders are reinvested on the payment date in Ordinary shares at their net asset value.

Note 2 The Company's portfolio was restructured on 20 June 2017. The total return NAV performance since restructuring is calculated by reinvesting the dividends in the assets of the Group and Company from the relevant payment date.

Note 3 Ongoing charges represents the total expenses of the Company, excluding finance costs, transaction costs, tax and nonrecurring expenses expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012. The ongoing charges figure as at 31 March 2023 is for the six month period from 30 September 2022 and is annualised for comparison with the full year's calculation as at 30 September 2022.

*See Alternative Performance Measures below.

CHAIR’S STATEMENT

On behalf of the Board, I am pleased to provide to you the Company’s Half Year Report for the six-months to 31 March 2023.

PERFORMANCE AND OUTLOOK

Despite a continuing difficult market and economic backdrop, the Company’s NAV improved by 2.09% over the period under review, outperforming its benchmark by 1.69%. The discount moved out slightly from 5.64% to finish the period at 6.68%, resulting in a modest increase in the share price. The outperformance over the benchmark was driven by strong stock selection in the larger capitalisation stocks, positive contributions from all major geographical regions, as well as good sub sector allocation. The key investment themes of increased utilisation, delivery disruption and consolidation also appear to be gathering momentum, with utilisation especially positive. Looking forward, we believe the healthcare sector continues to be an attractive place to invest, given its defensive characteristics, attractive valuations, and opportunities for dynamic growth.

Further details are provided in the Investment Manager’s report below.

THE BOARD

There have been no changes to the membership of the Board in the six months to 31 March 2023. The Directors’ biographical details are available on the Company’s website and are provided in the Annual Report.

As referenced in my Chair’s statement in the Annual Report for the year ended 30 September 2022, the Board is aware of the FCA’s Diversity and Inclusion Policy and notes that its current composition does not meet the recommended requirements. We will continue to keep this under consideration as part of the Board’s future succession plans and ahead of the Company’s reconstruction. Full disclosures will be provided in the next Annual Report as required under the FCA’s policy.

As a Board, we do recognise the value of diversity in the role of governance, and we believe diversity can take many forms, including desirable skill sets, background, and experience, as well as gender and ethnicity. During the period under review, we conducted a selection and interview process in collaboration with ‘Board Apprentice’, a not-for-profit organisation dedicated to increasing diversity on boards by widening the pool of non-executive, board-ready candidates, to identify a candidate. Just after the period end, we welcomed our first board apprentice who will be with us for a period of c.12 months. Our Board apprentice will be invited to attend all Board and Committee meetings as an observer and will be mentored through the process by a Board member. Further details will be shared in the next Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

A detailed explanation of the Company’s principal risks and uncertainties, and how they are managed through mitigation and controls, can be found on pages 34 to 36 of the Annual Report for the year ended 30 September 2022. The principal risks and uncertainties are categorised into four main areas: Portfolio Management, Operational Risk, Regulatory Risk and Economic/Market Risk. The Directors consider that, overall, the principal risks and uncertainties faced by the Company for the remaining six months of the financial year have not changed from those outlined within the Annual Report.

Further detail on the Company's performance and portfolio can be found in the Investment Manager’s Report.

GOING CONCERN

As detailed in the notes to the financial statements, the Board continually monitors the financial position of the Group and Company and has undertaken an assessment in determining the appropriateness of preparing the Financial Statements on a going concern basis. Having carried out this assessment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Group and Company. In reaching this conclusion, the Board also considered the Company’s performance and its assessment of any material uncertainties and events that might cast significant doubt upon the Group and Company’s ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

In accordance with DTR 4.2.8R, there have been no new related party transactions during the six-month period to 31 March 2023. 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 Group or Company in the first six months of the current financial year or to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Polar Capital Global Healthcare Trust plc confirm to the best of their knowledge that:

- The condensed set of financial statements has been prepared in accordance with UK-adopted International Accounting Standard 34 and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 31 March 2023; and

- The Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

The half year financial report for the six-month period to 31 March 2023 has not been audited or reviewed by the Auditors. The half year financial report was approved by the Board on 11 May 2023.

On behalf of the Board

Lisa Arnold
Chair

INVESTMENT MANAGER'S REPORT

Executive summary

Over the six-month period to the end of March 2023, the Company's NAV returned 2.09% versus 0.40% for the benchmark (MSCI AC World Daily Total Return Net Health Care Index), both in sterling terms. While modest in terms of absolute performance, the period under review did offer stark contrasts in terms of market dynamics that have not been easy to navigate. The first three months were very much risk-off, with the market focused on high levels of inflation and the threat of further interest rate increases. That backdrop very much favoured large-capitalisation stocks with defensive characteristics, with healthcare a beneficiary. Come January 2023, however, the market's appetite for risk switched materially with a significant rotation into higher beta and more cyclical stocks, a switch that came at the expense of late 2022's beneficiaries, including healthcare, due to economic growth coming in better than expected. However, following the Silicon Valley Bank and Credit Suisse meltdowns in March, fears of slowing economic growth and a potential recession returned, driving a positive turn in healthcare's relative performance, a trend that could persist through the remainder of 2023.

Reflecting on the period, key drivers of outperformance were strong stock selection in the large-capitalisation stocks, consistently positive contributions across the majority of geographies and good subsector positioning. More importantly, our key investment themes of increased utilisation, delivery disruption and consolidation appear to be gathering momentum, with utilisation especially positive. With conviction in the industry's key growth drivers increasing, we are optimistic that the healthcare sector will deliver attractive revenue and earnings growth and could be a very rewarding place to invest in the coming months and years.

Performance – 30 September 2022 to 31 March 2023

From 30 September 2022 to the end of March 2023, the Company's NAV returned 2.09% versus 0.40% for the benchmark. The fourth quarter of calendar year 2022 was very much characterised by a risk-off market, with investors still worried about the risk of a recession and high levels of inflation, thus favouring large-capitalisation stocks with high gross and operating margins. This trend reversed sharply in the first two months of 2023 when small-capitalisation stocks and the more speculative pockets of the market performed strongly. In another twist, March saw, once again, a rotation into large-capitalisation companies, however this time most of the buying activity was in less defensive sectors such as information technology and communication services. Given the Company's higher exposure to small and medium-capitalisation stocks than its benchmark, the allocation effect was negative during the period under review. However, strong stock-picking, particularly in the large-capitalisation band, more than offset the poor allocation effect.

Market capitalisation at	31 March 2023	30 September 2022
Large (>US$10bn)	77.6%	78.5%
Medium (US$5bn - US$10bn)	16.1%	16.0%
Small (<US$5bn)	15.2%	12.8%
Other net liabilities	(8.9%)	(7.3%)
	100.0%	100.0%

Source: *Polar Capital as at 31 March 2023, average calculated over the reporting period*

From a geographical perspective, Europe was the largest contributor, with the overweight in this region resulting in positive allocation and currency effects. Japan was the second strongest region, thanks to good selection. North America also contributed favourably with good allocation (underweight) and stock picking. All other regions were also positive, except for the Middle East and Africa which was a marginal detractor. Cash and others were a drag on performance. The level of gearing was relatively stable during the period under review, although it was increased to 8.98% in the final month. Net gearing at the end of September 2022 was 7.41% and it was 8.98% by the end of March 2023.

In terms of subsectors, positive attribution was due to allocation, with the most positive impact coming from healthcare services. Also positive were healthcare equipment, managed care, healthcare supplies and healthcare facilities. The remaining sectors also contributed favourably, with the exception of biotechnology where allocation and stock selection offset each other, and healthcare distributors where stock-picking was a negative contributor.

