Polar Capital Global Healthcare Trust plc

Annual Report and Financial Statements for the year ended 30 September 2021

Contents

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

The generation of capital growth through investments in a global portfolio of healthcare stocks.

See more at: **polarcapitalhealthcaretrust.co.uk**

Polar Capital Global Healthcare Trust plc

Annual General Meeting

The health and wellbeing of our shareholders, advisors and the wider community in which we operate is of importance to the Board. The Board recognises that the AGM is an important event for Shareholders and the Company and is keen to ensure that Shareholders are able to exercise their right to vote and participate. Unless circumstances change, the meeting will be held at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. Any changes to these arrangements will be communicated through the Company's website and via a Regulatory Information Service announcement. Questions can be submitted ahead of the AGM via email to **Cosec@polarcapital.co.uk** with the subject line **'PCGH AGM'**.

The AGM will be held on 11 February 2022 at 2:00pm

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.

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, with effect from 1 August 2019, 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.

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.

Benchmark

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

Capital structure

At 30 September 2021 the Company had in issue 124,149,256 Ordinary shares of 25 pence each of which 2,879,256 were held in treasury (2020:124,149,256 Ordinary shares of which 2,879,256 were held in treasury). During the year ended 30 September 2021 no shares were issued or bought back.

Dividend policy

The Company's focus remains on capital growth, and while the Company continues to aim to pay two dividends per year these are expected to be a small part of shareholder total return.

Gearing

The Company maintains long-term structural gearing in the form of a loan from the wholly owned subsidiary PCGH ZDP Plc. No additional short-term borrowings have been made and there are no arrangements made for any bank loans. The Company may borrow up to 15% of its Net Asset Value at the time of drawdown for tactical deployment when the Board believes (on the recommendation of the Manager) that gearing will enhance returns to shareholders.

Fees

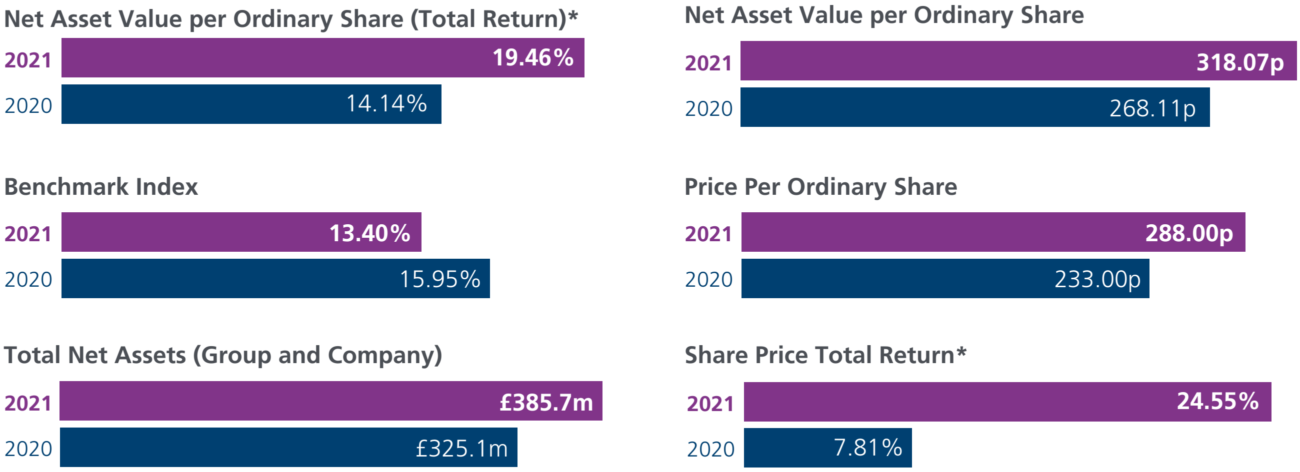
The current arrangements came into force on 1 October 2020. The Investment Manager is entitled to a management fee at the rate of 0.75% (previously 0.85%) per annum of the lower of the Group market capitalisation and the Company's adjusted net asset value. 80% of the management fee is charged to the capital account and 20% is charged to income.

The Investment Manager may receive a performance fee paid in cash when various performance parameters are met. No performance fee has been accrued or is due to be paid for the year ended 30 September 2021 (2020: nil).

Further details are included in the Strategic Report.

Highlights

Financial Highlights



Highlights in detail for the year to 30 September 2021

Performance		
Net asset value per Ordinary share (total return)*		19.46%
Benchmark Index (MSCI ACWI Health Care Index (total return in sterling with dividends reinvested))		13.40%
Since restructuring		
Net asset value per Ordinary share (total return) since restructuring *~		52.28%
Benchmark index total return since restructuring		53.42%
Expenses	**2021**	**2020**
Ongoing charges*	0.83%	1.01%

Financials	**As at 30 September 2021**	**As at 30 September 2020**	**Change**
Total net assets (Group and Company)	£385,728,000	£325,133,000	+18.6%
Net asset value per Ordinary share	318.07p	268.11p	+18.6%
Net asset value per ZDP share^	113.50p	110.20p	+3.0%
Price per Ordinary share	288.00p	233.00p	+23.6%
Discount per Ordinary share*	9.5%	13.1%	
Price per ZDP share^	113.50p	107.50p	+5.6%
Net gearing*	6.04%	5.28%	
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

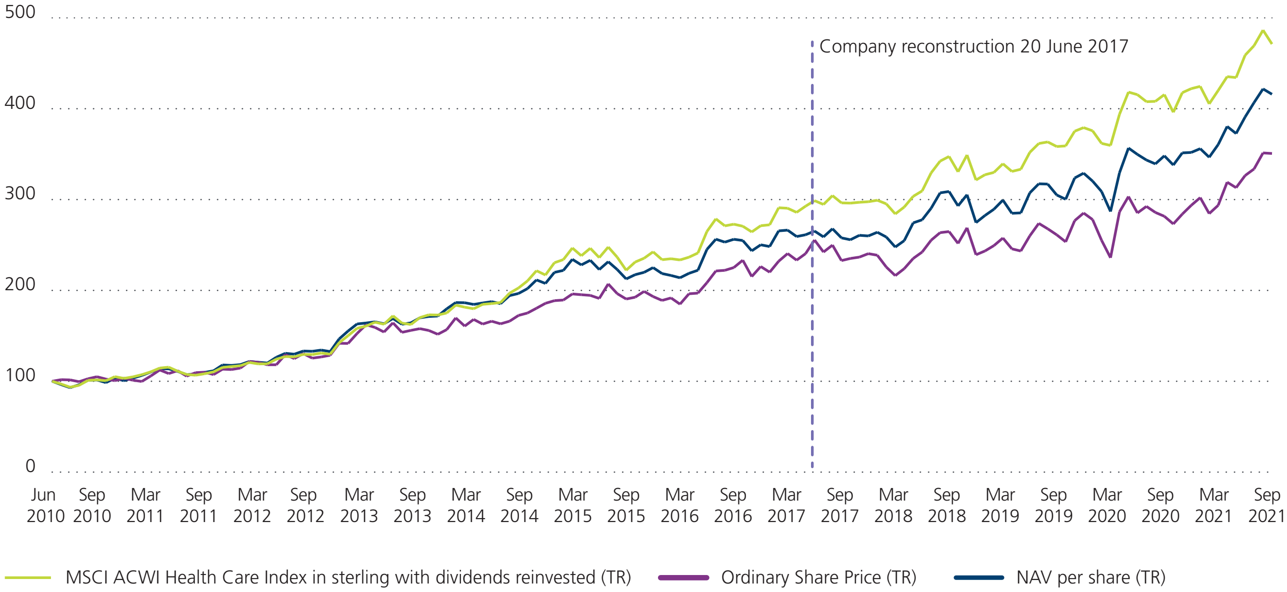
The Company has paid or declared the following dividends relating to the financial year ended 30 September 2021:

Pay date	**Amount per Ordinary share**	**Record Date**	**Ex-Date**	**Declared Date**
First interim: 31 August 2021	1.00p	6 August 2021	5 August 2021	15 July 2021
Second interim: 28 February 2022	1.00p	4 February 2022	3 February 2022	16 December 2021
Total (2020: 2.00p)	**2.00p**			

* See Alternative Performance Measures on pages 95 and 96.
~ 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 Company from the relevant payment date.
^ For information purposes.

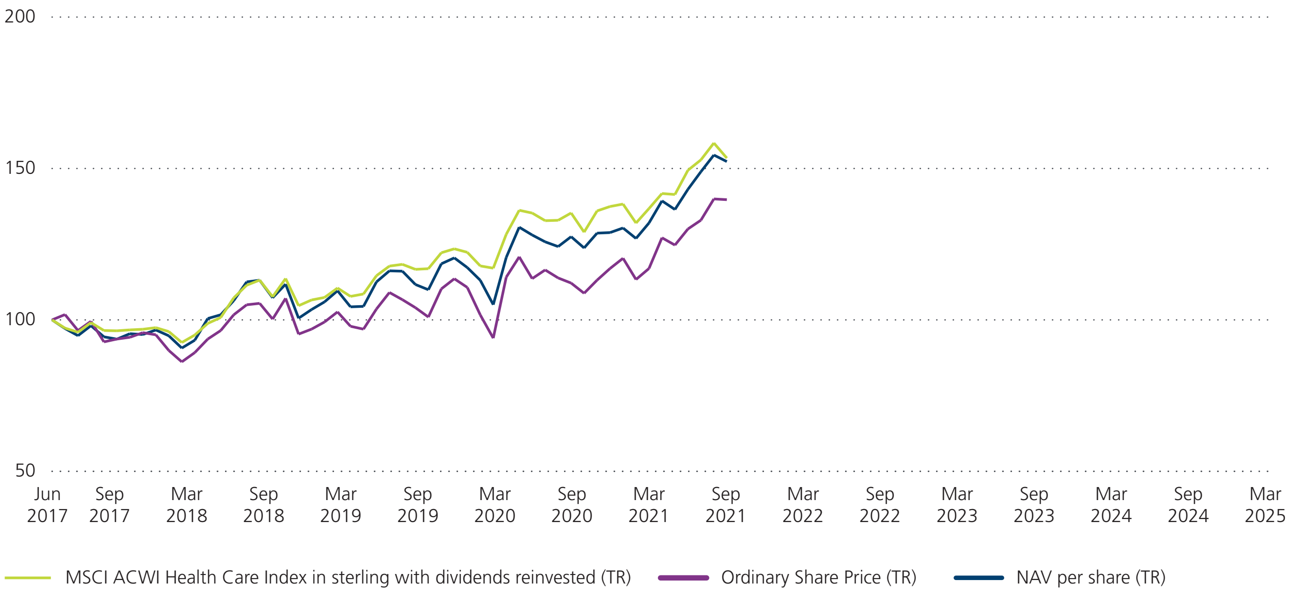
Performance

Performance since launch (15 June 2010)



(TR: Total Return, rebased to 100 at launch on 15 June 2010)

Performance since reconstruction (20 June 2017)



(TR: Total Return, rebased to 100 at reconstruction on 20 June 2017)

Chair's Statement

Lisa Arnold
Chair

Dear Shareholders

On behalf of the Board I am pleased to provide to you the Company's Annual Report for the year ended 30 September 2021.

When I wrote to you at this time last year the first COVID-19 vaccine had yet to be approved. It seems a lot has happened since then, with multiple vaccines now available. The innovation and collaboration across the globe to achieve this has been unprecedented. For all its negatives, COVID-19 has proved to be a positive catalyst in accelerating other trends, such as outsourcing and efficient delivery of healthcare, which should persist and create further opportunities for investment. The path through the pandemic is still uncertain, but there is more cause for optimism as we look to the year ahead.

Performance

The Board is pleased to report that the portfolio has performed well over the financial year, delivering strong absolute returns of 19.46%, outperforming its benchmark by 6.06%. The second half of the financial year showed a particularly strong period of relative performance, as mid to larger capitalisation stocks moved back into favour, supportive to the Company's strategy of seeking opportunities across the healthcare spectrum, selecting stocks with resilient, medium-term growth profiles. The discount also narrowed, ending the year at 9.5%, from 13.1% the previous year. As at close of 13 December 2021, the latest practicable date, the discount was 9.3%.

Further detail is provided within the Manager's Report on pages 11 to 22.

Outlook

The Board continues to monitor performance and remains very optimistic about the outlook for the healthcare sector and the opportunities to generate returns for shareholders.

As the fund managers highlight in their report, the six key investment themes, which underpinned individual stock selection in 2020, are still very much relevant today and likely to persist over the medium-term. The COVID-19 pandemic has been extremely challenging, but has also been a catalyst for positive change in healthcare, highlighting the need for healthcare systems globally to adopt new products, technologies and services, designed to drive efficiencies without compromising quality of care.

The Company continues to offer a diversified approach to gain access to growth opportunities and solid innovation ideas, but without the need to take risk in less developed areas, or on single product outcomes. We believe the healthcare industry fundamentals remain strong and sector valuations look attractive. The Board remains confident that the Company is well placed to generate attractive returns for its shareholders.

Dividends

The Company's focus remains on capital growth and consequently dividends are expected to represent a relatively small part of Shareholders' total return. The Company has a policy to pay two small dividends per year but it is recognised that these will not necessarily be of equal amounts and may be reduced.

In August 2021 the Company paid an interim dividend of 1.00p per ordinary share. The Board has declared a further interim dividend of 1.00p per ordinary share payable to shareholders on the register as at 4 February 2022. This will bring the total dividend paid for the financial year under review to 2.00p per ordinary share, equal to the previous financial year.

Environmental, Social and Governance

As detailed in my report last year, the Board recognises the continued importance of ESG as this subject rises on all board agendas. The Board continues to believe the Managers are best placed to integrate ESG factors into its decision making process and to engage with any poorly rated companies to change behaviour and bring about genuine improvements.

During the year we have been actively engaged with our Managers to better understand how ESG has been integrated more fully into the decision-making process. We have also been keen to understand the progress that has been made on the corporate side of Polar Capital's business. Last year we initiated an ESG reporting process and the Managers provided a high level ESG overview report. This year, the process has progressed and the Managers have again provided an overview but with more in depth information on the investment processes including reporting, engagement and monitoring of investee companies. We as a Board have considered in more depth how we both integrate and monitor ESG factors into the running of the Company, particularly in relation to governance. Please refer to the ESG statement on pages 19, 20 and 33 which incorporate both the investment and corporate approach.

Share Capital

The Company has 121,270,000 ordinary shares in issue as at the date of writing and no other shares have been bought back or issued during the financial year under review. The Company's share price on 30 September 2021 was 288.00p (2020: 233.00p). The Company's market capitalisation at the financial year end was £349.3m (2020: £282.6m). The Company's share price traded in a discount range of 8.0% to 15.5% throughout the year, ending at a discount of 9.5% compared to 13.1% at the start of the year. The Board has reconfirmed the authority given to the Manager to use discretion to purchase shares in the market when deemed appropriate to do so.

Companies Act 2006, S172 – Directors' Duties / Shareholder Engagement

Shareholder and stakeholder engagement remains important to the Board and throughout the year the Board continuously considers the needs and priorities of the Company's stakeholders as part of the decision-making process. Further information is provided in our section 172 Statement on pages 34 to 36.

Annual General Meeting

The Company's eleventh Annual General Meeting (AGM) will be held at 2pm on Friday 11 February 2022. The notice of AGM has been provided to Shareholders and will also be available on the Company's website. At the time of writing there were no government restrictions in relation to COVID-19, and accordingly it is our intention to hold the AGM at Polar Capital's offices at 16 Palace Street, London SW1E 5JD, and to welcome our shareholders in person. We will however, keep a watch on developments as we move through winter and follow any restrictions which may be re-introduced. Should we have to change our plans and move to a virtual meeting, we will advise shareholders as early as possible with a notice on the website and a regulatory news service announcement.

Lisa Arnold
Chair
16 December 2021

Join us at
OUR ANNUAL GENERAL MEETING
on
11 February 2022

Board of Directors

Lisa Arnold Independent Non-Executive Chair

Appointed to the Board on 1 February 2018 and as Chair of the Board with effect from 26 February 2020, a member of the Audit and Management Engagement Committees.

Skills and experience

Lisa was formerly a global pharmaceuticals and healthcare analyst for NatWest Markets from 1987 and continued her healthcare career in roles with UBS Warburg, Commerzbank and Lehman Brothers. Lisa has held a number of independent adviser and non-executive roles including nine years with the Medicines and Healthcare Products Regulatory Agency (MHRA) and eight years as a non-executive director of Futura Medical plc.

Other appointments

Lisa holds a number of pension trustee directorships and is the chair of the Allied Domecq Pension Fund and chair of the investment committee of the Sainsbury's Pension Fund. She is also a non-executive director of Aquila Energy Efficiency Trust PLC and PIMCO Europe Limited where she chairs the audit committees.

PCGH Share Interests

20,000 (0.02% of issued share capital)

Annual Remuneration

£39,000

Rationale for supporting re-election

Lisa has had a long career as a global pharmaceuticals and healthcare analyst ahead of her taking on non-executive director positions. Since joining the Board and taking on the Chair Lisa has brought investment and strategic experience along with her detailed and effective leadership skills. Through Lisa's pension fund roles, particularly with the early adoption of TCFD, and more recently through her appointment at Aquila Energy Efficiency Trust, she has a comprehensive understanding of the importance and challenges of ESG and climate related issues. In her role as Chair, over the course of a difficult 2020, Lisa worked closely with the corporate brokers and the Managers to improve communication both internally and externally for the benefit of all and, in particular, when considering a shareholder perspective. Lisa continues to lead the Board with an inclusive and engaging manner and her nomination for re-election as Chair and non-executive Director is supported by both the Board and the Managers.

Neal Ransome Independent Non-Executive Director and Audit Committee Chair

Appointed to the Board on 13 December 2017 and, with effect from 28 February 2018, as Chair of the Audit and Management Engagement Committees.

Skills and experience

Neal is a chartered accountant with an MA in Modern History from Oxford University. Neal was a partner at PwC from 1996 to 2013. He led PwC's Pharmaceutical and Healthcare M&A practice for 17 years and was also chief operating officer of PwC's Advisory Services business.

Other appointments

Neal is currently chairman of ProVen VCT plc and Octopus AIM VCT Plc.

PCGH Share Interests

10,073 (0.01% of issued share capital)

Annual Remuneration

£33,500 (including Audit Committee Chair supplement)

Rationale for supporting re-election

Neal has recent and relevant financial expertise with a strong accounting background which enables him to perform in-depth analyses of the Company's performance and Financial Statements. In addition to his financial expertise, Neal has a wealth of experience in evaluating pharmaceutical and healthcare companies having previously led PwC's Pharmaceutical and Healthcare M & A practice. Neal is Chair of the Company's Audit Committee, a role in which he has had extensive experience on other boards. Neal's re-election as a non-executive Director and Audit Committee Chair is supported by the Board and the Managers.

Andrew Fleming Independent Non-Executive Director

Appointed to the Board on 1 December 2019, also a member of the Audit and Management Engagement Committees.

Skills and experience

Andrew is chair of Saltus Asset Management Limited and was previously chief executive of Waverton Investment Management. He started his career at Gartmore where he was a main board director and head of equities. Andrew went on to hold senior positions at ABN Amro and was chief executive of Kames Capital for nine years. He was a director and chairman of JP Morgan Japanese Investment Trust plc retiring in December 2018.

Other appointments

Andrew is chair of Saltus Asset Management and CTVC Limited. He is also a trustee of the Rank Foundation and chairs its Investment Committee.

PCGH Share Interests

10,000 (0.01% of issued share capital)

Annual Remuneration

£28,000

Rationale for supporting re-election

Andrew joined the Board shortly before the pandemic struck and has worked with the Board and the Managers to ensure the continuation and continued improvement of service. Andrew continues to share his investment and management experience and is a key participant in Board meetings. In addition to his extensive investment and commercial management expertise he also has deep ESG experience having launched one of Europe's first ESG funds some 20 years ago and was a very early advocate and signatory of the UNPRi principles. Andrew's re-election as a non-executive Director is supported by the Board and Managers.

Jeremy Whitley Independent Non-Executive Director

Appointed to the Board on 1 December 2019, also a member of the Audit and Management Engagement Committees.

Skills and experience

Jeremy was formerly Head of UK and European Equities at Aberdeen Asset Management, a position he held from 2009 to 2017. Previous roles there included being a senior investment manager on the Global equities team as well as the Asian equities team, based in Singapore, where he was lead manager of the Edinburgh Dragon Trust. He began his investment career at SG Warburg & Co in 1988.

Other appointments

Jeremy is currently a non-executive director and chairman of the audit committee of The Scottish Oriental Smaller Companies Trust plc and a non-executive director of JP Morgan Indian Investment Trust plc.

PCGH Share Interests

20,000 (0.02% of issued share capital)

Annual Remuneration

£28,000

Rationale for supporting re-election

Jeremy also joined the Board shortly before the pandemic and previously held positions as Head of Equities for UK and Europe and was Senior Investment Manager for Global and Asian Equities based in Singapore. Jeremy's experience has brought a global perspective to the review of the portfolio and he has been a strong advocate for clear performance attribution analysis. Jeremy also brings to the Board experience of other investment trust management. Jeremy's re-election as a non-executive Director is supported by the Board and the Managers.

Management Team

James Douglas, PhD – Co-Manager

James joined Polar Capital in September 2015 as a senior analyst for the healthcare team. He has 22 years of industry experience and has been an integral part of the management team for the Company since restructure.

Skills and experience

Prior to joining Polar Capital, he was in equity sales specialising in global healthcare at Morgan Stanley, RBS and HSBC. James also has equity research experience garnered from his time at UBS, where he worked as an analyst in the European pharmaceutical and biotechnology team. Before moving across to the financial sector, he worked as a consultant for Evaluate Pharma. James received both his PhD and his first class honours degree in Medicinal Chemistry from Newcastle University and holds an ACCA diploma in Financial Management (DipFM).

> Innovation is the ability to see change as an opportunity – not a threat

Gareth Powell, CFA – Co-Manager

Gareth joined Polar Capital to set up the healthcare team in 2007, he has over 23 years' investment experience in the healthcare sector with 17 years as a Portfolio Manager.

Skills and experience

Prior to joining Polar Capital Gareth worked at Framlington, where he began his career in investment management in 1999. He joined the healthcare team in 2001 and helped launch the Framlington Biotech Fund, which he managed from 2004 until his departure. Gareth studied Biochemistry at Oxford and is a CFA charterholder.

> Healthcare has to be become more efficient – the pandemic has only accelerated the disruption we will see in the years ahead

Deane Donnigan, Pharm D

Deane joined Polar Capital in June 2013 as a senior analyst for the healthcare team. She has 36 years' industry experience of which over 21 are in healthcare asset management.

Skills and experience

She trained as a clinical pharmacist having graduated with a post baccalaureate Doctor of Pharmacy, from the University of Georgia. In 1990, she accepted a position with Emory University Hospital in Atlanta, Georgia as a clinical specialist in Drug Information and Adult Internal Medicine. In 1997, Deane left the US to begin her career in fund management at Framlington in the UK. Having started as an analyst, she spent 14 years at Framlington, eventually becoming Lead Portfolio Manager on both the Framlington Healthcare and Biotechnology funds.

Daniel Mahony, PhD

Daniel joined Polar Capital to set up the healthcare team in 2007 and was a key member of the team until October 2021. Dan has since moved to being a consultant to the healthcare team and continues to consult on all healthcare products. He has 30 years of industry experience, comprising more than 23 years' investment experience in the healthcare sector.

Skills and experience

Prior to joining Polar Capital, he was head of the European healthcare research team at Morgan Stanley. Daniel received his PhD from Cambridge University in 1995 and a first class honours degree in Biochemistry from Oxford University in 1991.

David Pinniger, CFA

David joined Polar Capital's healthcare team in August 2013 and is the Lead Manager of the Polar Capital Biotechnology Fund. He has over 21 years' investment experience in the healthcare sector.

Skills and experience

Prior to joining Polar Capital, David spent five years as a Portfolio Manager of the International Biotechnology Trust at SV Life Sciences. He also previously spent three years working at venture capital firm Abingworth as an analyst managing biotechnology investments held across the firm's venture and specialist funds, and four years at Morgan Stanley as an analyst covering the European pharmaceuticals and biotechnology sector. David received a first class honours degree in Human Sciences from Oxford University in 1999 and is a CFA charterholder.

Brett Pollard, PhD

Brett Pollard joined the Polar Capital Healthcare team in September 2021 as an investment analyst. Prior to Polar Capital, Brett was Managing Director of Strategy and Corporate Development at Scapa plc, with responsibility for investor relations. Since 2001 he has worked across the healthcare sector and within equity capital markets as a healthcare analyst, most recently at Numis. Brett also has worked in and led financial communications, corporate development, investor relations and operations.

Skills and experience
Studied cell and molecular biology at the University of St. Andrews; PhD in molecular virology.

Tara Raveendran, PhD

Tara joined Polar Capital in September 2021 as a consultant focused on independent research for the team. Prior to joining Polar Capital, she was the Head of Healthcare & Life Sciences Research at Shore Capital. Previously Tara spent over 15 years working in equity research, specialising in European pharmaceuticals, biotechnology and medtech at Lehman Brothers and Jefferies. She has also worked with a number of healthcare-focused startups through her life sciences consultancy, SSquared Consulting, most recently working with the UK government's Vaccine Taskforce.

Skills and experience
BSc in Biochemistry and PhD in Structural Biology from Imperial College, London.

> “Scientific progress is leading to earlier disease detection, more targeted therapies and better patient outcomes, all of which should yield much-needed cost-savings”

Damiano Soardo, CFA

Damiano joined the healthcare team in October 2020 as an Investment Analyst. Damiano is responsible for supporting the fund managers by performing analysis of business models, industry trends and financials. Previously, Damiano worked in the Operations department when he joined Polar Capital in February 2016 and subsequently moved to the Risk team in January 2019.

Skills and experience
Prior to joining Polar Capital, he worked as a technical consultant at a FinTech company. Damiano has an MSc in Mathematics and Foundations of Computer Science from the University of Oxford and is a CFA charterholder.

Audrey Stynes

Audrey joined the healthcare team in April 2019 as the team assistant. Aside from organising the team's administration and communication workload both internally and externally, she coordinates presentations and marketing material in addition to generating bespoke reports that inform daily fund management activities for the team at large. Previously, Audrey worked in the Product and Operations department when she joined Polar Capital in March 2018.

Skills and experience
Audrey graduated with a BA (1st Class Hons) in Early Childhood Education from the Dublin Institute of Technology and a MA in Early Childhood Education and Care from the Dublin Institute of Technology, Oslo University College, University of Malta and the University of Gothenburg.

Expert Knowledge

Track record and an experienced team

Investment Manager's Report

Dr James Douglas
Co-Manager

Gareth Powell
Co-Manager

The objective of Polar Capital Global Healthcare Trust plc ("the Company") is to generate long-term capital appreciation by investing in a globally diversified portfolio of healthcare companies.

The Company's diversification strategy, coupled with its focus on large-capitalisation healthcare companies with resilient, medium-term growth profiles, helps drive the relatively lower risk-profile of the underlying assets, relative to the more volatile areas of healthcare. Further, the broad investment remit affords the opportunity to invest in growth areas regardless of the economic, political and regulatory environment. Importantly, the Company also has the opportunity to invest in earlier-stage, more innovative and disruptive companies, companies that tend to be lower down the market capitalisation and liquidity scale. This is a key advantage of a closed-end company like an investment trust. Regardless of size, sub-sector or geography, stock selection is central to the process, as we look to identify companies where there is a disconnect between valuations and the near and medium-term growth drivers.

In terms of structure, the majority of the Company's assets (calculated on a gross basis and referred to as the Growth portfolio) will be invested in companies with a market capitalisation >$5bn at the time of investment, with the balance invested in companies with a market capitalisation <$5bn (a maximum of 20% of gross assets and referred to as the Innovation portfolio). At the end of the reporting period, 33 investments were in the Growth portfolio, comprising some 93.7% of net assets, and 13 investments were in the Innovation portfolio, comprising 12.2% of net assets. Structural gearing, in the form of Zero Dividend Preference Shares, offers access to additional liquidity and the opportunity to enhance returns.

Market Capitalisation

Market Capitalisation at	30 September 2021	30 September 2020
Large (>US$10bn)	78.9%	82.9%
Medium (US$5bn - US$10bn)	14.8%	11.1%
Small (<US$5bn)	12.2%	11.3%
Other net liabilities	(5.9%)	(5.3%)
	100.0%	**100.0%**

Investment Manager's Report continued

Over the financial year to the end of September 2021, the Company achieved a strong result, with a NAV per share total return of 19.46%, which was 6.06% ahead of its benchmark healthcare index (MSCI All Country World Index/Healthcare (total return in sterling)). The absolute performance of the healthcare sector was also strong, up 13.40% over the reporting period, although the sector did lag the broader market (as tracked by the MSCI All Country World Net Total Return in pounds sterling) which was up 22.2%. Unprecedented monetary stimulus and successful COVID-19 vaccination programmes were amongst the key drivers behind the buoyant market conditions. October 2020 aside, the global equity markets enjoyed pretty consistent, upwards momentum throughout the reporting period, with energy and financials leading the way.

Healthcare facilities, healthcare supplies and life sciences tools and services all performed strongly over the period. The facilities and supplies companies benefitted from returning patient volumes, especially in regions with successful vaccination programmes. The life sciences tools and services sub-sector has been instrumental in not only delivering COVID-19 testing kits but also contributing to the vaccine manufacturing processes. At the other end of the scale, the last 12 months has been a difficult period for the biotechnology and pharmaceuticals sub-sectors. For biotechnology, it has been a challenging period driven by a number of factors including excessive valuations in certain thematic pockets, disappointing clinical data and regulatory setbacks. We remain optimistic, however, given that the innovation cycle is extremely strong, the sector is well-funded and consolidation remains a distinct possibility. The pharmaceutical sub-sector continues to innovate and invest substantially in research designed to address unmet medical needs, but short-term growth prospects face the challenges of mature margins and patent expiries between now and the end of the decade.

Reflecting on last year's annual report, the focus was very much on six key investment themes, some of which accelerated through the COVID-19 crisis. Disrupting the delivery of healthcare, outsourcing and prevention are key investment themes for the Company, with all three showing signs of gathering momentum. Healthcare systems globally are looking to shift more and more patient volumes to lower-cost settings such as ambulatory surgery centres and the home. Outsourcing is also enjoying a period of strong growth and consolidation, with the clinical research organisations especially well-positioned. Prevention, not just vaccination programmes, but early and accurate diagnosis, is also an area that has flourished and should continue to do so in a post-pandemic world given the increased investment in diagnostics infrastructure. The other key themes discussed in last year's annual report, namely emerging markets, innovation and consolidation are no less important, but are perhaps less influenced by the COVID-19 pandemic. Crucially the six themes discussed above will, we believe, continue to be growth drivers for the healthcare industry and should be able to yield some exciting investment opportunities.

US politics, always an important consideration, has been less prominent this year than it was in 2020. Top congressional Democrats are acknowledging for the first time that they will have to scale back their drug pricing ambitions to gain much-needed centrist votes for President Joe Biden's social spending bill. As such, direct drug price negotiation by the Federal government feels less likely now, something that would be a big relief for the bio-pharmaceuticals industry. There remains political will to address high out-of-pocket costs for US seniors and to control drug price inflation, but far-reaching legislation remains some way off. With regards to access to healthcare, President Joe Biden continues to be a staunch supporter of the Affordable Care Act, signed in to law by President Barack Obama in early 2010. Indeed, the Administration introduced a special enrolment period during the pandemic to ensure that US citizens that needed access to care got it. Priorities from here could involve making the expansion of the subsidies and eligibility permanent, expanding Medicaid further and adding dental, vision and hearing coverage to the Medicare fee-for-service program.

The key investment themes that the Company focused on in 2020 are very much relevant today and will continue to be so over the medium-term. The COVID-19 pandemic has been hugely challenging for everyone but has also shone a light on a couple of things: firstly, the terrific levels of innovation that the healthcare industry can deliver and, secondly, the acute need for structural change. It is imperative, given the general ageing of populations and the rising costs of healthcare, that patient volumes are directed into lower cost settings, early and accurate diagnoses become routine and that the industry focuses on sustainability, whether that be through improving clinical outcomes, improving affordability and access or improving efficiency. If the healthcare industry can deliver on these objectives, the commercial and financial rewards should be there for investors.

Performance Review

Over the financial year to the end of September 2021, the Company achieved a strong result, with a NAV per share total return of 19.46%, which was 6.06% ahead of its benchmark healthcare index. The absolute performance of the overall healthcare sector was also strong, with the index returning 13.40%, although it did underperform the broader market. The Company was marginally ahead of its benchmark in the first five months of the financial year and started a strong period of relative performance in mid-March 2021, when global markets began a steep rally which lasted until the end of September 2021.

The Company entered the financial year with approximately 5% net gearing and a large exposure to biotechnology, life sciences tools and services and healthcare distributors, with the largest underweight in the pharmaceuticals sector. As the COVID-19 crisis began to decline in early spring 2021, the gearing was increased and the underexposure in pharmaceuticals was further increased to add to the medical technology sub-sector. In the last quarter of the financial year, although the gearing was kept stable, the portfolio was more defensively positioned with more exposure to pharmaceuticals, distributors and healthcare facilities, with less capital allocated to biotechnology and life sciences tools and services. This sub-sector positioning through the financial year meant that the allocation effect was positive with strong contributions from life sciences tools and services, pharmaceuticals and managed care outstripping lesser contributions from biotechnology, healthcare services and medical technology. Overall, allocation accounted for half of the Company's outperformance, with the balance driven by stock selection in life sciences tools and services, medical technology and pharmaceuticals.

From a market capitalisation perspective, small capitalisation healthcare companies enjoyed a period of outperformance relative to the general healthcare sector in the first five months of the financial year. However, this reversed abruptly as the prospects of higher interest rates and of a less accommodative global monetary environment caused investors to switch to larger and more established businesses. With this backdrop, the Growth part of the Company's portfolio contributed positively while the Innovation book was a small drag to performance. In general, stock-picking across all market capitalisation bands, but in particular large and mid-capitalisation companies, was extremely positive and overshadowed the negative allocation effects from smaller capitalisation stocks.

On a geographical basis, the largest positive contributors were North America thanks to strong allocation and stock-picking, and Europe where selection was particularly favourable. Middle East & Africa, where the Company had no exposure, were the only regions that very marginally detracted from performance.

Given the Company maintained an average net gearing position of 4% through the financial year, and the healthcare market returned 13.4%, the active management of gearing added to the relative outperformance in the financial year, with the additional returns afforded by the gearing far out-weighing the cost of the debt.

Top 10 Relative Contributors (%)

Top 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attri-bution
Biohaven Pharmaceutical	1.86	1.86	104.94	91.55	1.53
Avantor	2.50	2.28	74.43	61.03	1.22
Syneos Health	2.47	2.47	57.84	44.44	1.21
Align Technology	2.03	1.45	94.97	81.57	1.16
Hill-Rom Holdings	2.46	2.46	72.28	58.88	1.02
Sartorius	1.35	1.12	116.50	103.10	0.99
Cytokinetics	1.01	1.01	58.34	44.94	0.88
Bio-Rad Laboratories	3.37	3.18	38.80	25.41	0.84
Chugai Pharmaceutical	0.62	0.22	-19.97	-33.37	0.79
PRA Health Sciences	0.45	0.45	29.53	16.13	0.77

Source: Polar Capital, as at 30 September 2021. Past performance is not indicative or a guarantee of future results.

Positive contributors to performance for the financial year included Biohaven Pharmaceutical, Avantor, Syneos Health, Align Technology and Hill-Rom Holdings.

Biohaven Pharmaceutical performed strongly during the reporting period thanks to consistent, consensus-beating revenues for migraine drug, Nurtec ODT. As a reminder, the FDA approved the drug for the treatment of acute migraine back in March 2020. Enthusiasm for the asset was boosted further in May 2021 when the FDA approved an additional indication, the preventive treatment of migraine. The approval was based on the results of a Phase III study that revealed that Nurtec ODT reduced migraine days by 30% after just one week of every-other-day treatment. Further, after three months of treatment, approximately half of patients experienced at least a 50% reduction in moderate-to-severe migraine days.

Avantor, a life sciences tools and services company which distributes chemicals, reagents, and laboratory supplies, benefitted from the general strength of its sub-sector. In addition, the Avantor team has consistently over-delivered on consensus expectations throughout the financial year, leading analysts to upgrade financial estimates with the shares following suit. Further, Avantor announced the purchase of MasterFlex, a business that allows Avantor to enter the fast-growing bioprocessing market. The deal was well received by investors who saw the acquisition as accretive to the enlarged company's revenue growth and operating margins. A final catalyst for the stock was its inaugural analyst day, in which Avantor reiterated the guidance for the financial year 2021 and provided attractive long-term targets.