Stocks that contributed positively to the relative performance over the period included Zealand Pharma, Roche Holding, Seagen, Lonza Group and HCA Healthcare.

Zealand Pharma, a Danish biotechnology company, posted a strong performance following positive phase two data for glepaglutide, a peptide-based candidate for the treatment of short bowel disease. There was also increased enthusiasm ahead of key trial results for Zealand Pharma's pipeline of assets addressing metabolic disorders (diabetes and obesity).

The lack of exposure to European pharmaceutical company Roche Holding was a positive relative contributor with the stock struggling due to the failure of a key asset for Alzheimer's disease to demonstrate statistically significant benefits, with investors further questioning the company's ability to deliver on its pipeline.

Seagen delivered a strong end to its financial year, gave reassuring 2023 guidance and also highlighted significant progress and opportunities in the pipeline. However, the stock bounced in late February on speculations that Pfizer was in talks to acquire the company, speculations that were confirmed in mid-March when Pfizer officially announced its bid for Seagen at a healthy premium.

Lonza Group, a leading contract development and manufacturing organisation, experienced positive momentum in response to a solid set of 2022 financial results and 2023 guidance that allayed some of the more bearish fears in the market driven by a slowing biotechnology funding environment and excess bioprocessing capacity.

Hospitals operator HCA Healthcare appreciated considerably over the period: the company delivered on 2022 guidance and set an outlook for 2023 that bracketed consensus. Additionally, the company benefitted from expectations that the market backdrop for facilities should improve materially, with an uptick in hospital volumes and an easing of the labour-related cost challenges that impacted most of 2022.

Stocks that impacted relative performance negatively over the period were Cytokinetics, Novo Nordisk, Acadia Healthcare, Molina Healthcare and Merck & Co.

Cytokinetics, a biotechnology company concentrating on diseases where muscle performance is impaired, suffered from investors' rotation from small-capitalisation stocks to more defensive names in the first quarter of the fiscal year, concerns about biotechnology funding and an underwhelming launch of Bristol-Myers Squibb's Camzyos, a drug in the same therapeutic class as Cytokinetic's lead asset aficamten.

Excitement about the market potential for Novo Nordisk's drugs for diabetes and obesity gained pace during the first six months of the financial year, as the company posted convincing sales notwithstanding capacity restrictions and gave strong guidance for 2023. Despite not holding Novo Nordisk, the Company is exposed to the diabetes and obesity therapeutics market with its positions in Eli Lilly & Co and Zealand Pharma.

Acadia Healthcare, which operates a network of behavioural health centres, struggled in December following a very strong period of performance in November, with the stock further dropping in February after highlighting continued wage inflation and providing a second half-weighted 2023 outlook.

Molina Healthcare, a managed care organisation (MCO) with a large presence in the Medicaid space, was negatively impacted by the expected resumption of the so-called redetermination process, whereby Medicaid enrolees must demonstrate that they continue to be eligible for Medicaid coverage. Redetermination was stopped in 2020 as part of the US Public Health Emergency plan but is due to resume in April 2023, creating uncertainty on how many members Molina Healthcare will be able to retain in its Medicaid programme. The stock was also caught in the sell-off in MCOs during the period, both due to the market positioning into more speculative areas at the start of calendar year 2023 but also due to the US Centre for Medicare and Medicaid Services proposing disappointing Medicare rates for 2024 in the February's Advance Notice.

The large relative underweight in Merck & Co hurt performance; the US pharmaceutical company was rewarded for its strong executing and was also buoyed by success for some pipeline projects.

Relative Contributors (%) – 30 September 2022 – 31 March 2023

Top 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attrib
Zealand Pharma A/S	3.10	3.10	23.53	23.13	0.75
Roche Holding AG	0.00	-3.15	-21.22	-21.62	0.74
Seagen	2.17	1.90	33.97	33.58	0.71
Lonza Group	1.53	0.99	9.91	9.52	0.64
HCA Healthcare	3.05	2.31	29.90	29.50	0.63
DexCom	2.74	2.15	30.61	30.21	0.61
Pfizer	0.00	-3.50	-15.58	-15.98	0.57
CVS Health Corp	0.00	-1.62	-29.45	-29.85	0.56
UnitedHealth Group	3.55	-2.93	-15.28	-15.68	0.47
AstraZeneca	4.57	1.83	12.95	12.55	0.45

Bottom 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attrib
Cytokinetics	2.86	2.86	-34.24	-34.64	-1.26
Novo Nordisk A/S	0.00	-2.91	42.54	42.14	-1.08
Acadia Healthcare	2.29	2.29	-16.33	-16.73	-0.43
Molina Healthcare	1.55	1.30	-26.57	-26.97	-0.40
Merck & Co	0.00	-3.63	11.85	11.45	-0.40
Cash and Others	-7.22	-7.22	0.00	0.00	-0.35
Intelligent Ultrasound Group	0.64	0.64	-40.82	-41.21	-0.34
Johnson & Johnson	7.69	1.68	-14.09	-14.49	-0.33
Indivior	0.40	0.40	-2.53	-2.93	-0.30
Stryker Corp	0.00	-1.14	27.61	27.21	-0.29

Source: *Polar Capital as at 31 March 2023.*

Near term considerations; Slowing economic growth

Macroeconomic, geopolitical and operational factors continue to drive a high degree of market uncertainty. On the one hand, there is a reasonable argument for caution based on tightening financial conditions, slowing economic activity and, ultimately, slowing earnings growth for the broader market. In such a scenario, the defensive qualities of the healthcare sector, offering a reasonable level of earnings visibility, is highly appealing. By contrast, a more optimistic stance might be based on the idea that stubbornly low levels of unemployment, elevated levels of personal income and excess savings could keep nominal consumer spending buoyant. In that scenario, the more consumer-sensitive areas of the market, including pockets of healthcare, might hold greater appeal for a longer period than expected versus the consensus bearish view that a recession (in the US) is imminent.

Importantly, the healthcare industry is composed of a broad and diversified universe of businesses that range from pharmaceuticals and biotechnology to medical equipment and supplies, medical insurance, healthcare facilities, and life sciences tools and services. This diversity, with many different end-markets and operating models across the market-capitalisation spectrum, is one of the reasons the sector can offer investors exciting investment opportunities in any given economic, political and regulatory environment.

Putting the opaque nature of the macroeconomic environment to one side, it is worth reflecting on the near and medium-term structural drivers in the healthcare industry that could yield revenue and earnings upside. In the near term, a pick-up in utilisation is a critical theme as more and more consumers engage with healthcare systems now that we are learning to live with, or even move beyond, COVID-19. Looking through a longer-term lens, the disruption of the delivery of healthcare will continue to be a central theme as healthcare systems globally look to satisfy an ever-growing demand for their products and services. Last but not least, consolidation will likely continue to be something that captures investors' attention.

Key themes: Utilisation, delivery disruption and M&A

In last year's Annual Report we outlined three key investment themes which offered the potential for significant returns. These three themes remain equally relevant today. As a reminder these themes are; Utilisation, Delivery disruption and Consolidation.

Utilisation appears to be picking up

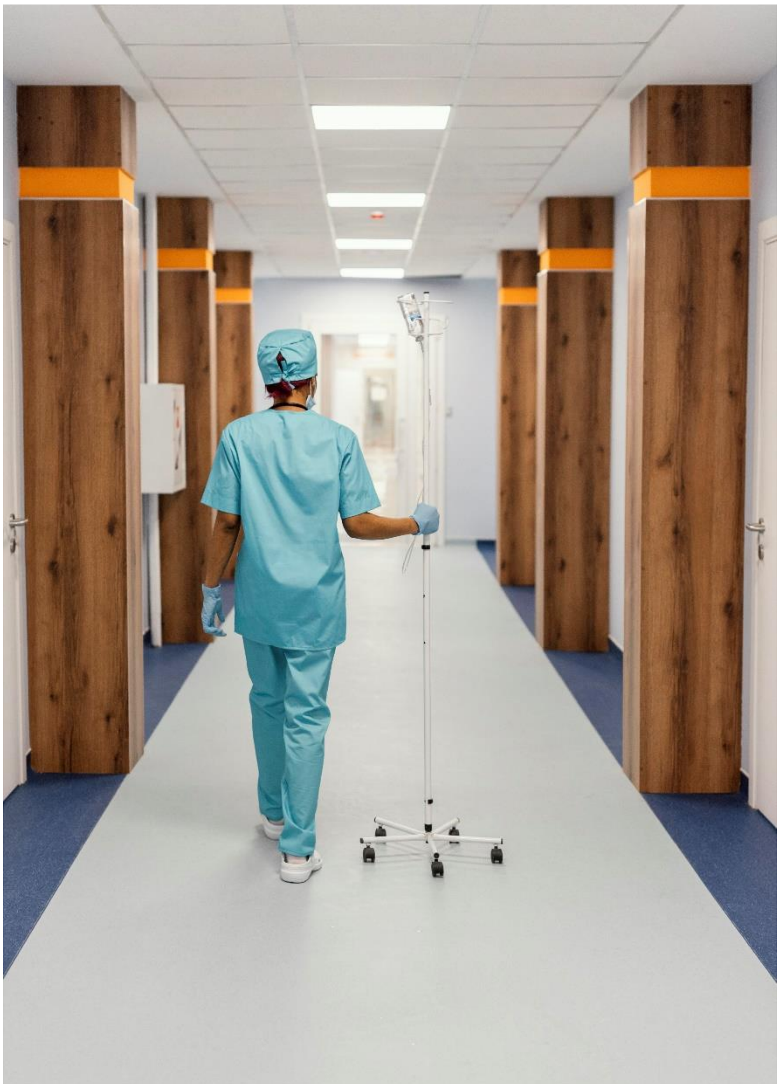
After a sustained period of disruption and uncertainty, healthcare systems are learning to live with COVID-19 via dynamic staffing policies, increased capacity and the use of alternative sites of delivery. These strategies, alongside a current COVID-19 virus that appears to be much milder than previous strains, is having a positive effect on utilisation that benefits not just the medical device companies that provide the equipment but also the hospitals and facilities that treat the patients.

Source: *https://www.freepik.com/free-photo/diverse-group-people-waiting-hospital-reception-lobby-attend-medical-appointment-with-general-practitioner-patients-waiting-room-lobby-sitting-healthcare-clinic-tripod hot_29322997.htm#query=hospital%20waiting%20room&position=0&from_view=search&track=robertav1_2_sidr>*
Image by DCStudio

There is a high level of conviction that near-term utilisation levels are accelerating globally, a scenario that has positive implications for both medical device companies and hospital providers. Looking further out, confidence in the durability of the growth algorithm can be garnered from an ageing demographic that will continue to need and demand access to healthcare services.

Delivery disruption still early

The disruption of delivery is critical given there is an acute need globally to generate greater efficiencies and deliver more healthcare to more people for less money. Investment in products and services that drive efficiencies has been evident for some time, and the concept is starting to gather momentum The use of out-patient facilities and ambulatory surgery centres (ASCs) to perform surgeries that might previously have been performed in a more traditional hospital setting has accelerated, with the alignment of incentives between the payers and the providers a key driver. Cataract surgeries, endoscopies and colonoscopies have been performed in out-patient settings/ASCs for a while, but there is a clear drive to conduct more procedures, for example orthopaedic surgery and cardiovascular intervention, in those facilities.



Source: *Image by <ahref=https://www.freepik.com/free-photo/full-shot-nurse-walking hall_13185754.htm#query=hospital&position=27&from_view=search&track=robertav1_2_sidr>Freepik*

Standalone ASC businesses are an obvious beneficiary of the delivery disruption theme but there are other ways to expose investors to the opportunity including through diversified healthcare systems and companies that offer home health products and services such as infusions or medical equipment.

M&A very much a live debate

The healthcare sector operates in one of the most fragmented industries, with consolidation a major long-term driver of efficiencies for companies that operate in different parts of healthcare. Unlike other industries, few subsectors see a small number of companies dominating markets, but the benefits of such scale do matter in healthcare. More recently, M&A activity has been picking up between large-capitalisation pharmaceutical and small/mid-capitalisation biotechnology companies, with the former typically offering significant premiums to acquire the latter (see table below).

Date	Target	Sector	Acquirer	Premium*
Feb 2023	Seagen	Biotechnology	Pfizer	42%**
Feb 2023	Oak Street Health	Healthcare Services	CVS Health	108%**
Feb 2023	Cardiovascular Systems Inc	Healthcare Equipment	Abbott	50%
Dec 2022	Horizon	Biotechnology	Amgen	20%
Nov 2022	Abiomed	Healthcare Equipment	Johnson & Johnson	51%***
Oct 2022	Myovant Sciences	Biotechnology	Sumitomo Pharma	50%**
Sep 2022	Signify Health	Healthcare Services	CVS Health	67%**
Aug 2022	GBT	Biotechnology	Pfizer	50%**
July 2022	One Medical	Healthcare Services	Amazon	77%
July 2022	Meridian Bioscience	Diagnostics	SD Biosensor	32%****

Source: *Bloomberg, 28 February 2023 – public to public companies, *based on prior closing stock price unless otherwise stated **share price from before the initial public disclosure of potential acquisition ***based on cash/share portion of offer relative to prior closing share price ****relative to closing share price prior to initiation of bid process. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made since the Fund's inception are available upon request.*

There are several reasons for a pick-up in acquisitions. In 2020-21, following the wider market lows in March 2020, the biotechnology subsector enjoyed a strong run of outperformance and access to capital was relatively easy through IPOs and secondary offerings. As such, small/mid-capitalisation biotechnology companies did not need an exit strategy as they could easily access capital to fund their research programmes. However, in the current market environment access to funds has become much more challenging, particularly with the market selloff in 2022. The resulting collapse in prices for small/mid-capitalisation biotechnology stocks has created a much more attractive environment for the larger companies to consider M&A. Further, large pharmaceutical companies are looking to bolster revenues in 2025-30 with patent expiries set to impact growth.

Source: *Pixabay*

In summary, there appears to be a clear rationale for an acceleration in M&A. If this comes to fruition, the innovation part of the Company's portfolio could be the prime beneficiary of potential deal flow.

Strategy and positioning

As a reminder, the objective of the Company is to achieve long-term capital appreciation by investing in a portfolio of global healthcare companies, to include, but not limited to, pharmaceutical, biotechnology, medical device and healthcare services companies. The aim is to identify companies where there is a disconnect between valuations and intrinsic value. The Company is a high-conviction (83.81% active share as of 31 March 2023), actively managed investment vehicle that gives investors exposure to the global healthcare universe. Stock-picking remains critical to the process, but there will be a continued focus on the key investment themes mentioned earlier, some of which appear to be accelerating in the near term whilst also having medium-term durability.

The Company's portfolio combines a growth at a reasonable price (GARP) approach with the opportunity to invest in earlier-stage, more disruptive companies. The Growth portfolio dominates, with exposure to companies that sit further up the market-capitalisation scale. This part of the portfolio consists of holdings where we see a disconnect between the current share price and intrinsic value. The positions also reflect, in part but not exclusively, the investment themes where we have the highest conviction. This part of the portfolio also drives the lower volatility of the Company relative to other, more volatile areas of healthcare. The innovation portfolio provides optionality through investments in the most exciting small-capitalisation stocks we can find.