Investment Manager's Report continued

Syneos Health runs a contract research organisation, an industry that saw an upsurge in demand due to the need to develop COVID-19 pharmaceuticals and vaccines, coupled with a generally buoyant bio-pharmaceutical funding environment. The company's outperformance was driven by positive momentum in the non-COVID-19-related business, which reassured investors of the sustainability of Syneos Health's growth trajectory. Finally, the company also announced an acquisition (Synteract) which increases its exposure to the fast-growing and well-capitalised small and mid-capitalisation market. The global COVID-19 pandemic accelerated some of the key drivers of performance for Align Technology, the leading maker of clear aligners for dental treatments. Firstly, consumers have developed a strong preference for fewer in-practice dentist visits, something that is enabled by Align Technology's digital workflow investments, and secondly, the "Zoom meetings" effect has been a catalyst for consumers to invest in dental aesthetics. The company delivered impressive quarterly financial results throughout the period under review, with revenues often coming in significantly ahead of consensus expectations.

Hill-Rom Holdings traded just slightly ahead of medical technology peers from September 2020 to mid-July 2021 when speculation started to emerge that Baxter International might be interested in acquiring the company. Eventually the deal was announced on 2nd September 2021, with Baxter International offering a friendly all-cash offer of $156 per share, at a premium of more than 30% to the average price over the previous 20 days.

Bottom 10 Relative Contributors (%)

Bottom 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attri-bution
Moderna	0.00	-0.79	421.75	408.35	-1.39
Amedisys	0.53	0.53	-39.51	-52.91	-1.14
Quotient	1.18	1.18	-56.33	-69.73	-1.06
Incyte	1.94	1.73	-26.49	-39.88	-0.91
Amgen	3.28	1.37	-19.75	-33.15	-0.76
AptarGroup	1.54	1.54	1.44	-11.96	-0.71
Medley	1.50	1.50	-24.94	-38.33	-0.71
Zealand Pharma	1.21	1.21	-27.44	-40.84	-0.63
Exelixis	0.45	0.45	-17.07	-30.47	-0.59
Novo Nordisk	0.64	-1.21	34.02	20.62	-0.57

Source: Polar Capital, as at 30 September 2021. Past performance is not indicative or a guarantee of future results.

Negative contributors to performance for the financial year 2021 included Moderna, Amedisys, Quotient, Incyte and Amgen.

The largest detractor to performance for the Company was its lack of holdings in mRNA manufacturer Moderna, a decision driven by what we perceived to be an excessive valuation relative to the opportunity set ahead for the company. The meteoric share-price ascent started in December 2020, when the FDA used emergency use authorisation to allow access to Pfizer/BioNTech's COVID-19 vaccine, the first vaccine developed using mRNA technology. Using similar technology, the market quickly put upwards pressure on expectations for Moderna's mRNA vaccine candidate, mRNA-1273, which positively impacted the share price performance.

Amedisys operates home health facilities and hospices. Unfortunately, the company announced in their Q2'FY21 results that they were facing some near-term challenges due to high levels of staff turnover in the hospice business and to wage inflation for nurses and carers. Although the issues can be attributed to the COVID-19 pandemic, investors felt that the growth prospect and trajectory for 2022 might also be impacted, causing the stock to materially underperform the overall healthcare sector.

Quotient began to underperform in December 2020, after announcing a regulatory delay in the US for MosaiQ, a fully automated testing platform for blood grouping and transfusion-transmitted infection screening of donated blood. As COVID-19 continued to affect the timelines on its diagnostic development programmes, analysts were prompted to reduce their financial forecasts, which adversely impacted Quotient's equity value. Although the biotechnology sector put up a strong performance in the first four months of the Company's financial year, it started to underperform the overall healthcare sector in mid-February 2021, driven, in part, by the prospect of higher real yields and reduced terminal values. Incyte was not immune to the sector weakness, and it further struggled when the FDA approved ruxolitinib cream (opzelura) in mild-to-moderate atopic dermatitis (AD) with a so-called "black-box" warning. This update dampened enthusiasm for the product's peak sales potential.

The catalyst for Amgen's underperformance in the early part of the reporting period was the top-line data for heart failure agent omecamtiv mecarbil. While the trial hit statistical significance for the primary endpoint, that is reducing cardiovascular death or heart failure events, the magnitude was underwhelming and there was no reduction in the secondary endpoint of cardiovascular death. Additionally, the company reported unimpressive financial data and readouts/execution issues from other key trials.

Compelling opportunities lie-ahead

The 2020 annual report focused on six key themes that we believed, and continue to believe, offer the potential for significant returns in the years ahead. In brief, these themes are:

- **Employing technology to disrupt healthcare delivery and shift utilisation to lower cost settings;** This will be by far the most important structural shift in healthcare for the next 10-20 years and the enablers of this shift should enjoy significant growth.
- **Outsourcing;** A continuing theme but growth is robust across clinical trial outsourcing and contract manufacturing.
- **Prevention;** References diagnostics and vaccines, both of which provide tremendous value to healthcare systems as prevention is the most cost-effective way of delivering healthcare. The impact of COVID-19 has highlighted the value of diagnostics and vaccines.
- **Product and service innovation;** Long-term product or service development success dependent on ability to lower healthcare costs.
- **Consolidation on the rise again;** Leaders that can acquire high quality assets in fragmented markets at attractive valuations can enjoy significant outperformance.
- **Growth in emerging market healthcare demand;** Projected to accelerate over the next 15-20 years – investing in the long-term structural growth stories should deliver handsome returns.

Healthcare delivery disruption, outsourcing and prevention: Starting to accelerate

The COVID-19 pandemic has been a real catalyst for positive change, highlighting the need for healthcare systems globally to adopt new products, technologies and services designed to drive efficiencies without compromising quality of care. One critical area is disrupting the healthcare delivery pathway to ensure greater access to care. Virtual care platforms and remote monitoring tools are excellent examples of enabling technologies that can drive the agenda. Virtual care platforms are being used not just to expand and improve access to mental health services, for example, but also to connect patients to licensed behavioural health providers. Sadly, these sorts of services will be in high demand as we navigate our way through the COVID-19 pandemic. Remote monitoring tools can be used to support patient care by providing clinicians with patient data that allows for proactive health care interventions that can ultimately lead to reduced hospital readmissions.

Out-patient surgeries and services will also grow in importance in the coming years. Medical care provided at alternative sites of care that meet quality and cost-efficiency criteria can lead to better outcomes at a lower cost for the consumer. Ambulatory surgery centres and stand-alone imaging centres, for example, can provide the same or higher quality care at a lower cost compared to hospitals. UnitedHealth Group estimates that the average price for routine diagnostic imaging at a hospital out-patient department can be 165% more than the price of a test performed at a stand-alone imaging centre or physician's office. UnitedHealth Group has also calculated that conducting more joint replacement surgeries in ambulatory surgery centres could save the US health systems $3 billion annually by achieving 500,000 fewer hospitalisations.

Outsourcing is also accelerating, with the COVID-19 pandemic offering a substantial boost to both clinical trial activity and to contract manufacturing. We anticipate that this rate of growth will be sustained as the pace of innovation in the biotechnology and pharmaceuticals industries gathers momentum. The biotechnology industry is especially well capitalised at present and will look to deploy that capital through clinical trial development and, hopefully, through to commercialisation. The greatest, near-term beneficiaries of this trend are the contract research organisations which provide a multitude of services including pre-clinical research, clinical research, clinical trial management and pharmacovigilance. The sector has also experienced some consolidation during the reporting period with life sciences tools and services company Thermo Fisher looking to acquire PPD and Icon looking to acquire PRA Health Sciences.

Whilst the benefits of safe and effective vaccination programmes should never be understated, it is perhaps the potential impact of effective diagnostics that could be more important for healthcare systems in the long run. Advanced diagnostic solutions enable clinicians to make critical decisions for their patients earlier, more accurately, and with greater confidence. Improved decision-making benefits not only individual patients but also society as a whole. Healthcare systems, under increasing pressure to control costs, can use limited resources more efficiently while, at the same time,

Investment Manager's Report continued

increasing access and driving better outcomes. Encouragingly, COVID-19 has accelerated the investment in diagnostics infrastructure, with labour-efficient automated machines at the forefront. With greater infrastructure in place, it is hoped that testing menus will expand and that we will see broader adoption of diagnostics globally.

The remaining three themes of innovation, consolidation and emerging markets are no less important than the three discussed above, but possibly less influenced by the COVID-19 pandemic. The healthcare industry is highly innovative, is well capitalised and will continue to push scientific boundaries in the search for novel solutions to meet unmet medical needs. The contribution to science and society from the COVID-19 vaccines based on mRNA technology is clear, the big question now becomes, "how widely can the technology be used?". 2021 also witnessed two other potentially game-changing breakthroughs: the first in the field of gene editing with US company, Intellia Therapeutics, disclosing the first ever clinical data supporting the safety and efficacy of in vivo CRISPR genome editing in humans; the second in the field of obesity, with NovoNordisk's Wegovy enjoying a phenomenal early launch. The drug works by mimicking a hormone called glucagon-like peptide-1, or GLP-1, which delays gastric emptying, increases gastric volumes and suppresses appetite.

In a highly fragmented industry, with strong balance sheets and low costs of debt, consolidation is likely to continue to be an important theme for the healthcare industry. Management teams are looking to augment their internal assets with complementary assets and technologies. The Company has been the beneficiary of four proposed acquisitions during the reporting period. In chronological order, PRA Health Sciences was the subject of a bid from contract research organisation peer, Icon. Contract research organisation PPD is also in the process of being acquired by Thermo Fisher, under-pinning our view that the contract research organisation industry has a prolonged growth runway. Swedish Orphan Biovitrum and Hill-Rom Holdings were also the subject of bids. In early September, private equity firm Advent and Singapore wealth fund GIC, offered an all-cash bid of 235 Swedish krona per share to acquire Swedish Orphan Biovitrum, a company where we believe the pipeline assets to be under-appreciated by the market. Baxter International's decision to acquire Hill-Rom Holdings accelerates the company's connected care strategy, is accretive to top and bottom-line growth and is expected to generate a high single-digit ROIC by year five.

We expect emerging markets to continue to be an important source of growth for a number of sub-sectors including biopharmaceuticals, life sciences tools and services, medical devices and contract research organisations. Many emerging markets are not just investing heavily in ensuring widespread access to healthcare but are also changing the way they think about regulatory approvals, pricing and reimbursement. Innovation is critical, but so is local manufacturing and a sales reach that can access volumes during inevitable periods of pricing pressure.

Positioning and process; Constructive on facilities, distributors and technology

As at 30th September 2021, the main overweight sub-sector positionings are in healthcare facilities, managed care, healthcare distributors, healthcare equipment and supplies and healthcare technology. These correlate with three of the key investment themes, namely disruption of healthcare delivery, outsourcing and innovation, but are also consistent with the concept of sustainability by improving the efficiency of healthcare delivery and expanding access to care. From a healthcare facilities perspective, the investments here are biased towards those providing access to healthcare services in the lowest cost settings such as home healthcare, hospital at home and hospice at home. The managed care companies will also play a pivotal role in ensuring that their members access care in the lowest-cost settings. The Company also has exposure to behavioural health services, where we have sadly seen a huge jump in demand due to the pandemic. On the healthcare distribution side, this is effectively outsourcing of delivery by manufacturers which has been commonplace for years with therapeutics. More recently, this has been extended to distribution including sales and marketing on the medical device side and also to increased provision of services on specialty pharmaceuticals, which are typically much more challenging to manage.

Healthcare equipment, whilst continuing to innovate in areas such as minimally invasive surgery, robotics, remote monitoring and connected care, should also benefit from patients returning to the healthcare system to address their medical needs which have been put on hold during the COVID-19 pandemic. Healthcare supplies exposure has been increased and reflects innovation and volume recovery in the ophthalmology and dental sectors. On the ophthalmology side, the treatment of myopia is a new focus, with new products being launched in the contact lens category. To highlight the unmet need, more than 80% of children in China have myopia. Lastly, healthcare technology is seeing extensive innovation, which in the years to come will make healthcare more sustainable and much more productive, a necessity considering the current cost of running healthcare systems.

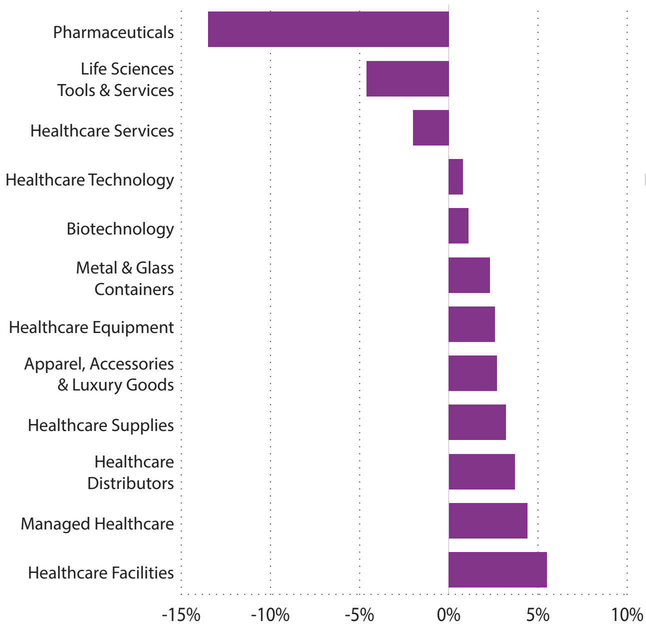
Biotechnology exposure was reduced to reflect the challenges that large capitalisation companies face in this sub-sector with anaemic growth, limited pipelines and upcoming patent expiries. Exposure has been maintained in mid capitalisation and small capitalisation through the Innovation portfolio.

M&A, which was predicted to have been a feature for the healthcare sector over the last 12 months, has been extremely quiet, especially in the biotechnology sphere, but we expect that trend to reverse at some point and continue to believe that consolidation will be an important investment theme. Life sciences tools and services exposure has been reduced, largely because outperformance has led to higher valuations which are harder to justify. The fundamentals in biotechnology are in rude health, and as a collective they continue to be very committed to R&D and sustainability, which we acknowledge is an increasing area of focus for investors.

Pharmaceuticals remain a significant underweight in the portfolio although greater exposure to these stocks could be justified in a more defensive market later in the economic cycle. The pharmaceutical sector continues to invest heavily in R&D, and continues to contribute significantly to key scientific breakthroughs, but is challenged with mature margins, anaemic growth profiles and a raft of upcoming patent expiries.

30 September 2021

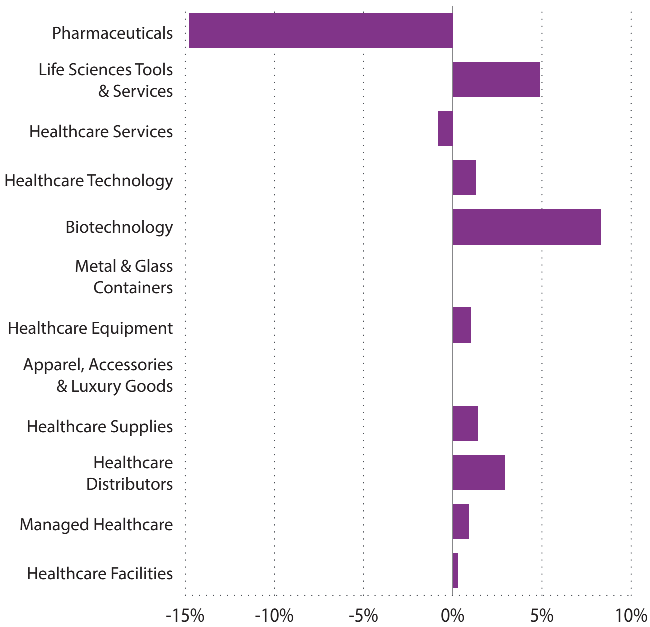
Sub-sector weightings relative to benchmark



Source: Polar Capital.

30 September 2020

Sub-sector weightings relative to benchmark



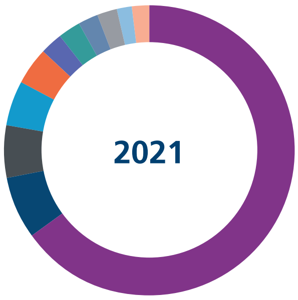
Source: Polar Capital.

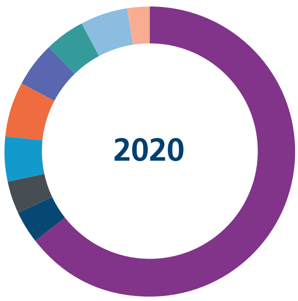
Note: Sector exposure refers to the extent to which the Fund is overweight or underweight in each sector compared (relative) to the index (MSCI All Country World Index/Healthcare).

Investment Manager's Report continued

From a geographical perspective, changes to the portfolio in the period were limited, with a reduction in Denmark and an increase in the UK driven by a change in selection of two pharmaceutical stocks at the higher end of the market capitalisation scale.

Geographical Exposure

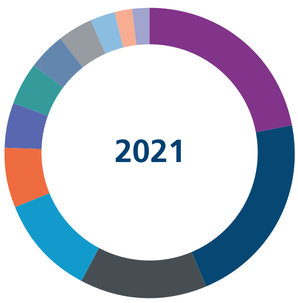


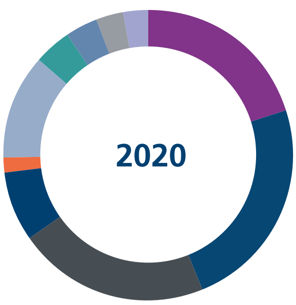


Geographical Exposure at	30 September 2021	30 September 2020
United States	69.0%	68.0%
United Kingdom	7.3%	3.7%
France	6.2%	3.9%
Netherlands	5.2%	5.3%
Denmark	4.6%	6.5%
Germany	2.7%	5.2%
Switzerland	2.5%	4.8%
Australia	2.4%	-
Belgium	2.3%	-
Ireland	1.9%	5.5%
Japan	1.8%	2.4%
Canada	-	-
Other net liabilities	(5.9%)	(5.3%)
Total	**100.0%**	**100.0%**

Source: Polar Capital.