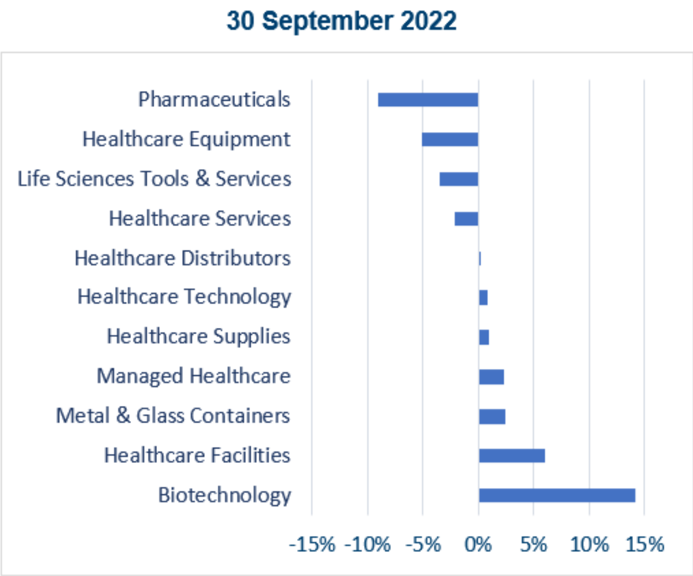
Growth Portfolio (80%-90% of NAV)	• Conviction portfolio of 25-40 positions • Large cap focus (c.80% in $10bn+; <20% in $5-10bn) • Global exposure across diverse range of sub-sectors - not your typical portfolio staples • Significant active positions, focused on key investment themes
Innovation Portfolio (10% - 20% of NAV)	• Unconstrained conviction portfolio of 10-25 positions • Market Cap <$5bn • Focused on innovators and disruptors within the same key investment themes

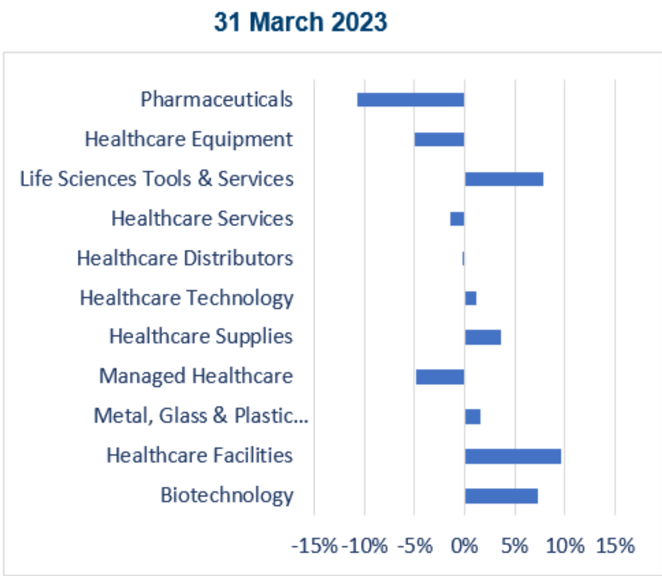
Source: *Polar Capital, as at 31 March 2023*

Period end positioning: Diverse but with high conviction

From a subsector perspective, there were material changes in positioning during the six-month period under review, driven both by allocation and stock-specific considerations. Starting from a modest overweight at the start of the fiscal year, exposure to managed care was taken negative on concerns that an uptick in utilisation could dampen earnings growth for these companies. On the flipside, an improvement in utilisation should benefit healthcare equipment and supplies and healthcare facilities subsectors; consequently, we increased the combined weightings in these sectors.

The other significant moves in positioning were a decrease in exposure to biotechnology and the reversal in life sciences tools and services from an underweight to a meaningful overweight. The change in the biotechnology weight was primarily for company-specific reasons, for instance reducing risk ahead of binary events, and diminished confidence in the commercial opportunity of certain assets or companies being taken over. Our stance in life sciences tools and services shifted more positive: substantial derating in the sector offered compelling opportunities, especially since we believed that some of the apprehensions that led to the sell-off in this area (for instance, dwindling early-stage biotechnology funding and excess inventory at customers) were either temporary or overstated.





***Source:** Polar Capital. Note: Sector exposure refers to the extent to which the Fund is overweight or underweight in each sector compared (relative) to the index (MSCI All Country World Index/Healthcare).*

The largest underweight relative to the benchmark continues to be in pharmaceuticals. After a strong performance in 2022, pharmaceutical stocks suffered from a rotation in January and February 2023 into more speculative areas of the market such as smaller-capitalisation or information technology companies. March saw another reversal, with investors again favouring “safer” assets and the subsector performed well in the month. Although the defensive profile of component companies remains an attractive characteristic in an uncertain macroeconomic environment – and the passing into law of the Inflation Reduction Act in the US has removed the risk of further policy changes in the medium term – the industry’s sub-par growth profile and mature operating margins leave our overall thesis that we can find more exciting opportunities in other areas of the healthcare universe unchanged.

Share prices in the biotechnology subsector posted a good recovery during the period under review from the abrupt correction experienced in late 2021/early 2022. However, the positive performance of the overall subsector disguises a considerable bifurcation in returns between late-stage or commercial biotechnology companies and the early-stage biotechnology companies, with the latter underperforming the former significantly due to a less benign funding environment, higher interest rates and the rippling effect of Silicon Valley Bank’s failure in March, an important institution that provided capital to a sizeable number of innovative technology and healthcare companies. Despite this, we are convinced the biotechnology sector’s fundamentals remain intact; these include an ever-deeper understanding of human biology and the ability to utilise that knowledge in the clinic, and ultimately bring it onto the market to improve patients’ outcomes.

Analogous to pharmaceuticals, managed care organisations were also caught up in the market’s rotation of the first two months of 2023, having outperformed the broader healthcare index in the previous calendar year. As mentioned above, the sell-off in this sector was also exacerbated by industry-wide concerns such as Medicaid redetermination, an increase in utilisation pressuring earnings growth and less favourable Medicare rates. Hence, we maintain an underweight in the subsector.

Healthcare facilities were the best-performing stocks in the first six months of the financial year, experiencing a rebound from the sharp derating that affected the subsector in early 2022. The derating was caused by various factors: staffing shortages and COVID-19 still impacting hospital volumes and unprecedented labour wage inflation putting downward pressure on margins. However, these factors started to reverse, and component companies gave a more upbeat outlook on their ability to grow both volumes and margins. As already stated, delivery disruption and utilisation are key themes in the near term and they should continue to be beneficial to healthcare facilities, especially as they become more adept at managing staffing issues and inflation.

An increase in utilisation should also be positive for healthcare equipment and supplies, therefore we reduced the combined underweight in these stocks. The subsectors posted positive returns in the period under review after a period of underperformance in the first half of 2022. Although the subsectors’ market conditions are improving, we remain very selective in our stock-picking, preferring companies with new product cycles, high levels of innovation or a high percentage of revenues linked to chronic conditions.

Finally, life sciences tools and services followed a similar trajectory to the healthcare equipment subsector, rebounding in the first half of the financial year after months of weak returns caused by worries around the biotechnology funding landscape, excess inventory in the channel and revenue from COVID-19 diagnostics and therapeutics rolling off. The significant derating in the subsector afforded us the opportunity to deploy capital in new companies at an attractive entry level. As customers' destocking eases, the COVID-19 revenue is "flushed out" from investors' expectations and China's economic activity recovers after the end of its zero-Covid policy, we would expect upside revision in life sciences tools and services revenues and earnings.

Stock selection is a key driver

The table below displays the Company's Top10 relative overweight and underweights at the end of the reporting period, highlighting the highest conviction ideas in the portfolio. While conviction is the appropriate term to use when discussing positioning versus the benchmark, it is important to stress that valuation inefficiencies can be relatively short-lived, especially among well covered large-capitalisation stocks. With opportunity cost also a key decision driver as we look to maximise returns, the Company's Top10 relative overweight and underweight positions are subject to change.

Top 10 Overweights and Top 10 Underweights relative to Benchmark

Top 10 Overweights

	Active
Zealand Pharma A/S	3.41%
Coloplast A/S	3.20%
DexCom	3.20%
Lonza Group	2.92%
HCA Healthcare	2.91%
Alcon	2.89%
Bio-Rad Laboratories	2.58%
Intuitive Surgical	2.54%
Legend Biotech Corp	2.51%
BioMerieux	2.43%

Top 10 Underweights

	Active
UnitedHealth Group	-5.99%
Merck & Co	-3.66%
Novo Nordisk A/S	-3.55%
Pfizer	-3.11%
Thermo Fisher Scientific	-3.06%
Roche	-2.83%
Novartis	-2.69%
Abbott Laboratories	-2.39%
Danaher	-2.36%
Bristol Myers Squibb	-2.00%

Source: *Polar Capital, as at 31 March 2023*

Half the Top10 overweights relative to the benchmark have been in the portfolio for some time, while Coloplast, Lonza Group, Intuitive Surgical, Legend Biotech and BioMerieux were added during the reporting period. Coloplast is a medical supplies company that specialises in chronic care and surgical products, mainly in ostomy, continence, woundcare and urology. Having derated substantially in 2022, the contraction in the valuation presented an opportunity to re-engage with a high-quality defensive business that enjoys a high level of recurring revenues, solid margins and a history of above market growth, which should additionally be supported by an increase in utilisation from depressed levels. If the utilisation thesis plays out, it should also benefit leading surgical robotics company Intuitive Surgical, whose share price saw a sharp correction in 2022 as investors moved away from high-growth, highly valued companies on the back of rising interest rates, with the downward movement further exacerbated by company-specific concerns (a slowdown in hospital capital expenses and procedural volumes, and anaemic growth in China). We believe these microeconomic worries to be temporary and, as the penetration of robotic surgery is still extremely low and new indications are expected to expand the types of procedure addressable by robotic surgery, Intuitive Surgical has the ability to continue to grow strongly in the long term.

Legend Biotech is a commercial-stage biotechnology company, with leading asset Carvykti approved for the treatment of a bone marrow cancer called multiple myeloma. With the hope of further label expansions to come, we believe the company's valuation carries upside potential. French diagnostics company BioMerieux was heavily sold off following the easing of COVID-19 testing revenues in calendar 2022 but we believe consensus numbers could also carry upside potential as patients return to the healthcare systems and routine testing volumes normalise. We also like the focus of the company on anti-microbial resistance and its ability to expand testing menus and develop innovative diagnostics platforms. Finally, we have already explained our rationale for adding Lonza Group (see above discussion on Top10 contributors).

In the Innovation portfolio, new positions were started in Hikma Pharmaceuticals, Indivior, Amvis Holdings and Global Health Limited of India. We exited Axonics Modulation Technologies, Quotient and Surgery Partners. The addition of generic manufacturer Hikma Pharmaceuticals was based primarily on valuation and upside potential from a slowdown in the pace of generics' price erosion and better results in their injectables business. The holding in Indivior reflects our enthusiasm for the long-term growth potential of the company's lead asset Sublocade for the treatment of opioid use disorders. Amvis Holdings manages home, hospice and home nursing care businesses across Japan. With an ageing population and low penetration of the hospice services offered by Amvis Holdings, we believe the company is well positioned to capitalise on the growth opportunities in this area. Global Health Limited is a hospital chain in India, operating in a space that has many structural growth drivers, including low levels of penetration and rising access to health insurance. The company should also benefit from an improving payer mix, increasing levels of occupancy and brownfield expansions.

Given their size, stocks held in the Innovation portfolio have the potential to be more volatile than their larger peers in the Growth portfolio. Companies further down the market-capitalisation scale also tend to be less well researched, increasing the chances of valuation inefficiencies. It is that combination of volatility and valuation inefficiency that we hope will yield interesting ideas that could offer significant potential over the long term.

Outlook for Healthcare: Delivering in an uncertain world

Conviction in the macroeconomic environment may well be hard to come by in 2023 given the ongoing tug-of-war between the fear of tightening financial conditions leading to a slowdown in economic activity versus the optimism of an economy being driven by low levels of unemployment and an upbeat consumer. That uncertainty simply goes to underpin our view that the healthcare sector, with its defensive characteristics, attractive valuations and dynamic growth profile, should be a very attractive place to invest. Further, with a number of key industry themes accelerating, potentially leading to upwards revenue and earnings revisions, there is building enthusiasm for the investment opportunities that lie ahead.

James Douglas and Gareth Powell
Co-Managers
11 May 2023

PORTFOLIO AS AT 31 MARCH 2023

(Figures in brackets denote the comparative ranking as at 30 September 2022)

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2023	2022				**31 March 2023**	30 September 2022	**31 March 2023**	30 September 2022
1	(1)	Johnson & Johnson	Pharmaceuticals	United States	30,510	35,964	7.4%	8.9%
2	(3)	Abbvie	Biotechnology	United States	25,185	24,932	6.1%	6.2%
3	(5)	Eli Lilly	Pharmaceuticals	United States	22,385	16,997	5.4%	4.2%
4	(4)	AstraZeneca	Pharmaceuticals	United Kingdom	18,094	19,761	4.4%	4.9%
5	(18)	DexCom	Healthcare Equipment	United States	15,689	9,812	3.8%	2.4%
6	(-)	Intuitive Surgical	Healthcare Equipment	United States	15,488	-	3.8%	-
7	(13)	HCA	Healthcare Facilities	United States	15,128	10,872	3.7%	2.7%
8	(-)	Lonza	Life Sciences Tools & Services	Switzerland	14,539	-	3.5%	-
9	(-)	Coloplast	Healthcare Supplies	Denmark	14,058	-	3.4%	-
10	(33)	Zealand Pharma	Biotechnology	Denmark	14,044	7,437	3.4%	1.8%
Top 10 investments					**185,120**		**44.9%**	
11	(10)	Alcon	Healthcare Supplies	Switzerland	13,896	12,040	3.4%	2.9%
12	(9)	Humana	Managed Healthcare	United States	13,148	13,908	3.2%	3.4%
13	(-)	Agilent Technologies	Life Sciences Tools & Services	United States	11,747	-	2.9%	-
14	(30)	Bio-Rad Laboratories	Life Sciences Tools & Services	United States	11,244	7,879	2.7%	1.9%
15	(-)	Merck	Pharmaceuticals	Germany	10,875	-	2.6%	-
16	(-)	Legend Biotech	Biotechnology	United States	10,495	-	2.6%	-
17	(12)	Daiichi Sankyo	Pharmaceuticals	Japan	10,370	11,459	2.5%	2.9%
18	(-)	BioMerieux	Healthcare Equipment	France	10,250	-	2.5%	-
19	(-)	IQVIA	Life Sciences Tools & Services	United States	9,962	-	2.4%	-
20	(17)	Avantor	Life Sciences Tools & Services	United States	9,904	9,824	2.4%	2.4%
Top 20 investments					**297,011**		**72.1%**	
21	(20)	Astellas Pharma	Pharmaceuticals	Japan	9,838	9,701	2.4%	2.4%
22	(15)	Genmab	Biotechnology	Denmark	9,738	10,197	2.4%	2.5%
23	(6)	Cytokinetics	Biotechnology	United States	9,630	14,673	2.3%	3.6%
24	(26)	Sartorius	Life Sciences Tools & Services	Germany	9,198	9,070	2.2%	2.2%
25	(-)	Max Healthcare Institute	Healthcare Facilities	India	8,662	-	2.1%	-
26	(16)	Acadia Healthcare	Healthcare Facilities	United States	8,482	10,082	2.1%	2.5%
27	(11)	Biovitrum	Biotechnology	Sweden	8,388	11,758	2.0%	2.9%
28	(31)	Revance Therapeutics	Pharmaceuticals	United States	8,077	7,647	2.0%	1.9%
29	(-)	Inspire Medical Systems	Healthcare Equipment	United States	8,046	-	2.0%	-
30	(28)	Option Care Health	Healthcare Services	United States	7,955	8,452	1.9%	2.1%