Sector Exposure





Sector Exposure at	30 September 2021	30 September 2020
Healthcare Equipment	23.4%	21.3%
Pharmaceuticals	23.0%	25.1%
Biotechnology	14.8%	22.6%
Managed Healthcare	11.8%	8.2%
Healthcare Facilities	7.2%	1.5%
Healthcare Supplies	6.3%	3.8%
Life Sciences Tools & Services	5.4%	12.5%
Healthcare Distributors	4.9%	4.2%
Apparel, Accessories & Luxury Goods	2.7%	-
Healthcare Technology	2.3%	3.4%
Metal & Glass Containers	2.3%	-
Healthcare Services	1.8%	2.7%
Other net liabilities	(5.9%)	(5.3%)
Total	**100.0%**	**100.0%**

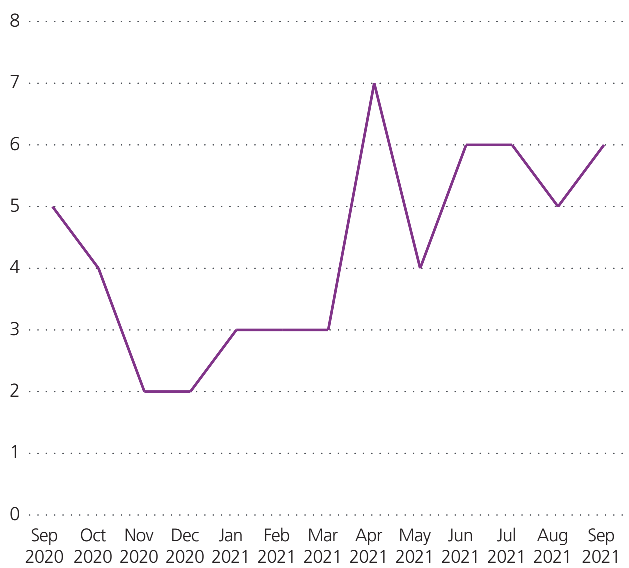
Source: Polar Capital.

Whilst the previous charts focus on sub-sector and geographical weightings, bottom-up stock selection is central to the team's investment process. The healthcare industry is extremely complicated and dynamic, and subject to varied newsflow, often hyped, which lends itself to active management. We look to take advantage of dislocations between near-term valuations and medium-term returns. Our own in-house idea generation is complemented by input from external research, with conviction built through company meetings, investor conferences and dialogue with expert physician and consultant networks. The team also has strong valuation discipline looking at a large number of metrics including sales and earnings revisions, price-to-earnings, enterprise values, free-cash flow and returns on invested capital.

Zero Dividend Preference shares; A vehicle for enhancing returns

In terms of top-down strategy for the Company's portfolio, the team does allocate time to the macro-outlook, which feeds into positioning in terms of gearing, market capitalisation, sub-sector and geographical exposure. Third party research is utilised to aid this work, alongside many key risk indicators that are monitored on a regular basis.

Net Gearing



Source: Polar Capital.

The gearing afforded to the Company by its ZDPs is used to enhance risk-adjusted returns. Throughout the last 12 months, gearing has been changed according to the risk outlook. Net gearing was reduced from just north of 5% at the start of the financial year to approximately 2% by the calendar year-end, due to concerns of over-exuberance in the small and mid-capitalisation stocks, which put the performance of the Innovation portfolio at risk. Since the start of 2021 gearing was increased mainly to a range of between 5-6% due to a more bullish outlook for established large-capitalisation healthcare companies, especially those at the higher-end of the quality scale. As we exited the 2021 financial year gearing was 6.04%, a figure that reflects not just our constructive view on the healthcare sector, but also the balance of tailwinds and headwinds as we move through the mid-phase of the market cycle.

Environmental Social and Governance; Focusing on sustainability

Sustainability is central to the team's ESG philosophy. Healthcare is a long-term, secular growth industry as an ageing population around the world drives the demand and the need for increased healthcare provision. In 2018, global healthcare spending was $8.3 trillion, accounting for 10% of GDP (World Health Organization, 2020). Sustainable healthcare delivery for growing and ageing populations is an important part of the United Nations ("UN") 2030 Agenda for Sustainable Development; specifically, Goal 3 is to "ensure healthy lives and promoting well-being for all at all ages."

We believe that a sustainable healthcare system is one that delivers better healthcare to more people for less money. Healthcare companies with products, technologies and/or services that deliver demonstrable value to drive improvements in efficiency are not only well-placed for growth but are also likely to play a role in creating a sustainable healthcare system. Indeed, sustainable healthcare delivery has been one of the dominant underlying investment themes for the Company for some time now. Specifically, we focus on three characteristics of sustainable healthcare delivery:

1) improvement in clinical outcomes for patients through innovation,

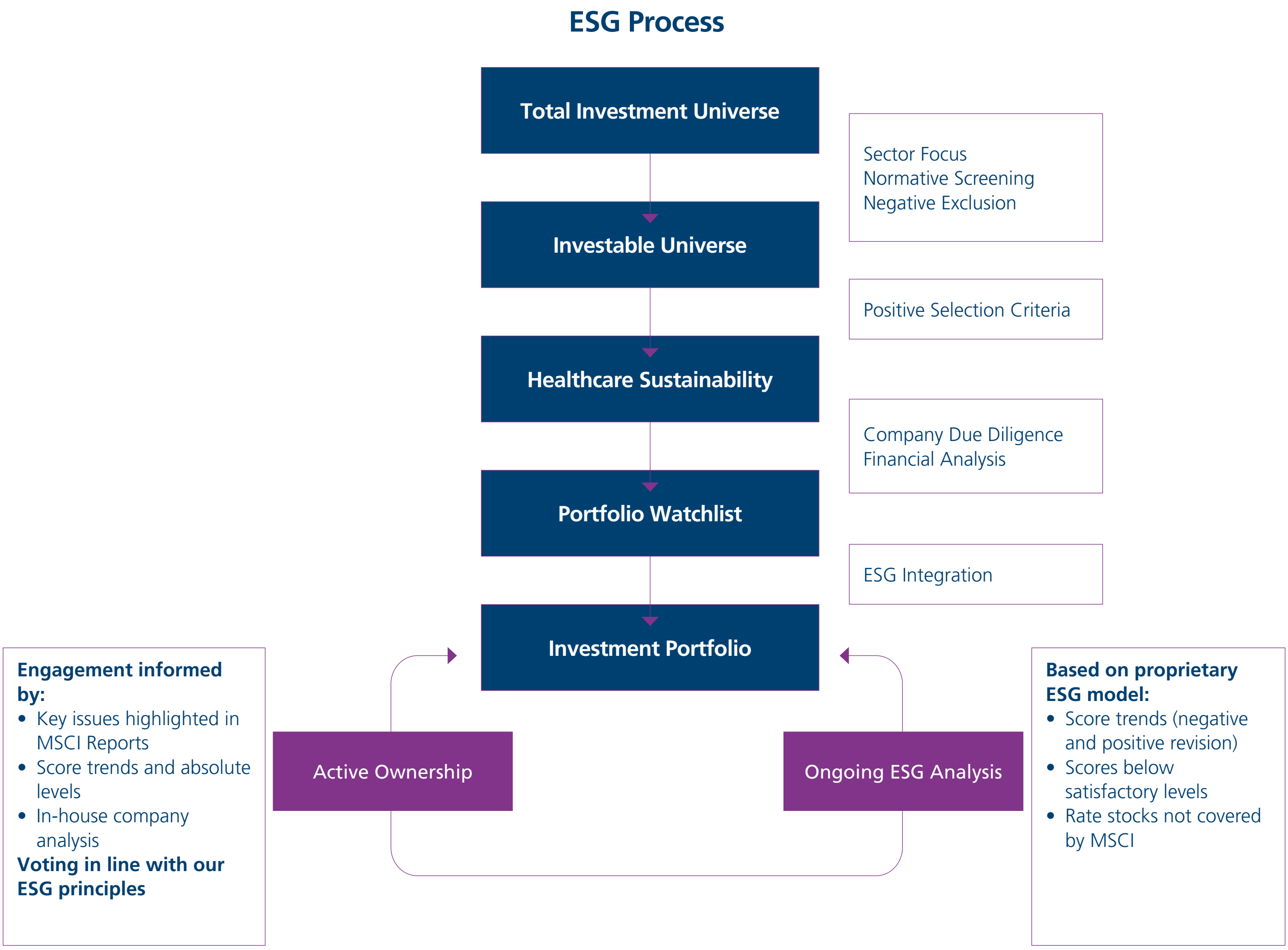
2) improvement in the affordability and accessibility of healthcare services; and

3) improvement in the efficiency of the delivery of healthcare services.

Investment Manager's Report continued

The Company has a well-defined and disciplined process to ensure our investments are aligned with our core sustainability characteristics. After the initial screenings of the investment universe against norms based standards such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the International Labour Organisation's conventions, we use in-house research and third-party reports to continuously monitor the ESG profiles of the Company's holdings, and their alignment with the core sustainability characteristics. Particular attention is paid to businesses that fail to meet certain standards and are involved in practices that could contradict the Company's ESG philosophy, and to businesses that positively align with the Company's core sustainability characteristics.

Although our ongoing ESG analysis is an important part of our process, we believe that engaging directly with companies on sustainability, using internal and third-party reports such as MSCI and ISS, is the most productive course of action we can take and that engagement produces the highest quality outcomes on sustainability. Interactions are systematically logged in an internal database as a matter of record. The Managers also have regular interactions with Polar Capital's Head of Sustainability.



Outlook for healthcare in a post COVID-pandemic world

The impact of the COVID-19 pandemic on healthcare will be felt for many years, on top of the fact that the virus is likely to become endemic. In terms of structural changes, there has been a big pick-up in R&D in pharmaceutical and biotech companies, not just on infectious diseases, but across other areas in response to the innovation and progress that has been witnessed over the last five years. The enormous amount of money that has moved into life sciences venture capital over the last two years is evidence of the enthusiasm around the industry and the benefits that it can bring through the discovery of new drugs that can dramatically change patients' lives. The impact of vaccine development against COVID-19 has been the accelerant for greater R&D spend and there will be many companies that benefit, particularly those focused in life sciences tools and services, clinical research organisations and contract manufacturers.

In the shorter term, the impact on supply chains is an issue as much for the healthcare sector as it is for other industries, with costs having jumped considerably since before the pandemic. Also on the labour side, the pandemic has driven a sea change in what employees want and expect from their jobs, which is having a significant impact on healthcare. A recently published survey highlighted that 18% of US healthcare workers quit their jobs during the pandemic, with 79% of healthcare professionals saying that the national employee shortage has affected them and their place of work. Not only are positions being left vacant, but providers are also seeing a significant spike in wages. This is likely to remain a challenge for many organisations for the next 12 to 18 months.

The disruption in healthcare delivery that started several years ago has been another area that has seen an acceleration driven by the pandemic. The shift of care to lower cost settings and away from the large in-patient hospitals is a must if healthcare systems are to become more efficient. With hospitals being at the centre of managing patients affected by COVID-19, care for other conditions has naturally moved away from the hospital with other providers such as ambulatory care, outpatient and home healthcare experiencing a significant boost in demand. This trend will continue, but many of the companies in these areas are being impacted by the wage inflation and employee shortages, a situation that needs to improve if they are to cope with the acceleration in demand.

Backlogs have increased dramatically due to the pressure of the pandemic on healthcare system, most visibly on the elective side for procedures such as hips and knees. Here in the UK, for example, the British Medical Association estimates that between April 2020 and July 2021, there were 3.79 million fewer elective procedures and 26.02 million fewer outpatient attendances. Further, the total waiting list currently sits at an alarming, record high of 5.61 million, and continues to grow. The "invisible" backlog is perhaps more concerning, and is the consequence of the lack of screening and testing for diseases such as cancer during the last 18 months which, sadly, will likely cause an increase in more serious and later stage disease in the months and years ahead. An article published in the Journal of Clinical Pathology referenced that cancer diagnoses in an Italian pathology unit fell by 39% in 2020 compared with the average number recorded in 2018 and 2019. Prostate cancer (-75%), bladder cancer (-66%), and colorectal cancer (-62%) had the greatest decreases. This is of course very concerning for the patients involved, but will effectively lead to high levels of demand for healthcare services for many years to come.

Investment Manager's Report continued

Conclusion

Whilst we do have some sympathy with the view that the near-term outlook for healthcare, and indeed the broader markets, is carrying some uncertainty due to the COVID-19 virus, we have a high level of conviction that the healthcare industry will continue to find innovative solutions, will continue to work on improving access to care and will look to drive efficiencies across the healthcare continuum. If successful, an optimistic stance about the medium-term prospects for the sector is the right one. In terms of timing, we believe that now could be an interesting time to engage for the following reasons:

- The healthcare industry's fundamentals are in rude health, with many sub-sectors having even stronger foundations now than before the COVID-19 pandemic.
- The sector remains under-owned and under-appreciated, with allocations to the sector near decade-lows.
- Relative and absolute valuations in the US are attractive and supportive, respectively.

As we look forward into the current financial year, we remain confident, with a focus on sustainability and on our six key investment themes, that the diverse and creative nature of the healthcare industry will yield a multitude of compelling investments, which we expect to generate attractive returns for the Company's shareholders.

James Douglas and Gareth Powell
Co-Managers

16 December 2021

Ten Largest Investments

As at 30 September 2021

Ranking					Market Value £'000		% of total net assets	
2021	2020	Stock	Sector	Country	2021	2020	2021	2020
1	(-)	Johnson & Johnson	Pharmaceuticals	United States	29,093	-	7.5%	-
Johnson & Johnson is a global healthcare company that develops medical devices, pharmaceuticals, and consumer packaged goods.								
2	(31)	UNITEDHEALTH GROUP	Managed Healthcare	United States	24,053	5,898	6.2%	1.8%
UnitedHealth is an American managed healthcare and insurance company working to build a modern, high-performing health system through improved access, affordability, outcomes and experiences.								
3	(-)	AstraZeneca	Pharmaceuticals	United Kingdom	19,954	-	5.2%	-
AstraZeneca is a global pharmaceutical company pushing the boundaries of science to deliver life-changing medicines.								
4	(4)	Bristol Myers Squibb	Pharmaceuticals	United States	15,580	14,393	4.0%	4.4%
Bristol Myers Squibb is a pharmaceutical company that manufactures prescription pharmaceuticals and biologics in several therapeutic areas, including cancer, HIV/AIDS, cardiovascular disease, diabetes, hepatitis, rheumatoid arthritis, and psychiatric disorders.								
5	(5)	SANOFI	Pharmaceuticals	France	13,629	12,825	3.5%	3.9%
Sanofi is a diversified healthcare company that manufactures and distributes pharmaceuticals, vaccines and has also a consumer health division. Therapeutic areas of interest within the pharmaceutical division include diabetes, auto-immune disorders, multiple sclerosis, and oncology.								
6	(15)	Baxter	Healthcare Equipment	United States	13,582	9,696	3.5%	3.0%
Baxter International is an American healthcare company primarily focused on developing products to treat kidney disease, and other chronic and acute medical conditions.								
7	(22)	CENTENE Corporation	Managed Healthcare	United States	11,618	8,526	3.0%	2.6%
Centene operates local healthcare programmes and offers a range of health insurance solutions. It also contracts with other healthcare and commercial organizations to provide specialty services.								
8	(-)	STERIS	Healthcare Equipment	United States	10,912	-	2.8%	-
Steris is a leading provider of infection prevention and other procedural products and services. The company is focused primarily on healthcare, pharmaceutical and medical device customers.								
9	(17)	HORIZON	Biotechnology	United States	10,910	9,335	2.8%	2.9%
Horizon Therapeutics plc is a biopharmaceutical company focused on researching, developing, and commercializing medicines that address critical needs for people impacted by rare and rheumatic diseases.								
10	(-)	Boston Scientific	Healthcare Equipment	United States	10,810	-	2.8%	-
Boston Scientific is a medical device company with a focus on non-invasive treatment – primarily of cardiovascular, respiratory, neurological, digestive, urological and pelvic conditions.								
Total – 10 Largest Investments					**160,141**		**41.3%**	