Top 30 investments					**385,025**		**93.5%**	
31	(32)	Tenet Healthcare	Healthcare Facilities	United States	7,879	7,582	1.9%	1.9%
32	(29)	United Therapeutics	Biotechnology	United States	7,604	8,060	1.8%	2.0%
33	(27)	Seagen	Biotechnology	United States	6,955	8,886	1.7%	2.2%
34	(-)	Hikma Pharmaceuticals	Pharmaceuticals	United Kingdom	6,438	-	1.6%	-
35	(22)	Aptargroup	Metal, Glass & Plastic Containers	United States	6,268	9,623	1.5%	2.4%
36	(39)	Medley	Healthcare Technology	Japan	4,597	2,901	1.1%	0.7%
37	(34)	Uniphar	Healthcare Distributors	Ireland	4,040	4,171	1.0%	1.0%
38	(23)	Molina Healthcare	Managed Healthcare	United States	3,993	9,603	1.0%	2.4%
39	(-)	Indivior	Pharmaceuticals	United Kingdom	3,599	-	0.9%	-
40	(-)	Amvis	Healthcare Facilities	Japan	3,068	-	0.7%	-
Top 40 investments					**439,466**		**106.7%**	
41	(-)	Global Health	Healthcare Facilities	India	2,614	-	0.6%	-
42	(38)	Livanova	Healthcare Equipment	United Kingdom	2,285	2,950	0.6%	0.7%
43	(37)	Intelligent Ultrasound	Healthcare Technology	United Kingdom	2,148	3,049	0.5%	0.8%
44	(36)	Ship Healthcare	Healthcare Distributors	Japan	1,923	3,503	0.5%	0.9%
Total Equities					**448,436**		**108.9%**	
Other Net Liabilities					(36,484)		**(8.9%)**	
Net Assets					**411,952**		**100.0%**	

Note - Sectors are from the GICS (Global Industry Classification Standard).

PORTFOLIO REVIEW AS AT 31 MARCH 2023

Geographical Exposure at:	31 March 2023	30 September 2022
United States	64.6%	72.3%
Denmark	9.2%	4.3%
United Kingdom	8.0%	6.4%
Japan	7.2%	6.9%
Switzerland	6.9%	6.4%
Germany	4.8%	2.2%
India	2.7%	-
France	2.5%	2.6%
Netherlands	-	2.3%
Sweden	2.0%	2.9%
Ireland	1.0%	1.0%
Other net liabilities	(8.9%)	(7.3%)
Total	100.0%	100.0%

Sector Exposure at:	31 March 2023	30 September 2022
Pharmaceuticals	29.2%	31.3%
Biotechnology	22.3%	28.3%
Life Sciences Tools & Services	16.1%	4.3%
Healthcare Equipment	12.7%	12.1%
Healthcare Facilities	11.1%	7.4%
Healthcare Supplies	6.8%	2.9%
Managed Healthcare	4.2%	13.1%
Healthcare Services	1.9%	2.1%
Healthcare Technology	1.6%	1.5%
Metal, Glass & Plastic Containers	1.5%	2.4%
Healthcare Distributors	1.5%	1.9%
Other net liabilities	(8.9%)	(7.3%)
Total	100.0%	100.0%

Market Capitalisation breakdown at:	31 March 2023	30 September 2022
Large (>US$10bn)	77.6%	78.5%
Medium (US$5bn – US$10bn)	16.1%	16.0%
Small (<US$5bn)	15.2%	12.8%
Other net liabilities	(8.9%)	(7.3%)
	100.0%	100.0%

STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 March 2023

				Group			Group			Group
				(Unaudited) Half year ended 31 March 2023			(Unaudited) Half year ended 31 March 2022			(Audited) Year ended 30 September 2022
	Notes	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	2	2,050	-	2,050	1,973	-	1,973	4,427	-	4,427
Other operating income	2	50	-	50	2	-	2	26	-	26
Gains on investments held at fair value		-	10,416	10,416	-	20,201	20,201	-	22,985	22,985
Other currency losses		-	(1,102)	(1,102)	-	(214)	(214)	-	(610)	(610)
Total income		2,100	9,314	11,414	1,975	19,987	21,962	4,453	22,375	26,828
Expenses										
Investment management fee		(322)	(1,290)	(1,612)	(291)	(1,162)	(1,453)	(602)	(2,406)	(3,008)
Other administrative expenses		(337)	(13)	(350)	(317)	(36)	(353)	(599)	(59)	(658)
Total expenses		(659)	(1,303)	(1,962)	(608)	(1,198)	(1,806)	(1,201)	(2,465)	(3,666)
Profit before finance costs and tax		1,441	8,011	9,452	1,367	18,789	20,156	3,252	19,910	23,162
Finance costs		(1)	(561)	(562)	-	(541)	(541)	-	(1,096)	(1,096)
Profit before tax		1,440	7,450	8,890	1,367	18,248	19,615	3,252	18,814	22,066
Tax		(242)	(195)	(437)	(228)	-	(228)	(535)	-	(535)
Net profit for the period and total comprehensive income		1,198	7,255	8,453	1,139	18,248	19,387	2,717	18,814	21,531
Earnings per Ordinary share (pence)	3	0.99	5.98	6.97	0.94	15.05	15.99	2.24	15.51	17.75

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards.

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

The Group does not have any other income or expense that is not included in net profit for the period/year. The net profit for the period/year disclosed above.

There are no dilutive securities and therefore the Earnings per Share and the Diluted Earnings per Share are the same.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period/year.

BALANCE SHEETS
For the half year ended 31 March 2023

	Note	Group			Company		
		(Unaudited) 31 March 2023 £'000	**(Unaudited) 31 March 2022 £'000**	**(Audited) 30 September 2022 £'000**	**(Unaudited) 31 March 2023 £'000**	**(Unaudited) 31 March 2022 £'000**	**(Audited) 30 September 2022 £'000**
Non-current assets							
Investments held at fair value		448,436	427,239	434,419	448,436	427,239	434,419
Investment in subsidiary		-	-	-	50	50	50
Current assets							
Receivables		1,234	2,055	233	1,234	2,055	233
Overseas tax recoverable		670	606	666	670	606	666
Cash and cash equivalents		2,141	11,450	7,546	2,091	11,400	7,496
		4,045	14,111	8,445	3,995	14,061	8,395
Total assets		452,481	441,350	442,864	452,481	441,350	442,864
Current liabilities							
Payables		(2,219)	(440)	(470)	(2,219)	(440)	(470)
		(2,219)	(440)	(470)	(2,219)	(440)	(470)
Non-current liabilities							
Zero dividend preference shares		(38,118)	(37,008)	(37,561)	-	-	-
Loan from subsidiary		-	-	-	(38,118)	(37,008)	(37,561)
Indian capital gains tax provision		(192)	-	-	(192)	-	-
Total liabilities		**(40,529)**	(37,448)	(38,031)	**(40,529)**	(37,448)	(38,031)
Net assets		**411,952**	403,902	404,833	**411,952**	403,902	404,833
Equity attributable to equity shareholders							
Called up share capital		**31,037**	31,037	31,037	**31,037**	31,037	31,037
Share premium reserve		**80,685**	80,685	80,685	**80,685**	80,685	80,685
Capital redemption reserve		**6,575**	6,575	6,575	**6,575**	6,575	6,575
Special distributable reserve		**3,672**	3,672	3,672	**3,672**	3,672	3,672
Capital reserves		**288,046**	280,225	280,791	**288,046**	280,225	280,791
Revenue reserve		**1,937**	1,708	2,073	**1,937**	1,708	2,073
Total equity		**411,952**	403,902	404,833	**411,952**	403,902	404,833
Net asset value per Ordinary share (pence)	4	**339.70**	333.06	333.83	**339.70**	333.06	333.83
Net asset value per ZDP share (pence)	4	**118.64**	115.19	116.91	**-**	-	-

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The parent company's profit for the half year was £8,453,000 (31 March 2022: profit of £19,387,000 and 30 September 2022: profit of £21,531,000).

The financial statements were approved and authorised for issue by the Board of Directors on 11 May 2023 and signed by:
Lisa Arnold, Chair

STATEMENTS OF CHANGES IN EQUITY
For the half year ended 31 March 2023

	Group and Company Half year ended 31 March 2023 (Unaudited)						
	Called up share capital £'000	**Capital redemption reserve £'000**	**Share premium reserve £'000**	**Special distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total Equity £'000**
Total equity at 1 October 2022	31,037	6,575	80,685	3,672	280,791	2,073	404,833
Total comprehensive income:							
Profit for the half year ended 31 March 2023	-	-	-	-	7,255	1,198	8,453
Transactions with owners, recorded directly to equity:							
Equity dividends paid	-	-	-	-	-	(1,334)	(1,334)
Total equity at 31 March 2023	**31,037**	**6,575**	**80,685**	**3,672**	**288,046**	**1,937**	**411,952**

	Group and Company Half year ended 31 March 2022 (Unaudited)						
	Called up share capital £'000	**Capital redemption reserve £'000**	**Share premium reserve £'000**	**Special distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total Equity £'000**
Total equity at 1 October 2021	31,037	6,575	80,685	3,672	261,977	1,782	385,728
Total comprehensive income:							
Profit for the half year ended 31 March 2022	-	-	-	-	18,248	1,139	19,387
Transactions with owners, recorded directly to equity:							
Equity dividends paid	-	-	-	-	-	(1,213)	(1,213)
Total equity at 31 March 2022	**31,037**	**6,575**	**80,685**	**3,672**	**280,225**	**1,708**	**403,902**

	Group and Company Year ended 30 September 2022 (Audited)						
	Called up share capital £'000	**Capital redemption reserve £'000**	**Share premium reserve £'000**	**Special distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total Equity £'000**
Total equity at 1 October 2021	**31,037**	**6,575**	**80,685**	**3,672**	**261,977**	**1,782**	**385,728**
Total comprehensive income:							
Profit for the year ended 30 September 2022	-	-	-	-	18,814	2,717	21,531
Transactions with owners, recorded directly to equity:							
Equity dividends paid	-	-	-	-	-	(2,426)	(2,426)
Total equity at 30 September 2022	**31,037**	**6,575**	**80,685**	**3,672**	**280,791**	**2,073**	**404,833**

CASH FLOW STATEMENTS
For the half year ended 31 March 2023

	Group and Company		
	(Unaudited) Half year ended 31 March 2023 £'000	(Unaudited) Half year ended 31 March 2022 £'000	(Audited) Year ended 30 September 2022 £'000
Cash flows from operating activities			
Profit before finance costs and tax	9,452	20,156	23,162
Adjustment for non-cash items:			
Gains on investments held at fair value through profit or loss	(10,416)	(20,201)	(22,985)
Adjusted (loss)/profit before tax	(964)	(45)	177
Adjustments for:			
Purchases of investments, including transaction costs	(247,474)	(245,517)	(480,136)
Sales of investments, including transaction costs	244,898	244,829	476,716
(Increase)/decrease in receivables	(189)	(130)	27
(Decrease)/increase in payables	(88)	71	101
Indian capital gains tax	192	-	-
Overseas tax deducted at source	(441)	(262)	(629)
Net cash used in operating activities	**(4,066)**	(1,054)	(3,744)
Cash flows from financing activities			
Interest paid	(5)	(1)	(2)
Equity dividends paid	(1,334)	(1,213)	(2,426)
Net cash used in financing activities	**(1,339)**	(1,214)	(2,428)
Net decrease in cash and cash equivalents	**(5,405)**	(2,268)	(6,172)
Cash and cash equivalents at the end of the period	**7,546**	13,718	13,718
Cash and cash equivalents at the end of the period	**2,141**	11,450	7,546

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2023

1. GENERAL INFORMATION

The consolidated financial statements comprise the unaudited results of the Company and its wholly-owned subsidiary PCGH ZDP plc (together referred to as the 'Group') for the six month period to 31 March 2023.

The Group and Company unaudited financial statements to 31 March 2023 have been prepared using the accounting policies used in the Group and Company's financial statements to 30 September 2022. These accounting policies are based on UK-adopted International Accounting Standards ("UK-adopted IAS").

The financial information in this half year financial 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 2023 and 31 March 2022 have not been audited. The figures and financial information for the year ended 30 September 2022 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 2022, prepared under UK-adopted IAS, 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 and Company's accounting policies have not varied from those described in the financial statements for the year ended 30 September 2022.

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

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements. The Board continually monitors the financial position of the Group and Company. The Directors have considered a detailed assessment of the Group and Company's ability to meets its liabilities as they fall due. The assessment took account of the Company's current financial position, its cash flows and its liquidity position. In light of the results of these tests, the Group and Company's cash balances, and the liquidity position, the Directors consider that the Group and Company have adequate financial resources to enable them to continue in operational existence. Accordingly, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Group and Company.

There were no new UK-adopted IAS or amendments to UK-adopted IAS applicable to the current year which had any significant impact on the Group and Company's Financial Statements.

2. DIVIDENDS AND OTHER INCOME	**(Unaudited) For the half year ended 31 March 2023 £'000**	(Unaudited) For the half year ended 31 March 2022 £'000	(Audited) For the year ended 30 September 2022 £'000
Investment income			
Revenue:			
UK Dividend income	**378**	335	472
Overseas Dividend income	**1,672**	1,638	3,955
Total investment income allocated to revenue	**2,050**	1,973	4,427
Other operating income			
Bank interest	**50**	2	26
Total other operating income	**50**	2	26

There were no dividends allocated to capital as at 31 March 2023

3. EARNINGS PER ORDINARY SHARE	**(Unaudited) For the half year ended 31 March 2023 £'000**	(Unaudited) For the half year ended 31 March 2022 £'000	(Audited) For the year ended 30 September 2022 £'000
Net profit for the period:			
Revenue	**1,198**	1,139	2,717
Capital	**7,255**	18,248	18,814
Total	**8,453**	19,387	21,531
Weighted average number of shares in issue during the period	**121,270,000**	121,270,000	121,270,000
Revenue	**0.99p**	0.94p	2.24p
Capital	**5.98p**	15.05p	15.51p
Total	**6.97p**	15.99p	17.75p

As at 31 March 2023 there were no potentially dilutive shares in issue (31 March 2022 and 30 September 2022: nil).