Full Investment Portfolio

As at 30 September 2021

Ranking					Market Value £'000		% of total net assets	
2021	**2020**	**Stock**	**Sector**	**Country**	**2021**	**2020**	**2021**	**2020**
1	(-)	Johnson & Johnson	Pharmaceuticals	United States	29,093	-	7.5%	-
2	(31)	UnitedHealth	Managed Healthcare	United States	24,053	5,898	6.2%	1.8%
3	(-)	AstraZeneca	Pharmaceuticals	United Kingdom	19,954	-	5.2%	-
4	(4)	Bristol Myers Squibb	Pharmaceuticals	United States	15,580	14,393	4.0%	4.4%
5	(5)	Sanofi	Pharmaceuticals	France	13,629	12,825	3.5%	3.9%
6	(15)	Baxter International	Healthcare Equipment	United States	13,582	9,696	3.5%	3.0%
7	(22)	Centene	Managed Healthcare	United States	11,618	8,526	3.0%	2.6%
8	(-)	Steris	Healthcare Equipment	United States	10,912	-	2.8%	-
9	(17)	Horizon Pharma	Biotechnology	United States	10,910	9,335	2.8%	2.9%
10	(-)	Boston Scientific	Healthcare Equipment	United States	10,810	-	2.8%	-
Top 10 investments					**160,141**		**41.3%**	
11	(21)	Amerisourcebergen	Healthcare Distributors	United States	10,721	8,545	2.8%	2.6%
12	(-)	Siemens Healthineers	Healthcare Equipment	Germany	10,450	-	2.7%	-
13	(-)	Hologic	Healthcare Equipment	United States	10,401	-	2.7%	-
14	(12)	Koninklijke Philips	Healthcare Equipment	Netherlands	10,277	10,071	2.7%	3.1%
15	(-)	Essilor International	Apparel, Accessories & Luxury Goods	France	10,241	-	2.7%	-
16	(-)	Molina Healthcare	Managed Healthcare	United States	9,961	-	2.6%	-
17	(25)	ArgenX	Biotechnology	Netherlands	9,703	7,216	2.5%	2.2%
18	(-)	Envista	Healthcare Equipment	United States	9,619	-	2.5%	-
19	(-)	Acadia Healthcare	Healthcare Facilities	United States	9,595	-	2.5%	-
20	(-)	Alnylam Pharmaceuticals	Biotechnology	United States	9,312	-	2.5%	-
Top 20 investments					**260,421**		**67.5%**	
21	(-)	Ramsay Health Care	Healthcare Facilities	Australia	9,158	-	2.4%	-
22	(-)	Cytokinetics	Biotechnology	United States	8,974	-	2.3%	-
23	(-)	Encompass Health	Healthcare Facilities	United States	8,893	-	2.3%	-
24	(-)	AptarGroup	Metal & Glass Containers	United States	8,852	-	2.3%	-
25	(-)	UCB	Pharmaceuticals	Belgium	8,799	-	2.3%	-
26	(-)	CooperCompanies	Healthcare Supplies	United States	8,776	-	2.3%	-
27	(9)	Avantor	Life Sciences Tools & Services	United States	8,637	10,948	2.2%	3.4%
28	(13)	Bio-Rad Laboratories	Life Sciences Tools & Services	United States	8,439	9,867	2.2%	3.0%
29	(37)	Biohaven Pharmaceutical	Biotechnology	United States	8,411	3,821	2.2%	1.2%
30	(-)	GN Store Nord	Healthcare Equipment	Denmark	7,991	-	2.1%	-
Top 30 investments					**347,351**		**90.1%**	
31	(-)	Alcon	Healthcare Supplies	Switzerland	7,678	-	2.0%	-
32	(-)	Amedisys	Healthcare Services	United States	6,856	-	1.8%	-
33	(24)	Align Technology	Healthcare Supplies	United States	5,922	7,615	1.5%	2.3%
34	(-)	Genmab	Biotechnology	Denmark	5,712	-	1.5%	-
35	(43)	Uniphar	Healthcare Distributors	Ireland	5,438	193	1.4%	0.1%
36	(30)	Medley	Healthcare Technology	Japan	4,404	5,905	1.1%	1.8%
37	(18)	Syneos Health	Life Sciences Tools & Services	United States	3,879	8,948	1.0%	2.8%
38	(35)	Intelligent Ultrasound	Healthcare Technology	United Kingdom	3,811	4,062	1.0%	1.2%
39	(-)	LivaNova	Healthcare Equipment	United Kingdom	3,810	-	1.0%	-
40	(33)	Zealand Pharma	Biotechnology	Denmark	3,807	4,742	1.0%	1.5%
Top 40 investments					**398,668**		**103.4%**	
41	(39)	Ship Healthcare	Healthcare Distributors	Japan	2,882	1,850	0.7%	0.6%
42	(36)	Axonics Modulation Technologies	Healthcare Equipment	United States	2,180	3,896	0.6%	1.2%
43	(32)	Quotient	Healthcare Supplies	Switzerland	2,123	4,874	0.5%	1.5%
44	(42)	Avadel Pharmaceuticals	Pharmaceuticals	Ireland	2,018	1,105	0.5%	0.3%
45	(41)	Renalytix AI	Healthcare Technology	United States	460	1,523	0.1%	0.4%
46	(-)	Verici DX	Healthcare Technology	United Kingdom	230	-	0.1%	-
Total equities					**408,561**		**105.9%**	
Other net liabilities					**(22,833)**		**(5.9%)**	
Net assets					**385,728**		**100.0%**	

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

Strategic Report

The Strategic Report section of this Annual Report comprises the Chair's Statement, the Investment Manager's Report, including information on the portfolio, and this Strategic Report. This Report has been prepared to provide information to shareholders on the Company's strategy and the potential for this strategy to succeed, including a fair review of the Company's performance during the year ended 30 September 2021, the position of the Company at the year end and a description of the principal risks and uncertainties. Throughout the Strategic Report there are certain forward-looking statements made by the Directors in good faith based on the information available to them at the time of their approval of this Report. Such statements should be treated with caution due to inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

History

In June 2017 a reconstruction of the Company, change in investment mandate and change of name was implemented having been approved by shareholders. Further information is provided within the Shareholder Information section on page 101 and on the Company's website www.polarcapitalglobalhealthcaretrust.co.uk. Following the reconstruction and in the absence of any prior proposals, the Articles of Association require the Directors to put forward at the first Annual General Meeting to be held after 1 March 2025, a resolution for the voluntary winding up of the Company and the appointment of a liquidator. Members voting in favour, whether in person or by proxy, shall collectively have sufficient votes, irrespective of number, to pass the resolution.

The Board remains positive on the outlook for healthcare and the Company will continue to pursue its Investment Objective in accordance with the stated investment policy and strategy. Future performance is dependent to a significant degree on the world's financial markets and their reactions to economic events and other geo-political forces. The Chair's Statement and the Investment Manager's Report comment on the development and performance of the business during the financial year, the outlook and potential risks to the performance of the portfolio.

Business Model and Regulatory Arrangements

The Company's business model follows that of an externally managed investment trust providing Shareholders with access to a global portfolio of healthcare stocks.

The Company is designated an Alternative Investment Fund ('AIF') under the Alternative Investment Fund Management Directive ('AIFMD') and, as required by the Directive, has contracted with Polar Capital LLP to act as the Alternative Investment Fund Manager ('AIFM') and HSBC Bank Plc to act as the Depositary.

Both the AIFM and the Depositary have responsibilities under AIFMD for ensuring that the assets of the Company are managed in accordance with the investment policy and are held in safe custody. The Board remains responsible for setting the investment strategy and operational guidelines as well as meeting the requirements of the Financial Conduct Authority ('FCA') Listing Rules and the Companies Act 2006.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. Investor Disclosure Documents, which set out information on the Company's investment strategy and policies, gearing, risk, liquidity, administration, management, fees, conflicts of interest and other Shareholder information are available on the Company's website.

There have been no material changes to the information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange. Statements from the Depositary and the AIFM can be found on the Company's website.

The Company seeks to manage its portfolio in such a way as to meet the tests in section 1158 and 1159 of the Corporation Tax Act 2010 (as amended by Section 49(2) of the Finance Act 2011) and continue to qualify as an investment trust. This qualification permits the accumulation of capital within the portfolio without any liability to UK Capital Gains Tax. Further information is provided in the Directors' Report on pages 38 to 40.

Investment Objective and Policy

The Company's Investment Objective is to generate capital growth through investments 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.

The portfolio will comprise a single pool of investments, but for operational purposes, the Investment Manager will maintain a Growth portfolio and an Innovation portfolio. Innovation companies are broadly defined by the Investment Manager as small/mid cap innovators that are driving disruptive change, giving rise not only to new drugs and surgical treatments but also to a transformation in the management and delivery of healthcare. The Growth portfolio is expected to comprise a majority of the Company's assets. For this purpose, once an innovation stock's market capitalisation has risen above US $5bn, it will ordinarily then be treated as a growth stock.

The relative ratio between the two portfolios may vary over the life of the Company due to factors such as asset

Strategic Report continued

growth and the Investment Manager's views as to the risks and opportunities offered by investments in each pool and across the combined portfolio. The original make-up of the combined portfolio was of up to 50 stocks, with growth stocks being primarily US listed. In 2018, the Board authorised an increase to the number of stocks able to be held to 65 and confirmed there is no restriction on geographical exposure.

The combined portfolio will therefore be made up of interests in up to 65 companies, with no single investment accounting for more than 10% (or 15% in the case of an investment in another fund managed by the Investment Manager) of the Gross Assets at the time of investment. The innovation portfolio may include stocks which are neither quoted nor listed on any stock exchange but the exposure to such stocks, in aggregate, will not exceed 5% of Gross Assets at the time of investment. In the event that the Investment Manager launches a dedicated healthcare innovation fund, the Company's exposure to innovation stocks may be achieved in whole or in part by an investment in that fund. In any event, the Company will not, without the prior consent of the Board, acquire more than 15% of any such healthcare innovation fund's issued share capital.

The Board

As the day to day management of the Company is outsourced to service providers the Board's focus at each meeting is on investment performance, including the outlook and strategy. The Board also considers the management and provision of services received from third-party service providers and the risks inherent in the various matters reviewed and discussed.

Strategy and Investment Approach

The Investment Manager's investment process is primarily based on bottom-up fundamental analysis. The Investment Manager uses a qualitative filter consisting of key criteria to build up a watch-list of securities that is monitored on a regular basis. Due diligence is then carried out on the individual securities on the watch-list. Each individual holding is assessed on its own merits in terms of risk: reward including ESG criteria. While the Company expects normally to be fully or substantially invested, the Company may hold cash or money market instruments pending deployment in the portfolio. In addition, it will have the flexibility, when the Investment Manager perceives there to be actual or expected adverse equity market conditions, to maintain cash holdings as it deems appropriate.

Service Providers

Polar Capital LLP has been appointed to act as the Investment Manager and AIFM as well as to provide or procure company secretarial services, marketing and administrative services, including accounting, portfolio valuation and trade settlement which it has arranged to deliver through HSBC Securities Services ("HSS").

The Company also contracts directly, on terms agreed periodically, with a number of third parties for the provision of specialist services, including:

- Panmure Gordon & Co as Corporate Broker;
- Herbert Smith Freehills LLP as Solicitors;
- HSBC Securities Services as Custodian and Depositary;
- Equiniti Limited as Share Registrars;
- RD: IR for Investor Relations and Shareholder Analysis;
- Camarco as PR advisors;
- PricewaterhouseCoopers LLP as independent Auditors;
- Huguenot Limited as website designers and internet hosting services; and
- Perivan Limited as designers and printers for shareholder communications.

Gearing

Following the restructure of the Company in June 2017, the Company maintains long-term structural gearing in the form of a loan from the wholly owned subsidiary PCGH ZDP Plc. No short-term borrowings have been made and there are no arrangements made for any bank loans. The Articles of Association provide that the Company may borrow up to 15% of its Net Asset Value at the time of drawdown, for tactical deployment when the Board believes that gearing will enhance returns to shareholders. Further details of the loan provided by the subsidiary are given on pages 76 and 77.

Benchmark

The Company will measure the Investment Manager's performance against the MSCI ACWI Healthcare Index total return, in sterling with dividends reinvested. Although the Company has a benchmark, this is neither a target nor determinant of investment strategy. The portfolio may diverge substantially from the constituents of this index. The purpose of the Benchmark is to set a reasonable measure of performance for shareholders above which the Investment Manager earns a share for any outperformance it has delivered.

Performance and Key Performance Objectives

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against key performance indicators ('KPIs'). The objectives of the KPIs comprise both specific financial and Shareholder related measures. These KPI's have not differed from the prior year.

KPI	Control Process	Outcome
The provision of investment returns to shareholders measured by long- term NAV growth and relative performance against the Benchmark.	The Board reviews the performance of the portfolio in detail and hears the views of the Investment Manager at each meeting. The Board also considers the value delivered to shareholders through NAV growth and dividends paid.	As at 30 September 2021, the total net assets of the Company amounted to £385,728,000. The Company's NAV total return, over the year ended 30 September 2021, was 19.46% while the Benchmark Index over the same period increased by 13.40%. The Company's performance is explained further in the Investment Manager's Report. Since restructuring on 20 June 2017, the total return of the NAV was 52.28% and the benchmark was 53.42%. Investment performance is explained in the Chair 's Statement and the Investment Manager's Report.
The achievement of the dividend policy.	Financial forecasts are reviewed to track income and distributions.	Two dividends have been paid or are payable in respect of the year ended 30 September 2021 totalling 2.00 p per share (2020: two dividends totalling 2.00p per share). The Company's focus remains on capital growth. While the Company continues to aim to pay two dividends per year these are expected to be a small part of a shareholder total return.
Monitoring and reacting to issues created by the discount or premium of the ordinary share price to the NAV per ordinary share with the aim of reduced discount volatility for shareholders.	The Board receives regular information on the composition of the share register including trading patterns and discount/premium levels of the Company's ordinary shares. The Board discusses and authorises the issue or buy back of shares when appropriate. The Board is aware of the vulnerability of a sector specialist investment trust to a change in investor sentiment to that sector. While there is no formal discount policy the Board discusses the market factors giving rise to any discount or premium, the long or short-term nature of those factors and the overall benefit to Shareholders of any actions. The market liquidity is also considered when authorising the issue or buy back of shares when appropriate market conditions prevail. A daily NAV per share, calculated in accordance with the AIC guidelines is issued to the London Stock Exchange.	The discount of the ordinary share price to the NAV per ordinary share at the year ended 30 September 2021 was 9.5% (2020: 13.1%). During the year ended 30 September 2021, no new shares were issued or bought back. The number of shares in issue, as at the year end was 124,149,256 of which 2,879,256 were held in treasury. The total voting rights of the Company are 121,270,000 shares.
To qualify and continue to meet the requirements for sections 1158 and 1159 of the Corporation Tax Act 2010 ('investment trust status').	The Board receives regular financial information which discloses the current and projected financial position of the Company against each of the tests set out in sections 1158 and 1159.	The Company was granted investment trust status annually up to 1 October 2014 and is deemed to be granted such status for each subsequent year subject to the Company continuing to satisfy the conditions of section 1158 of the Corporation Tax Act 2010 and other associated ongoing requirements. The Directors confirm that the tests have been met in the financial year ended 30 September 2021 and believe that they will continue to be met.
To ensure the efficient operation of the Company by monitoring the services provided by third party suppliers, including the Investment Manager, and controlling ongoing charges.	The Board considers annually the services provided by the Investment Manager, both investment and administrative, and reviews on a cycle the provision of services from third parties including the costs of their services. The annual operating expenses are reviewed and any non-recurring project related expenditure approved by the Board.	The Board has received, and considered satisfactory, the internal controls report of the Investment Manager and other key suppliers including the contingency arrangements to facilitate the ongoing operations of the Company in the event of withdrawal or failure of services. The ongoing charges for the year ended 30 September 2021 were 0.83%, compared to 1.01% the previous year.

Strategic Report continued

Risk Management

The Board is responsible for the management of risks faced by the Company and, through delegation to the Audit Committee, has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Audit Committee carries out, at least annually, a robust assessment of the principal risks and uncertainties with the assistance of the Investment Manager, continually monitors identified risks and meets to discuss both long-term and emerging risks outside of the normal cycle of Audit Committee meetings.

A Risk management process has been established to identify and assess various risks, their likelihood and the possible severity of impact then, considering both internal and external controls and factors that could provide mitigation, a post mitigation risk impact score is determined. The Audit Committee has identified the key risks faced by the Company. During the year the Audit Committee, in conjunction with the Board and the Investment Managers undertook a full review of the Company's Risk Map including the mitigating factors and controls to reduce the impact of the risks. The Committee continues to closely monitor these risks along with any other emerging risks as they develop and implements mitigating actions as necessary. The key risks which are those classified as having the highest risk impact score post mitigation are detailed below with a high-level summary of the management through mitigation and status arrows to indicate any change in assessment over the past financial year.

The Principal risks are detailed on the following pages along with a high-level summary of their management through mitigation and status arrows to indicate any change in assessment over the past financial year.

The Committee continues to monitor the continuing risks posed by COVID-19, which was classified as a Black Swan event in 2020. Further information on how the Committee has considered COVID-19 along with the other risks faced by the Company when assessing the effect on the Company's ability to operate as a going concern and the Company's longer-term viability can be found on pages 58 and 59 of the Report of the Audit Committee.

Principal Risks and Uncertainties

Portfolio Management

Investment Performance

Description
Breach of Investment policy, Investment Manager unable to deliver the Investment Objective leading to poor performance against the benchmark or market/industry average.

Assessment
Unchanged from previous year.

Mitigation
The Board seeks to mitigate the impact of such risks through the regular reporting and monitoring of the Company's investment performance against its peer group, benchmark and other agreed indicators of relative performance. A detailed annual review of the investment strategy is undertaken by the Investment Manager with the Board including analysis of investment markets and sector trends.

At each meeting the Board discusses developments in healthcare and drug pipelines with the Investment Manager in addition to the composition and diversification of the portfolio with sales and purchases of investments and the degree of risk which the Investment Manager incurs to generate investment returns. Individual investments are discussed with the Investment Manager as well as the Investment Manager's general views on the various investment markets and the healthcare sector in particular. Analytical performance data and attribution analysis is presented by the Investment Manager.

The Board is committed to a clear communication program to ensure Shareholders understand the investment strategy. This is maintained through the use of monthly factsheets which have a market commentary from the Investment Manager as well as portfolio data, an informative website as well as annual and half year reports.

Gearing

Description
Inability to repay ZDP loan and inappropriate use of derivatives.

Assessment
Unchanged from previous year.

Mitigation
The Board considered the benefits and drawbacks of the structural debt at the time of restructuring and concluded that the ability to lock-in an effective interest rate of 3% pa for the 7-year life would be beneficial to investment returns, the Board remains of the same belief. The asset cover necessary to repay the ZDP shares is reviewed at each Board meeting. If any flexible gearing is contemplated the Board would agree the overall levels of gearing with the AIFM. The arrangement of bank facilities and drawing of funds under such arrangements are controlled by the Board. Derivatives are considered as being a form of gearing and a policy for their use has been agreed by the Board. The deployment of any borrowed funds is based on the Investment Manager's assessment of risk and reward.

Discount/Premium

Description
Persistent discount in excess of Board or Shareholder acceptable levels.

Assessment
Unchanged from previous year.

Mitigation
The Board regularly considers, in comparison to the sector and peers, the level of premium and discount of the share price to the NAV and ways to enhance Shareholder value including share issuance and buy backs.

The Board has carefully monitored the discount level and market movements during the COVID-19 pandemic and has discussed performance with the Managers and advisers. The discount of the Company narrowed during the year under review and as at 30 September 2021, the discount of the ordinary share price to the NAV per ordinary share was 9.5% (2020: 13.1%). The Chair has also met (virtually) with key shareholders to understand any concerns and views as detailed in the Chair's Statement and within the s172 Report. Further detail on the performance and the impact of COVID-19 and market movements on the Company is given in the Investment Manager's Report.

Trading

Description
Execution of unauthorised trade/dealing error. Error or breach may cause regulatory investigation leading to fines, reputational damage and risk to investment trust status.

Assessment
Unchanged from previous year.

Mitigation
Investment limits and restrictions are encoded into the dealing and operations systems of the Investment Manager and various oversight functions are undertaken to ensure there is early warning of any potential issue of compliance or regulatory matters.

Strategic Report continued

Principal Risks and Uncertainties continued

Operational Risk

Service Failure

Description
Failure in services provided by the Investment Manager, Custodian, Depositary or other service providers; Accounting, Financial or Custody Errors resulting in regulatory investigation or financial loss, failure of trade settlement, potential loss of Shareholder assets and investment trust status.

Assessment
Unchanged from previous year.

Mitigation
The Board carries out an annual review of internal control reports from suppliers which includes cyber protocols and disaster recovery procedures. Due diligence and service reviews are undertaken with third-party service providers including the Custodian and Depository.

A full review of the internal control framework is carried out at least annually. Regular reporting is received by the Investment Manager on behalf of the Board from the Depositary on the safe custody of the Company's assets. The Board undertakes independent reviews of the Depositary and external Administrator services and additional resources have been put in place by the Investment Manager. Management accounts are produced and reviewed monthly, statutory reporting and daily NAV calculations are produced by the external Administrator and verified by the Investment Manager. Accounting records are tested, and valuations verified independently as part of the year-end financial reporting process.

Cyber Risk

Description
Cyber-attack causing disruption to or failure of operational and accounting systems and processes provided by the Investment Manager creating an unexpected event and/or adverse impact on personnel or the portfolio.

Assessment
Unchanged from previous year.

Mitigation
The number, severity and success rate of cyber-attacks have increased considerably over recent years, controls are however in place and the Board proactively seeks to keep abreast of developments through updates from representatives of the Investment Manger who undertakes meetings with the relevant service providers. In light of the COVID-19 pandemic and the lockdown measures introduced by the UK Government, the Audit Committee once again sought assurance from each of the Company's service providers on the resilience of their business continuity arrangements whilst the majority of their employees worked remotely. These assurances and the subsequent detailed updates that were given to the Committee provided a satisfactory level of assurance that there had not been, and there was no anticipation of any disruption in the ability of each service provider to fulfil their duties as would typically be expected.

Key Man

Description
Loss of Investment Manager or other key management professionals. Impact on investor confidence leading to widening of the discount and/or poor performance creating a period of uncertainty and potential termination of the Investment Management Agreement.

Assessment
Unchanged from previous year.

Mitigation
The strength and depth of investment team provides comfort that there is not over-reliance on one person with alternative portfolio managers available to act if needed. For each key business process roles, responsibilities and reporting lines are clear and unambiguous. During the year, the healthcare team was strengthened further with the addition of two new team members. Further details are provided in the Management team biographies on pages 8 and 9. The Investment Manager has implemented BCP arrangements as a result of COVID-19 with staff working remotely with no loss of service.

Shareholder Communications

Description
Failure to effectively communicate significant events to the shareholder and investor base.

Assessment
Unchanged from previous year.

Mitigation
The Board is committed to a clear communication programme to ensure Shareholders understand the investment strategy. This is maintained through the use of monthly factsheets which have a market commentary from the Investment Manager as well as portfolio data, an informative website as well as annual and half year reports.

Regulatory Risk

Description

Non-compliance with statutes, regulations and disclosure requirements, including FCA listed company regime and Companies Act 2006; s1158/1159 of the Corporation Tax Act 2010, the Companies Act 2006 and other UK, European and overseas legislation affecting UK companies including MiFID II and the GDPR.

Not complying with accounting standards could result is a suspension of listing or loss of investment trust status, reputational damage and Shareholder activism.

Further risks arise from not keeping abreast of changes in legislation and regulations which have in recent years been substantial.

Assessment

Unchanged from previous year.

Mitigation

The Board monitors regulatory change with the assistance of the Investment Manager, Company Secretary and external professional suppliers and implements necessary changes should they be required.

The Board receives regulatory reports for discussion and, if required, considers the need for any remedial action. In addition, as an investment company, the Company is required to comply with a framework of tax laws, regulation and company law.

The Board keeps abreast of third party service provider internal controls processes to ensure requirements are met in accordance with regulatory requirements.

Economic And Market Risk

Description

Financial loss due to unexpected natural disaster or other unpredictable event disrupting the ability to operate or significant exposure to the economic cycles of the markets in which the underlying investments conduct their business operations as well as the economic impact on investment markets where such investments are listed.

Fluctuations in stock markets and currency exchange rates could be advantageous or disadvantageous to the Company and its performance.

Disruption to trading platforms and support services.

Assessment

Unchanged from previous year.

Mitigation

The Board regularly discusses the general economic conditions and developments.

The impact on the portfolio from other geopolitical changes including, as an example, tensions between the US and China are monitored through existing control systems and discussed regularly by the Board. While it is difficult to quantify the impact of such changes, it is not anticipated that they will fundamentally affect the business of the Company or make healthcare investing any less desirable. The longer term effects of COVID-19 on this risk will continue to be assessed by the Audit Committee in light of how they will impact the Company's portfolio and the overall economic and geopolitical environment in which the Company operates.

The Company through the Investment Manager, has a disaster recovery plan in place.

Strategic Report continued

Management Company and Management of the Portfolio

As the Company is an investment vehicle for shareholders, the Directors have sought to ensure that the business of the Company is managed by a leading specialist investment management team and that the investment strategy remains attractive to shareholders. The Directors believe that a strong working relationship with Polar Capital LLP (the Investment Manager) will achieve the optimum return for shareholders and the Board and Investment Manager operate in a supportive, co-operative and open environment.

The Investment Manager is Polar Capital LLP ('Polar Capital'), which is authorised and regulated by the Financial Conduct Authority, to act as Investment Manager and AIFM of the Company with sole responsibility for the discretionary management of the Company's assets (including uninvested cash) and sole responsibility to take decisions as to the purchase and sale of individual investments. The Investment Manager also has responsibility for asset allocation within the limits of the investment policy and guidelines established and regularly reviewed by the Board, all subject to the overall control and supervision of the Board.

Under the terms of the IMA, the Investment Manager also provides or procures accountancy services, company secretarial, marketing and day-to-day administrative services, including the monitoring of third-party suppliers, which are directly appointed by the Company. The Investment Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to HSBC Securities Services and to Polar Capital Secretarial Services Limited.

Polar Capital provides a team of healthcare specialists and the portfolio is co-managed by Dr James Douglas and Mr Gareth Powell. The Investment Manager has other resources which support the investment team and has experience in managing and administering other investment trust companies.

Termination Arrangements

The IMA may be terminated by either party giving 12 months' notice. The IMA may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the Investment Manager; (ii) if the Investment Manager ceases or threatens to cease to carry on its business; (iii) where the Company is required to do so by a relevant regulatory authority; (iv) on the liquidation of the Company; or (v) subject to certain conditions, where the Investment Manager commits a material breach of the IMA. In the event the IMA is terminated before the expiry of the Company's fixed life then, except in the event of termination by the Company for certain specified causes, the base fee and the performance fee will be calculated pro rata for the period up to and including the date of termination.

Fee Arrangements

Management Fee

Under the terms of the IMA, the Investment Manager will be entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable monthly in arrears and, with effect from 1 October 2020, was charged at the rate of 0.75% (previously: 0.85%) per annum based on the lower of the market capitalisation and adjusted net asset value. In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 80% of the management fee payable is charged to capital and the remaining 20% to income.

Performance Fee

The Investment Manager may be entitled to a performance fee. The performance fee was reset at the date of reconstruction of the Company and will be paid in cash at the end of the Company's expected life (except in the case of an earlier termination of the IMA). The performance fee will be an amount equal to 10% of the excess total return (based on the Adjusted Net Asset Value per ordinary share at that time) over the total return of the benchmark plus 1.5% compounded annually on each anniversary of share admission and adjusted for periods of less than 12 months. In the event of a performance fee becoming payable on the future portfolio realisation date, such fee would be subject to a maximum amount of 3.5% of the terminal NAV. For the purposes of calculating the performance fee, the Company's Adjusted Net Asset Value will be based on the Net Asset Value adjusted by the amount of any dividends paid by the Company deemed to have been reinvested on the date of payment in ordinary shares at their Net Asset Value (on such date) and the resulting amount added to the Company's Net Asset Value. If at the end of the Company's expected life the amount available for distribution to shareholders is less than 215.9p per ordinary share, no performance fee will be payable. If the amount is more than 215.9p per ordinary share but payment of the performance fee in full would reduce it below that level, then the performance fee will be reduced such that shareholders receive exactly 215.9p per share. No performance fee has been paid or accrued since inception and up to 30 September 2021.

Environmental, Social and Governance (ESG)

Corporate Responsibility

The Company's core investment and administrative activities are undertaken by its Investment Manager which seeks to limit the use of non renewable resources and reduce waste where possible. The Investment Manager has a corporate ESG policy, which is available in the document library of the Company's website, and wherever possible and appropriate the parameters of such are considered and adopted by the investment team in relation to the Company's management and portfolio construction. As detailed further within the Investment Manager's Report the Investment Managers are required to have consideration of ESG factors when reviewing new, continuing or exiting investments but they are not required to take an investment decision solely on the basis of ESG factors. The Board monitors the Investment Manager's approach to ESG including policies for improvement of impact on the environment, and they themselves take into account ESG factors in the management of the Company. The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas ('GHG') emissions for which they are responsible. The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, it has no GHG emissions to report from its operations nor does it have responsibility for any other emissions.

Diversity and Gender reporting

The Company has no employees and the Board is comprised of one female and three male Independent non-executive Directors. The Board is cognisant of the Hampton Alexander Review which set a target for all FTSE350 companies to have a board with a 33% female representation by the end of 2020. The Company falls outside of the FTSE350 and currently has 25% female representation but notes that the most senior Board role of Chair is held by the female director.

The FCA issued a consultation document in July 2021 on Diversity and Inclusion which proposes various changes to the Listing Rules including the expansion of reporting beyond gender diversity. If approved, the revised rules are expected to come into force for financial years commencing on or after 1 January 2022. The Board will review and take any necessary action in due course and will continue to have regard to the benefits of diversity throughout any recruitment process, especially when compiling a shortlist of candidates and selecting individuals for interview, but will ultimately seek to ensure directors appointed to the Board are chosen on merit.

The Company has not adopted a policy on human rights as it has no employees or operational control of its assets.

Modern Slavery Act

As an investment company, the Company does not provide goods or services in the normal course of business and does not have any customers. Accordingly, the Company does not consider that it falls within the scope of the Modern Slavery Act 2015 and therefore does not meet the criteria requiring it to produce a statement under such Act.

Anti-bribery, Corruption and Tax Evasion

The Board has adopted a zero-tolerance policy (available on the Company's website) to bribery, corruption and the facilitation of tax evasion in its business activities. The Board uses the principles formulated and implemented by the Investment Manager and expects the same standard of zero tolerance to be adopted by third party service providers. The Company has implemented a Conflicts of Interest policy to which the Directors must adhere, in the event of divergence between the Investment Manager's policy and the Company's policy the Company's policy shall prevail. The Company is committed to acting with integrity and in the interests of shareholders at all times.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

The Company notes the TCFD recommendations on climate-related financial disclosures. As stated above, the Company is an investment trust with no employees, internal operations or property. However, it is an asset owner and therefore we will work to develop appropriate disclosures about our portfolio. Information sources are developing and consultations on reporting requirements are underway, we will continue to work alongside our Investment Manager to provide more information as it becomes available. Polar Capital supports TCFD's recommendations and is in the process of assessing the guidance to ensure compliance going forward.

ESG and Third Party Service Providers

The Investment Manager on behalf of all clients receives assurance on an annual basis that, where required, third party service providers comply with the requirements of the Modern Slavery Act and adhere to a zero-tolerance policy to bribery and corruption. In light of the growing requirements surrounding ESG, including TCFD, third party service providers have been engaged in providing copies of their ESG, Diversity and Inclusion, Stewardship and other related policies to the Company. The Board will continue to monitor the practices of service providers and seek to assure shareholders where appropriate that suitable policies and procedures are in place to effect positive change.

Section 172 of the Companies Act 2006

The statutory duties of the Directors are listed in s171-177 of the Companies Act 2006. Under s172, Directors have a duty to promote the success of the Company for the benefit of its members (our Shareholders) as a whole and in doing so have regard to the consequences of any decision in the long term, as well as having regard to the Company's stakeholders amongst other considerations. The fulfilment of this duty not only helps the Company achieve its Investment Objective but ensures decisions are made in a responsible and sustainable way for Shareholders.

To ensure that the Directors are aware of, and understand, their duties, they are provided with an induction when they first join the Board, including details of all relevant regulatory and legal duties as a Director and continue to receive regular and ongoing updates on relevant legislative and regulatory developments. They also have continued access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can seek independent professional advice. The Schedule of Matters Reserved for the Board, as well as the Terms of Reference of its committees, are reviewed annually and further describe Directors' responsibilities and obligations and include any statutory and regulatory duties.

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during discussions and as part of the decision-making process. As an externally managed investment company, the Company does not have any employees or customers, however the key stakeholders and a summary of the Board's consideration and actions where possible in relation to each group of stakeholders are described in the table below.

Stakeholder Group	How we engage with them
Shareholders	The Directors have considered this duty when making the strategic decisions during the year that affect Shareholders, including the continued appointment of the Investment Manager and the recommendation that Shareholders vote in favour of the resolutions for the Company to continue and to renew the allotment and buy back authorities at the AGM. The Directors have also engaged with and taken account of Shareholders' interests during the year. The Directors were unable to have the usual face-to-face interactions with Shareholders this year due to the guidance from the UK government in respect of gatherings of people. Instead, the Board held a "Meet the Manager and Board" session where shareholders had the opportunity to hear a brief introduction from the Managers and the Chair and were provided with an opportunity to ask questions. The Company's AGM will be held at 2pm on Wednesday 11 February 2022. The Board has been considering how best to deal with the continued uncertainties posed by the COVID-19 pandemic and possible future outbreaks which may impact the holding of the AGM. The health and wellbeing of our employees, shareholders and the wider community in which we operate is of importance to the Board. The Board also recognises that the AGM is an important event for Shareholders and the Company and is keen to ensure that Shareholders are able to exercise their right to vote and participate. Unless circumstances change, and they may do so at any time between now and the AGM, the meeting will be held at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. Any changes to these arrangements will be communicated through the Company's website and via a Regulatory Information Service announcement. The Board believes that shareholder engagement remains important, especially in the current market conditions and is keen that the AGM be a participative event for all Shareholders who attend. Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at **cosec@polarcapital.co.uk** stating the subject matter as **PCGH-AGM**. The investment manager gives a presentation and the Chairs of the Board and of the Committees attend and are available to respond to questions and concerns from Shareholders. Should any significant votes be cast against a resolution, the Board will engage with Shareholders and explain in its announcement of the results of the AGM the actions it intends to take to consult Shareholders in order to understand the reasons behind the votes against. Following the consultation, an update will be published no later than six months after the AGM and the Annual Report will detail the impact the Shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed. **Relations with Shareholders** The Board and the Manager consider maintaining good communications and engaging with Shareholders through meetings and presentations a key priority. The Board regularly considers the share register of the Company and receives regular reports from the Manager and the Corporate Broker on meetings attended with Shareholders and any concerns that are raised in those meetings. The Board also reviews correspondence from Shareholders and may attend investor presentations. Shareholders are kept informed by the publication of annual and half year reports, monthly fact sheets, access to commentary from the Investment Manager via the Company's website and attendance at events at which the Investment Manager presents.

Stakeholder Group	How we engage with them
Shareholders Continued	Shareholders are able to raise any concerns directly with the Board without using the Manager or Company Secretary as a conduit. The Chair or other Directors are available to Shareholders who wish to raise matters either in person or in writing. The Chair and Directors may be contacted through the registered office of the Company. The Company, through the sales and marketing efforts of the Investment Manager, encourages retail investment platforms to engage with underlying Shareholders in relation to Company communications and enabling those Shareholders to cast their votes on Shareholder resolutions. The Company however has no responsibility over such platforms. The Board therefore encourage Shareholders invested via the platforms to regularly visit the Company's website or to make contact with the Company directly to obtain copies of Shareholder communications. The Company has also made arrangements with its registrar for Shareholders, who own their shares directly rather than through a nominee or share scheme, to view their account online at www.shareview.co.uk. Other services are also available via this service.
Investment Manager	Through the Board meeting cycle, regular updates and the work of the Management Engagement Committee reviewing the services of the Investment Manager annually, the Board is able to safeguard Shareholder interests by: • Ensuring adherence to the Investment Policy; • Ensuring excessive risk is not undertaken in the pursuit of investment performance; • Ensuring adherence to the Investment Management Policy and reviewing the agreed management and performance fees; and • Reviewing the Investment Manager's decision making and consistency in investment process. Maintaining a close and constructive working relationship with the Manager is crucial as the Board and the Investment Manager both aim to continue to achieve consistent, long-term returns in line with the Investment Objective. The culture which the Board maintains to ensure this involves encouraging open discussion with the Investment Manager; recognising that the interests of Shareholders and the Investment Manager are aligned, providing constructive challenge and making Directors' experience available to support the Investment Manager. This culture is aligned with the collegiate and meritocratic culture which Polar Capital has developed and maintains. **Outcomes and strategic decisions during the year** The Board in their capacity as the Management Engagement Committee has recommended the continued appointment of the Investment Manager on the terms agreed within the Investment Management Agreement.
Investee Companies	The Board has instructed the Investment Manager to take into account the published corporate governance policies of the companies in which they invest. The Board has also considered the Investment Manager's Stewardship Code and Proxy Voting Policy. The Proxy Voting Policy directs the Investment Manager to vote at all general meetings of companies in line with ISS policy. However, in exceptional cases, where the Investment Manager believes that a resolution would be detrimental to the interests of shareholders or the financial performance of the Company, appropriate notification will be given and abstentions or a vote against will be lodged. This Policy changed during the financial year, as the prior default instruction had been for the Investment Manager to vote at all general meetings of companies in favour of management's recommendation. The Investment Manager has voted at 45 company meetings over the year ended 30 September 2021, with 5.8% of all votes being against management and 34% of meetings having at least one against or withheld vote. The Investment Manager reports to the Board, when requested, on the application of the Stewardship Code and Voting Policy. The Investment Manager's Stewardship Code and Voting Policy can be found on the Investment Manager's website in the Corporate Governance section (www.polarcapital.co.uk). Further information on how the Investment Manager considers ESG in its engagement with investee companies can be found in the Investment Manager's report on pages 11 to 22. **Outcomes and strategic decisions during the year** During the year, the Board discussed the impact of ESG and how the Investment Manager incorporated ESG into their strategy and investment process.