4. NET ASSET VALUE PER SHARE	**(Unaudited) For the half year ended 31 March 2023**	(Unaudited) For the half year ended 31 March 2022	(Audited) For the year ended 30 September 2022
(i) Ordinary shares			
Net assets attributable to Ordinary shareholders (£'000)	**411,952**	403,902	404,833
Ordinary shares in issue at end of period (excluding those held in treasury)	**121,270,000**	121,270,000	121,270,000
Net asset value per Ordinary share (pence)	**339.70**	333.06	333.83

As at 31 March 2023 there were no potentially dilutive shares in issue (31 March 2022 and 30 September 2022: nil).

(ii) ZDP shares			
Calculated entitlement of ZDP shareholders (£'000)	**38,118**	37,008	37,561
ZDP shares in issue at the end of the year	**32,128,437**	32,128,437	32,128,437
Net asset value per ZDP share (pence)	**118.64**	115.19	116.91

5. DIVIDENDS

Dividends for the current financial year ending 30 September 2023, if declared, will be paid in August 2023 and February 2024.

6. RELATED PARTY TRANSACTIONS

There have been no related party transactions that have materially affected the financial position or the performance of the Company during the six month period to 31 March 2023.

7. POST BALANCE SHEET EVENTS

There are no significant events that have occurred after the end of the reporting period to the date of this report which require disclosure.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

In assessing the performance of the Company, the Investment Manager and the Directors use the following APMs which are not defined in accounting standards or law but are considered to be known industry metrics:

Net Asset Value (NAV) and NAV per share

The NAV is the value attributed to the underlying assets of the Company less the liabilities, presented either on a per share or total basis.

The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. See Note 4 above for detailed calculations. The NAV per Ordinary share is published daily.

NAV Total Return (APM)

The NAV total return shows how the net asset value has performed over a period of time taking into account both capital returns and dividends paid to shareholders. NAV total return is calculated as the change in NAV from the start of the period, assuming that dividends paid to shareholders are reinvested on the payment date in Ordinary shares at their net asset value.

		For the half year ended 31 March 2023	Year ended 30 September 2022
Opening NAV per share	**a**	**333.83p**	318.07p
Closing NAV per share	**b**	**339.70p**	333.83p
Dividend reinvestment factor	**c**	**1.003243**	1.00609
Adjusted closing NAV per share	**d=b*c**	**340.80p**	335.86p
NAV total return for the year	**(d/a)-1**	**2.09%**	5.59%

NAV Total Return Since Restructuring (APM)

The NAV total return shows how the net asset value has performed over a period of time taking into account both capital returns and dividends paid to shareholders. NAV total return is calculated as the change in NAV from the start of the period, assuming that dividends paid to shareholders are reinvested on the payment date in Ordinary shares at their net asset value.

		For the half year ended 31 March 2023	Year ended 30 September 2022
NAV per share at reconstruction	**a**	**215.85p**	215.85p
Closing NAV per share	**b**	**339.70p**	333.83p
Dividend reinvestment factor	**c**	**1.043031**	1.039646
Adjusted closing NAV per share	**d=b*c**	**354.32p**	347.07p
NAV total return since reconstruction	**(d/a)-1**	**64.15%**	60.79%

(Discount)/Premium (APM)

A description of the difference between the share price and the net asset value per share usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the NAV per share the result is a premium. If the share price is lower than the NAV per share, the shares are trading at a discount.

		31 March 2023	30 September 2022
Closing share price	**a**	**317.00p**	315.00p
Closing NAV per share	**b**	**339.70p**	333.83p
Discount per Ordinary share	**(a/b)-1**	**6.68%**	5.64%

Ongoing Charges (APM)

Ongoing charges are calculated in accordance with AIC guidance by taking the Company's annual ongoing charges, excluding performance fees and exceptional items, if any, and expressing them as a percentage of the average daily net asset value of the Company over the year.

Ongoing charges include all regular operating expenses of the Company. Transaction costs, interest payments, tax and nonrecurring expenses are excluded from the calculation as are the costs incurred in relation to share issues and share buybacks.

Where a performance fee is paid or is payable, a second ongoing charge is provided, calculated on the same basis as the above but incorporating the amount of performance fee due or paid.

The ongoing charges figure as at 31 March 2023 is for the six month period from 30 September 2022 and is annualised for comparison with the full year's calculation as at 30 September 2022.

		For the half year ended 31 March 2023	Year ended 30 September 2022
Investment Management fee		**£1,612,000**	£3,008,000
Other Administrative Expenses		**£350,000**	£658,000
	a	**£1,962,000**	£3,666,000
Average daily net assets value	**b**	**£455,773,000**	£433,884,000
Ongoing Charges excluding performance fee	**(a/182*365)/bx100**	**0.86%**	0.84%
Performance fee	**c**	**-**	-
	d=a+c	**£1,962,000**	£3,666,000
Ongoing charges including performance fee	**(d/182*365)/bx100**	**0.86%**	0.84%

Net Gearing (APM)

Gearing is calculated in line with AIC guidelines and represents net gearing, i.e. total assets less cash and cash equivalents divided by net assets. The total assets are calculated by adding back the structural gearing which is the ZDP value. Cash and cash equivalents are cash and purchases and sales for future settlement outstanding at the year end.

		31 March 2023	30 September 2022
Net assets	**a**	**£411,952,000**	£404,833,000
ZDP loan value	**b**	**£38,118,000**	£37,561,000
Total assets	**c=(a+b)**	**£450,070,000**	£442,394,000
Cash and cash equivalents (including amounts awaiting settlement)	**d**	**£1,116,000**	£7,546,000
Net gearing	**((c-d)/a)-1**	**8.98%**	7.41%

DIRECTORS AND CONTACTS

Directors (all independent Non-executive)
Lisa Arnold (Chair)
Neal Ransome (Audit Committee Chair)
Andrew Fleming
Jeremy Whitley

Portfolio Co-Managers
Dr. James Douglas
Mr. Gareth Powell

Company Secretary
Polar Capital Secretarial Services Limited
represented by Tracey Lago, FCG

Investment Manager and AIFM
Polar Capital LLP
Authorised and regulated by the Financial Services Authority

Corporate Broker
Panmure Gordon & Co
One New Change London EC4M 9AF

Registered Office and address for contacting the Directors
16 Palace Street, London, SW1E 5JD

Depositary, Bankers and Custodian
HSBC Bank Plc, 8 Canada Square, London E14 5HQ

Registered Number
Incorporated in England and Wales with company number 7251471 and registered as an investment company under section 833 of the Companies Act 2006

FORWARD LOOKING STATEMENTS
Certain statements included in this half-year financial report incorporating the interim management 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 Strategic Report section on pages 34 to 36 of the Annual Report for the year ended 30 September 2022. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Healthcare 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.

HALF YEAR REPORT
The Company has opted not to post half year reports to shareholders. Copies of this Report will be available from the Company Secretary at the Registered Office, 16 Palace Street, London SW1E 5JD and from the Company's website at www.polarcapitalglobalhealthcaretrust.co.uk

National Storage Mechanism
A copy of the Half Year Report has been submitted to the National Storage Mechanism ('NSM') https://data.fca.org.uk/#/nsm/nationalstoragemechanism

FINANCIAL CALENDAR

The key dates in the Company's financial year are as follows:

30 September	Financial year-end
31 March	Half-year end
End of August	First Interim Dividend
End of February	Second Interim Dividend
Mid-Late May	Announcement of half-year results
Mid December	Announcement of year-end results
Late January	Annual General Meeting