Section 172 of the Companies Act 2006 continued

Stakeholder Group	How we engage with them
Service Providers	The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting and due diligence meetings or site visits. This engagement is completed with the aim of having effective oversight of delegated services, seeking to improve the processes for the benefit of the Company and to understand the needs and views of the Company's service providers, as stakeholders in the Company. Further information on the Board's engagement with service providers is included in the Corporate Governance Statement and the Report of the Audit Committee. **Outcomes and strategic decisions during the year** The reviews of the Company's service providers have been positive and the Directors believe their continued appointment is in the best interests of the Company. The accounting and administration services of HSBC Securities Services (HSS) are contracted through Polar Capital and provided to the Company under the terms of the IMA. The Board however continue to conduct due diligence service reviews in conjunction with the Company Secretary and is satisfied that the service received continues to be of a high standard.
Proxy Advisors	The support of proxy adviser agencies is important to the Directors, as the Company seeks to retain a reputation for high standards of corporate governance, which the Directors believe contributes to the long-term sustainable success of the Company. The Directors consider the recommendations of these various proxy voting agencies when contemplating decisions that will affect Shareholders and also when reporting to Shareholders through the Half Year and Annual Reports. Recognising the principles of stewardship, as promoted by the UK Stewardship Code, the Board welcomes engagement with all of its investors. The Board recognises that the views, questions from, and recommendations of many institutional investors and proxy adviser agencies provide a valuable feedback mechanism and play a part in highlighting evolving Shareholders' expectations and concerns. Prior to AGMs, the Company engages with these agencies to fact check their advisory reports and clarify any areas or topics that the agency requests. This ensures that whilst the proxy advisory reports provided to Shareholders are objective and independent, the Company's actions and intentions are represented as clearly as possible to assist with Shareholders' decision making when considering the resolutions proposed at the AGM. **Outcomes and strategic decisions during the year** The Nomination Committee considers the time commitment required of Directors and the Board considers each Director's independence on an ongoing basis. The Board have confirmed that all Directors remain independent and able to commit sufficient time in fulfilling their duties, including those listed on s172 of the Companies Act. Accordingly, all Directors are standing for re-election at the Company's AGM.
The AIC aic	The Company is a member of the AIC and has also supported lobbying activities such as the consultations on the 2019 AIC Code, the 2021 BEIS Restoring Trust in Audit and Corporate Governance and the FCA's 2021 consultation on Diversity and Inclusion on Company Boards. The Directors also cast votes in the AIC Board Elections each year and regularly attend AIC events.

Approved by the Board on 16 December 2021

By order of the Board

Tracey Lago, FCG
Polar Capital Secretarial Services Limited
Company Secretary

Corporate Governance

A system of rules and processes by which the Company is governed

Report of the Directors

The Directors, who are listed on pages 6 and 7, present their annual report together with their Report on Corporate Governance, and the Audited Financial Statements for the year ended 30 September 2021. In addition, the attention of Shareholders is drawn to the Strategic Report Section (Chair's Statement, the Investment Manager's Report, Strategic Report, and the ESG and Section 172 Statements) which provides further commentary on the activities and outlook for the Company.

Introduction and Status

The Company is incorporated in England and Wales as a public limited company and is domiciled in the United Kingdom. It is an investment company as defined in section 833 of the Companies Act 2006 and has a premium listing on the London Stock Exchange.

The Company seeks to continue to operate as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010 (as amended by section 42(2) of the Finance Act 2011). As an approved investment trust the close company provisions do not apply. The Directors, under advice, expect the affairs of the Company to continue to satisfy the conditions of an investment trust.

As an investment trust the Company's ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to do so for the foreseeable future so that the exclusion continues to apply. The Company's ordinary shares are eligible for inclusion in a stocks and shares ISA.

Financial Regulation

The Audited Financial Statements are prepared in accordance with International Accounting Standards (IAS) in conformity with the requirements, including the legal requirements, of the Companies Act 2006 (the Act). On the conclusion of the BREXIT transition period, on 31 December 2020, the EU adopted International Financial Reporting Standards (EU IFRS), against which the Group has previously reported, were frozen and companies preparing Financial Statements under IAS but with a filing process straddling the end of the transition period, are required to prepare Financial Statements with reference to the frozen onshored IFRS standards within IAS under the Act. The changes to presentation do not represent a change in the basis of accounting and do not necessitate a prior year restatement. Future years' Financial Statements will be prepared under the equivalent UK adopted standards.

Purpose

The purpose of the Group, comprising the Company and the wholly owned subsidiary PCGH ZDP Plc, is to provide a vehicle in which investment is spread 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.

The portfolio is diversified by geographic location, industry sub-sector and investment size. The portfolio comprises a single pool of investments but for operational purposes the Investment Manager will maintain both a growth and an innovation portfolio. The purpose of the subsidiary is to provide fixed life structural gearing to the Group.

The portfolio is managed within a framework of investment limits and guidelines determined by the Board which seek to meet the investment objective while seeking to spread and mitigate risk. As an externally managed investment trust, the culture of the Group is consequential of the Board's composition, decisions and behaviours which generally are aligned with the values and behaviours of the Investment Manager, interaction between the two and engagement with the Group's stakeholders. The Board monitors this culture, including the policies and practices it implements to maintain it. The day-to-day operations and functions of the Group have been delegated to third parties.

The Company is registered under the United States' FATCA legislation and its Global Intermediary Identification Number (GIIN) is ID3ME4.99999.SL.826. The Company's Legal Entity Identifier (LEI) code is 549300YV7J2TWLE7PV84.

Life of the Company

In the absence of any prior proposals, the Articles of Association of the Company require the Directors to put forward at the first Annual General Meeting following 1 March 2025 a special resolution to place the Company into voluntary liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed.

The subsidiary, PCGH ZDP Plc, has a fixed life and the Directors of the subsidiary are required to convene a general meeting on or before 19 June 2024 (unless varied by the holders of the Zero Dividend Preference shares) to propose a resolution to wind up the subsidiary.

CAPITAL STRUCTURE

Issued Share Capital

The Company's share capital is divided into ordinary shares of 25p each. At the year end, there were 124,149,256 ordinary shares in issue (2020: 124,149,256 ordinary shares), of which 2,879,256 (2020: 2,879,256) were held in treasury by the Company.

Changes during the year

During the year to 30 September 2021, no new shares were issued from or bought back into treasury.

Voting Rights

Ordinary shares carry voting rights which are exercised on a show of hands at a meeting, where each shareholder has one vote, or on a poll, where each share has one vote. Ordinary shares held in treasury carry no voting rights. Arrangements for the casting of proxy votes are provided when a notice of meeting is issued.

Transferability

Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Further information can be found in the Articles of Association available on the Company's website www.polarcapitalglobalhealthcaretrust.co.uk.

Powers to Issue Ordinary Shares and Make Market Purchases of Ordinary Shares

The Board was granted authority by Shareholders at the AGM in January 2021 to allot equity securities up to a nominal value of £3,031,750 and to issue those shares for cash without offering those shares to Shareholders in accordance with their statutory pre-emption rights. New ordinary shares will not be allotted and issued at below the NAV per share after taking into account the costs of issue. Any re-issue of shares from treasury will follow institutional guidelines; it is not anticipated that such shares would be re-issued below NAV.

The Board also obtained Shareholder authority at the AGM in January 2021 to make market purchases of up to 18,178,373 ordinary shares of the Company for cancellation or holding as treasury shares in accordance with the terms and conditions set out in the shareholder resolution.

These authorities will expire at the AGM to be held in February 2022. Renewal of these authorities will be sought at that AGM.

Dividends

The Company changed its dividend policy following the change in strategy and reconstruction of the portfolio approved in June 2017. The Company's policy is an aim to pay two interim dividends in February and August each year. These interim dividends will not necessarily be of equal amounts. Details of the dividends paid and proposed are set out in Note 11 on page 83.

Shareholders should recognise that circumstances may arise when it is necessary to reduce the level of dividend payment or equally there may be instances when the level of dividend must be increased in order to comply with sections 1158 and 1159 of the Corporation Tax Act 2010. Where this would result in paying a dividend beyond the Board's intended policy a 'special dividend' will be declared and paid.

In accordance with best practice, the Directors will be proposing a resolution to approve the Company's dividend policy at the AGM to be held in February 2022.

Directors

In accordance with the Company's adopted practices detailed on page 46 of the Report on Corporate Governance, all Directors will retire and offer themselves for re-election at the AGM of the Company to be held in February 2022. Having undertaken a Board Evaluation process and discussed the areas of expertise required to run the Company, the Board have confirmed their support and rationale for each Directors' re-election. The Directors believe that they have a balance of experience, expertise and diversity and that they work well together and that each brings multiple qualities to the Board. The Board rationale for re-appointment of each Director is given on pages 6 and 7 and in the letter accompanying the Notice of AGM.

Annual General Meeting ('AGM')

The Company's AGM will be held at 2pm on Friday 11 February 2022. The Board has been considering how best to deal with the continued uncertainties posed by the COVID-19 pandemic which may impact the holding of the AGM. The health and wellbeing of our service providers' employees, shareholders and the wider community in which we operate is of importance to the Board. The Board also recognises that the AGM is an important event for shareholders and the Company and is keen to ensure that shareholders are able to exercise their right to vote and participate. Based on current conditions, the meeting will be held at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. Any changes to these arrangements required by a change in circumstances will be communicated through the Company's website and via a Regulatory Information Service announcement.

Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at **cosec@polarcapital.co.uk** stating the subject matter as **PCGH-AGM**. The Board will endeavour to answer relevant questions at the meeting or via the website depending on arrangements in place at the time.

The separate Notice of Meeting contains the usual resolutions to receive the Financial Statements, approve the Directors' Remuneration Implementation Report, re-elect Directors, re-appoint the Auditors and empower the Directors to set their fees, give authority to allot shares and issue shares for cash, and to make market purchases. The full text of the resolutions and explanation of each is set out in the Notice of Meeting.

Report of the Directors continued

Major Interests in Ordinary Shares

As at the year end of 30 September 2021, the Company had received notifications from the following shareholders in respect of their own and their clients' interests in the voting rights of the Company:

Shareholder	Type of Holding	Number of Shares	% of Voting Rights*
Rathbone Brothers plc	Indirect	14,515,492	11.97
1607 Capital Partners	Indirect	14,259,099	11.76
Investec Wealth & Investment Ltd	Direct	14,003,515	11.55
Charles Stanley	Indirect	6,106,096	5.04
Brewin Dolphin Limited	Indirect	6,039,197	4.98
Canaccord Genuity Group	Indirect	5,872,733	4.84
Cheviot Asset Management Limited	Direct	4,805,275	3.96
Schroders plc	Indirect	Below 5%	Below 5%

Since the year end and up to the date of this report, the Company has been notified of the following:

Shareholder	Type of Holding	Number of Shares	% of Voting Rights*
Investec Wealth & Investment Ltd	Direct	13,294,180	10.96
1607 Capital Partners	Indirect	12,069,633	9.95
Allspring Investments	Indirect	6,522,743	5.38

* The above percentages are calculated by applying the shareholdings as notified to the issued share capital at 16 December 2021 of 121,270,000 ordinary shares being all the issued ordinary shares excluding those held in treasury where voting rights are suspended.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain further information in relation to the Group and Company which is not otherwise disclosed. The Directors confirm there are no additional disclosures to be made pursuant to this rule.

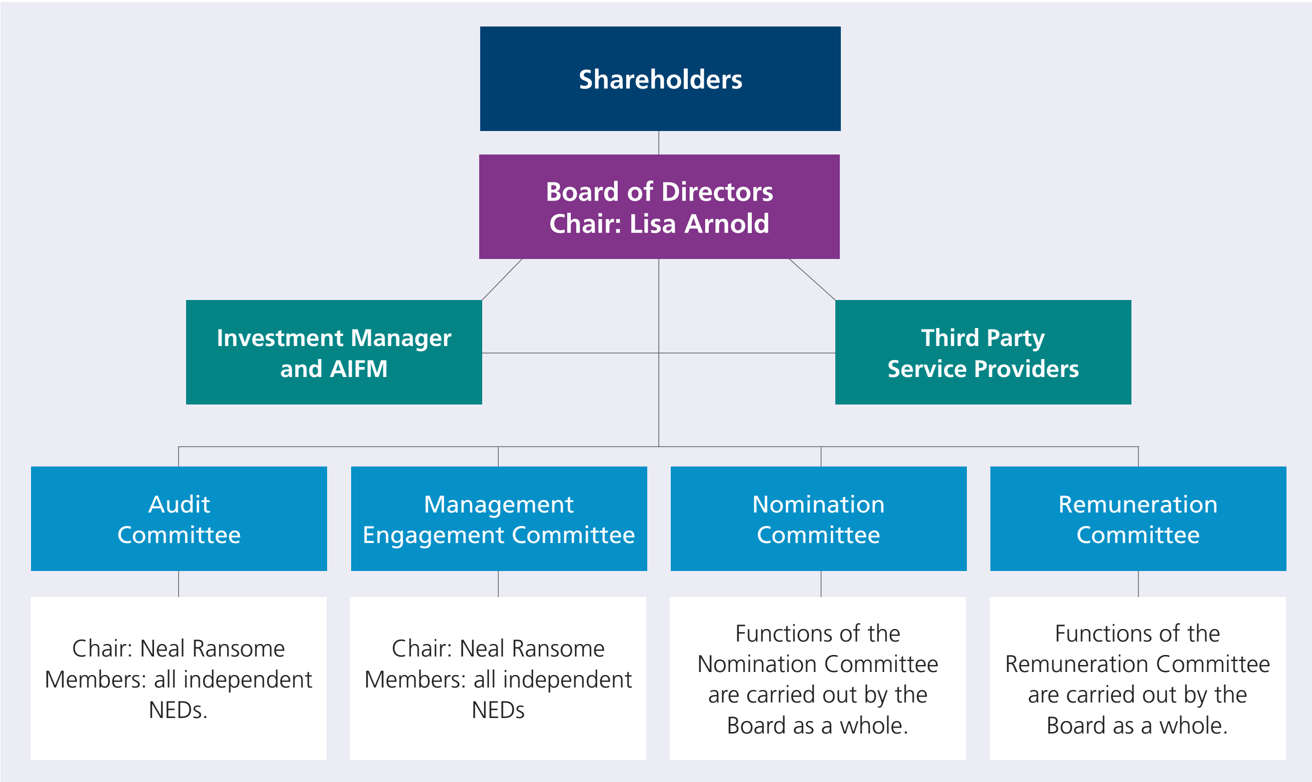
By order of the Board

Tracey Lago, FCG
Polar Capital Secretarial Services Limited

16 December 2021

Report on Corporate Governance
Year ended 30 September 2021

Corporate Governance Framework
The following diagram demonstrates the governance framework within which the Group is managed. The Directors are ultimately accountable the Company and its Shareholders for the Group's affairs and are therefore responsible for the good governance of the Group. The Group and Company has no employees relies on third parties to administer the Group and Company and to provide investment management services.



The Financial Reporting Council (FRC) has endorsed the Association of Investment Companies ('AIC') Code of Corporate Governance (the 'AIC Code') for AIC Member Companies to report against in relation to their corporate governance provisions. The AIC Code addresses the relevant principles set out in the FRC UK Code as well as additional principles and recommendations on issues that are specific to investment trust companies.

The FRC has confirmed that by following the AIC Code, boards of investment companies (including those structured as investment trusts) will meet their obligations under FCA Listing Rule 9.8.6. As an externally managed investment company many provisions of the FRC UK Code are not relevant, including those relating to the roles of chief executive, executive directors' remuneration, statement of gas emissions and the requirement to have an internal audit function.

In addition, there are provisions within the FRC UK Code which the Board has chosen to depart from in favour of following the AIC Code, such as the Company's formal Chair Tenure Policy which allows the Chair to continue in role in excess of 9 years. See page 46 for more information.

Statement of Compliance and Application of the AIC Code's Principles
The Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC provides more relevant information to Shareholders.

Report on Corporate Governance continued

Year ended 30 September 2021

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board believes that the Company's current practices are consistent in all material respects in applying the principles and complying with the provisions of the AIC Code. The Board will continue to observe the principles and recommendations set out in the AIC Code.

The AIC Code's principles and provisions are structured into five sections: Board leadership and purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration. The Company's application of the principles and compliance with the provisions of each section is detailed on pages 42 to 48.

BOARD LEADERSHIP AND PURPOSE (Principles A-E, Provisions 1-7)

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 the Investment Objective and policy incorporating parameters to ensure excessive risk is not undertaken.

The Investment Policy seeks 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. As an externally managed investment trust, the culture of the Company is a consequence of the Board's composition, decisions and behaviours which are aligned with the values and behaviours of the Investment Manager, interaction between the two and engagement with the Company's stakeholders. The Board monitors this culture, including the policies and practices it implements to maintain it.

Board Leadership

In promoting the long-term sustainable success of the Company, the performance of the Company's portfolio is constantly reviewed in pursuit of value generation for shareholders by achievement of the Investment Objective. Investment management fees are reviewed periodically, with the last change occurring with effect from 1st October 2020. The Investment Manager is entitled to a management fee at the rate of 0.75% (previously 0.85%) per annum of the lower of the Group market capitalisation and the Company's adjusted net asset value. The Company's performance over the previous ten years can be found on page 3 and how the Board views its duties is considered in the s172 statement on pages 34 to 36. The Board's engagement with shareholders and stakeholders and how it contributes to strategic decision making is also discussed within the s172 statement. Participation from both groups is encouraged and the Board can be contacted through the Company Secretary. The Company's service providers are subject to periodic site visits and attend service review and other meetings throughout the year, ensuring effective engagement. Fulfilling the Investment Objective and the Company's performance is the focus of the Board's discussions.

The Board's effectiveness, including how it promotes the long-term sustainable success of the Company, is reviewed annually. The process and outcomes of the Board evaluation are detailed on pages 46 and 47.

Role, Responsibilities and Committees of the Board

The Board has delegated to the Audit Committee and the Management Engagement Committee specific remits for consideration and recommendation but the final responsibility in these areas remains with the Board. The Board determined that due to its size, and the fact that all the Directors are non-executive and independent, the functions of the nomination committee and remuneration committee would be carried out by the full Board. The Board creates ad hoc committees from time to time to enact policies or actions agreed in principle by the whole Board.

BOARD LEADERSHIP AND PURPOSE (Principles A-E, Provisions 1-7) continued

The number of formal meetings of the Board and its Committees held during the year ended 30 September 2021 and the attendance of individual Directors are shown below:

	Board	Audit Committee	Management Engagement	2021 AGM
Number of Meetings	**7**	**4**	**1**	**1**
Lisa Arnold	7	4	1	1
Andrew Fleming	7	4	1	1
Neal Ransome	7	4	1	1
Jeremy Whitley	7	4	1	1

Service Provider Performance Evaluation Process

Investment Manager

The Board has contractually delegated the management of the portfolio to the Manager. It is the Manager's sole responsibility to take decisions as to the purchase and sale of individual investments other than unquoted investments where the Board is consulted. The Manager has responsibility for asset allocation and sector selection within the guidelines established and regularly reviewed by the Board.

The Manager is responsible for providing or procuring accountancy services, company secretarial and administrative services including the monitoring of third-party suppliers who are directly appointed by the Company. The Manager also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Investment Manager attend all Board meetings in a variety of capacities including investment management, compliance, risk and marketing, enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

The whole Board reviews the performance of the Investment Manager and, at each Board meeting, the Company's performance against the market and a peer group of funds with a similar Investment Objective is reviewed. The investment team provided by the Investment Manager has long experience of investment in the healthcare sector. In addition, the Investment Manager has other investment resources which support the investment team and have experience in managing and administering other investment trust companies.

The Board and Investment Manager work in a collaborative manner and the Chair encourages open discussion and debate.

Report of the Management Engagement Committee

The Management Engagement Committee comprises all the independent non-executive Directors under the Chairmanship of Neal Ransome, and will usually meet once a year and at such other times as may be necessary. The Management Engagement Committee reviews the performance and activities of the Investment Manager and considers the terms of the investment management agreement and other services and resources supplied by the Investment Manager, prior to making its recommendation to the Board on whether the retention of the Investment Manager is in the interests of shareholders.

During the year ended 30 September 2021 the Management Engagement Committee met once to carry out the review of the Investment Manager and consider its continued appointment for the next financial year ending 30 September 2022. During the year, the Board reviewed its fee arrangements with the Manager taking into consideration the performance of the Manager in managing the assets of the Company, the performance of the Company in both absolute and relative terms against its benchmark since launch and since reconstruction in June 2017. In October 2020, following discussion with Polar Capital, a reduction in the base management fee from 0.85% to 0.75% per annum based on the lower of the market capitalisation and adjusted net asset value was agreed with effect from 1 October 2020. All other terms within the Investment Management Agreement remain unchanged.

The review of the Investment Manager also considered the strength of the investment team, depth of other resources provided by the Manager and quality of the services provided or procured by the Manager including shareholder communications. The Board, through the work of the Management Engagement Committee, has concluded that it is in the best interests of shareholders as a whole that the appointment of Polar Capital LLP as Investment Manager is continued.

Report on Corporate Governance continued

Year ended 30 September 2021

BOARD LEADERSHIP AND PURPOSE (Principles A-E, Provisions 1-7) continued

The Company uses a variety of performance measures when monitoring the performance of the portfolio managed by the Investment Manager. These measures are considered to be Alternative Performance Measures under the ESMA guidelines and are described further on pages 95 to 96.

Other Suppliers

The Board also monitors directly or through the Manager the performance of its other key service providers.

- The Board has directly appointed HSBC Bank Plc as Depositary and Panmure Gordon as Corporate Broker. The Depositary reports quarterly and makes an annual presentation to the Board. The Corporate Broker provides reports to each Board meeting and joins the Board on request, and at least every six months, to discuss markets and other issues.
- The Registrar, Equiniti Limited, is directly appointed by the Board and the performance of their duties is monitored and reported on by the Company Secretary.
- Other suppliers such as printers, website services and PR agents are monitored by the Company Secretary and each supplier reports to the Board as and when deemed necessary.

Report of the Audit Committee

The Audit Committee comprises all the independent non-executive Directors under the Chairmanship of Neal Ransome. The Committee has formal terms of reference which clearly define its responsibilities and duties. A separate report of the work of the Audit Committee over the year is set out on pages 54 to 60.

Report of the Remuneration Committee

As mentioned above, the role of the Remuneration Committee is undertaken by the full Board. The Directors' Remuneration Report including the processes undertaken when reviewing remuneration can be found on pages 49 to 53.

DIVISION OF RESPONSIBILITIES (PRINCIPLES F-I, PROVISIONS 8-21)

Chair

The Chair is responsible for the leadership of the Board and works with the Company Secretary for setting the Board's meeting agendas and for balancing the issues presented to each meeting. Open and honest debate is encouraged at each Board meeting and the Chair keeps in touch with both the Company Secretary and other Directors between Board meetings. Lisa Arnold was appointed to the Board in 2018 and appointed as Chair in February 2020. The Chair was independent on appointment and continues to meet the criteria for independence. The Board considers the competence and independence of the Directors on an annual basis.

Senior Independent Director

Due to the size and structure of the Board it was considered unnecessary to identify a senior independent non-executive director. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

Board Responsibilities

The Board currently comprises four non-executive Directors who are all considered to be independent in character and judgement. No Director has any former or present connection with the Investment Manager. A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No professional advice has been independently sought during the year. The Directors have access to the advice and services of the Company Secretary which is provided in compliance with the IMA through Polar Capital Secretarial Services Limited. An appointed representative, Tracey Lago, is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The Board and Investment Manager operate in a supportive, co-operative and open environment.

DIVISION OF RESPONSIBILITIES (PRINCIPLES F-I, PROVISIONS 8-21) continued

The Board has a schedule of regular meetings through the year and meets at additional times as required. During the year, Board and Committee meetings were held to deal with the ongoing stewardship of the Company and other matters including the setting and monitoring of investment strategy and performance, review of the Financial Statements and shareholder feedback. The level of the ordinary share price discount or premium to the Net Asset Value together with policies for re-purchase or issuance (or re-issuance) of shares, are kept under review along with matters affecting the industry and the evaluation of third-party service providers. The Board is also responsible for considering, reviewing and implementing appropriate policies in respect of regulatory changes that impacted the Company.

The full investment strategy was revised during the reconstruction exercise undertaken in early 2017 which re-launched the Company with a revised investment strategy in June 2017. The Board continues to consider the Company's strategy and its relevance to the market and Shareholders as a whole at each Board meeting and at least one Board meeting per year includes an in-depth focus on strategy. Through this process the Board supervises the management of the investment portfolio, the work of the Investment Manager, the risks to which the Company is exposed and their mitigation, and the quality of services received by the Company.

As reflected in the table on page 43 the Board formally met seven times during the year. In addition to the formal meetings, the Board met on an informal ad-hoc basis as and when deemed necessary to discuss relevant matters and put in place any responses deemed appropriate.

Delegated Responsibilities

The Board has delegated to each of the Audit and Management Engagement Committees specific remits for consideration and recommendation, as detailed within the terms of reference which are available on the Company's website, but the final responsibility in these areas remains with the Board. The Chair of the Audit Committee attends the AGM to deal with questions relating to the Annual Report and Financial Statements. Attendance at each of these meetings is disclosed in the table above on page 43.

Directors' Professional Development

When new Directors are appointed, they are offered an induction course provided by the Investment Manager. Directors are provided on a regular basis with key information on the Company's policies, regulatory and statutory obligations and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors may also participate in professional and industry seminars and may use the Manager's online compliance training resources to ensure they maintain their knowledge.

Conflicts of Interest

Directors have a duty to avoid a situation in which they have a conflict of interest or a possible conflict with the interest of the Company. The Company's Articles contain provisions to permit the Board to authorise conflicts or potential conflicts.

The Board has in place a policy to govern situations where a potential conflict of interest may arise, for example where a Director is also a Director of a company in which the Company invests or may invest. Where a conflict situation arises, the conflicted Director is excluded from any discussions or decisions relating to the matter of conflict.

Each Director has provided the Company with a statement of all conflicts of interest and potential conflicts of interest, which have been approved by the Board and recorded in a register. The Conflicts Register is reviewed at every Board meeting and the Directors are reminded of their obligations for disclosure.

No Director has declared receipt of any benefits other than their emoluments and associated expenses in their capacity as a Director of the Company.

The Board as part of its year-end review has considered the register of conflicts, any conditions imposed on such conflicts or potential conflicts and the operation of the notification and authorisation process. It concluded that the process has operated effectively since its introduction. There were no contracts subsisting during or at the end of the year in which a Director is or was interested and which is or was significant in relation to the Company's business or to the Director.

The Directors' interests in the ordinary shares of the Company are set out on page 52 of the Directors' Remuneration Report.

Report on Corporate Governance continued

Year ended 30 September 2021

COMPOSITION, SUCCESSION AND EVALUATION (Principles J-L, Provisions 22- 28)

Composition

The Board is responsible to shareholders for the overall management of the Company's affairs. For the full year under review there were four non-executive Directors. Each Director has different qualities and areas of expertise on which they may lead where issues arise. The Board has a policy to consider diversity and seeks to ensure that the broadest range of candidates are found when recruiting new directors. The Board will have regard to the diversity recommendations of the Hampton-Alexander and Parker Reviews, amongst other factors, when making future appointments.

The Board as the Nomination Committee considered the contribution and performance of each Director as part of the Director and Board performance evaluation. The Board believes that the Directors demonstrate a breadth of experience across the investment and financial services industry and exposure to the healthcare sector. Each Director effectively contributes to the operation of the Board and demonstrates independent views on a range of subjects.

All the Directors were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgement.

Succession

The Board has determined that due to the limited life of the Company there is no need for a formal policy on the length of service for Directors. In 2017, when the reconstruction approved by shareholders in June 2017 extended the life of the Company for a further seven years, the original Board determined that the entire Board should be refreshed in two phases which completed in December 2019. Following the completion of this process the Board considers that its overall composition is well placed for the effective governance of the Company.

Performance and Re-election

The Board formally reviews the performance of the Directors each year as part of the annual evaluation process. Directors are required to stand for election by Shareholders at the first AGM following their appointment to the Board and each Director will stand for re-election annually. The rationale for re-election of each Director is included in the Board of Directors information on pages 6 and 7 and the Chair 's letter which accompanies the Notice of Annual General Meeting at which the re-election resolutions are being put to shareholders.

Chair Tenure Policy

The Board considers that in the circumstances of an investment company, where corporate knowledge and continuity can add value, there may be merit in appointing one of its members to the Chair. In addition, there may be circumstances where succession plans are disrupted such that an internal candidate with some years' existing experience is the most appropriate candidate for the Chair. In other circumstances an external candidate may be more appropriate.

As per provision 22, the Board's policy is that the maximum Board tenure for its Chair is up to 12 years (where up to 9 years of this could be served as a non-executive Director). The Board believes that due to the staggered nature of the appointment dates of existing Directors, and the expectation that Directors, unless assuming the role of Chair or there being unforeseen circumstances, will retire from the Board after nine years of service, there is regular refreshment of the Board. The Board has determined that due to the limited seven-year life of the Company there is no requirement for a formal policy on Directors' tenure.

Evaluation

The evaluation of the Board, its Committees and individual Directors is carried out annually. The process involves the use of a written questionnaire to assess the balance of skills, experience, knowledge, independence and effectiveness of the Board, including how the Directors interact as a unit on the Board. The responses to the questionnaire are reviewed and discussed individually with the Chair where appropriate and by the full Board and, should it be deemed necessary, additional reporting measures or operations would be put in place. The review of the Chair' s performance is conducted by the Board led by the Chair of the Audit Committee. The Chair of the Board did not participate in this discussion.

COMPOSITION, SUCCESSION AND EVALUATION (Principles J-L, Provisions 22- 28) continued

In carrying out these evaluations, each Director is assessed on their relevant experience, their strengths and weaknesses in relation to the overall requirements of the Board and their commitment to the Company in terms of time by regular attendance and participation at Board meetings. The process is constructed to assess the contribution of individual Directors to the overall operation of the Board and its Committees. The Board, through the work of the Nomination Committee, has determined that each Director standing for re-election continues to offer relevant experience, effectively contributes to the operation of the Board and has demonstrated independent views on a range of subjects. The Committee is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

AUDIT, RISK AND INTERNAL CONTROL (PRINCIPLES M-O, PROVISIONS 29-36)

Internal Controls

The Board has overall responsibility for the Group and Company's system of internal control, for reviewing its effectiveness and ensuring that risk management and control processes are embedded in the Company's day- to -day operations which are operated or overseen by the Investment Manager.

The Investment Manager has an internal control framework to provide assurance on the effectiveness of the internal controls operated on behalf of its clients. The Manager is authorised and regulated by the Financial Conduct Authority and its compliance department monitors the Company's compliance with the various rules and regulations applicable to it, including the FCA's rules, AIFMD, MiFID II and GDPR, for example.

The Board, through the Audit Committee, has established a process for identifying, evaluating, monitoring and managing any principal risks faced by the Company. This is documented through the use of a Risk Map which is subject to regular review by the Audit Committee and accords with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014 by the Financial Reporting Council. The controls are embedded within the business and aim to ensure that identified risks are managed and systems are in place to report on such risks. The internal controls seek to ensure the assets of the Group and Company are safeguarded, proper accounting records are maintained, and the financial information used by the Group and Company and for publication is reliable. Controls covering the risks identified, including financial, operational, compliance and risk management controls, are monitored by a series of regular reports covering investment performance, attribution analysis, reports from various third parties and from the Investment Manager.

As the Company has no employees and its operational functions are carried out by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function.

Contracts with suppliers are entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Operation of Internal Controls

The process was active throughout the year and up to the date of approval of this Annual Report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, in assessing the effectiveness of the Group and the Company's internal controls has, through the Audit Committee, received formal reports on the policies and procedures in operation, including the policies put in place in connection with COVID-19. The reports also include results of tests, with details of any known internal control failures from the Investment Manager for its financial year ended 31 March 2021. The Manager has subsequently provided confirmation that there has been no material change to the control environment up to the date of signing these Financial Statements.

The Board also considers reports from the Investment Manager and third-party suppliers and information is supplied to the Board as required.

Report on Corporate Governance continued

Year ended 30 September 2021

AUDIT, RISK AND INTERNAL CONTROL (PRINCIPLES M-O, PROVISIONS 29-36) continued

The Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services but remains responsible to the Company for these functions and provides the Board with information on these services.

The Board undertakes an in-depth annual review of the Group and Company's system of internal controls where the risk map is reviewed and control processes considered. The Board, assisted by the Investment Manager, has conducted the annual review of the risk map and the effectiveness of the system of internal controls taking into account any issues, none of which were considered significant, which arose during the course of the year ended 30 September 2021 and up to the date of this report.

The principal risks and uncertainties to which the Company is subject are detailed in the Strategic Report. These risks are monitored by the Audit Committee through the Company's risk map and the implementation of internal controls, which are reported on further on pages 28 to 31.

Based on the work of the Audit Committee and the reviews of the reports received by the Audit Committee on behalf of the Board, the Board has concluded that there were no material control failures during the year and up to the date of this report.

REMUNERATION (PRINCIPLES P-R, PROVISIONS 37-42)

Due to the fully independent non-executive Board comprising four Directors, the Board has deemed it appropriate for the full Board to fulfil the role of the Remuneration Committee. The Board, acting as the Committee, meets at least annually and is responsible for consideration and recommendations in relation to Directors' remuneration.

The remuneration of the Directors is reviewed on an annual basis but will not necessarily lead to a change in remuneration level awarded. Industry guidance, peer investment trust companies' remuneration, the work undertaken by the Board in the prior year along with plans for the current year and the overall regulatory environment are all considered when reviewing remuneration.

Remuneration levels are set to attract candidates of high calibre to the Board. The Company's remuneration policy was put to shareholders for approval at the AGM on 26 February 2020 and is detailed within the Directors' Remuneration Report on page 50.

Tracey Lago, FCG
Polar Capital Secretarial Services Limited
Company Secretary

16 December 2021

Directors’ Remuneration Report

Introduction

This report is submitted in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the ‘Regulations’) and the Listing Rules of the Financial Conduct Authority in respect of the year ended 30 September 2021. It has been audited where indicated.

Chair’s Report

The Board has determined that due to its size, and the fact that all the Directors are non-executive and independent, the functions normally carried out by a remuneration committee will be performed by the full Board.

Shareholders approved the current Directors’ Remuneration Policy by way of an ordinary resolution passed at the AGM held on 26 February 2020. Such policy came into effect on 1 October 2020 and shall remain in force until 30 September 2023:

Company’s Policy on Directors’ Remuneration effective until 30 September 2023

How policy supports strategy and promotes long-term sustainable success	Operation
The Board consists entirely of non-executive Directors, who meet regularly to deal with the Company’s affairs. The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained. The Company’s policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector with additional fees for the roles of Chair of the Company and Chair of the Audit Committee. As the Company is an investment trust and all the Directors are non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits. In accordance with article 98(2) of the Company’s Articles of Association, any Director who performs, or undertakes to perform, services which the Directors consider go beyond the ordinary duties of a Director may be paid such additional remuneration (whether by way of fixed sum, bonus, commission, participation in profits or otherwise) as the Directors may determine.	Non-executive Directors have formal letters of appointment which contain the responsibilities and obligations of the Directors in relation to undertaking their role and managing conflicts of interest; their remuneration is determined by the Board within the limits set by the Articles of Association. Directors are not entitled to payment for loss of office and do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes. All fees are paid in cash, monthly in arrears, to the Director concerned. Rates are reviewed annually but the review will not necessarily result in any change to rates. Non-executive Directors are subject to annual re-election by shareholders. There are no performance conditions relating to non-executive Directors fees.

Directors' Remuneration Report continued

As per previous AGM resolutions, Shareholders will be asked to consider a non-binding vote for the approval of the following Directors' Remuneration Implementation Report, which reports on how the Remuneration Policy has operated during the year ended 30 September 2021.

The result of the shareholder votes on the Directors' Remuneration Policy and the latest Implementation Report were as follows:

	Implementation Report for the Year ended 30 September 2020	Remuneration Policy for the three years ended 30 September 2023
	Approved at AGM on 26 January 2021	Approved at AGM on 26 February 2020
Votes for	99.99%	99.99%
Votes against	0%	0%
Votes abstained	0.01%	0.01%

The Board considers this level of support from shareholders a positive endorsement of both its Remuneration Policy and the policy implementation. There has been no communication from shareholders regarding any aspect of the Directors' remuneration.

Implementation Report
Directors' Remuneration Paid for the Year Ended 30 September 2021

Annual Fees Review

The review of Directors' fees is carried out on an annual basis and involves consideration of the time and commitment required of the Directors, including any significant increase in requirements due to regulatory or other changes. For comparative purposes the remuneration awarded to directors of similar companies and general market data is also considered. While such a review will not necessarily result in any change to the rates the Committee believes that it is important that these reviews happen annually.

The appointment of an external remuneration consultant was considered unnecessary. No Director is involved in deciding their own remuneration and all Directors exercise independent judgement and discretion when considering fees.

Directors' fees were last increased with effect from 1 October 2019. In October 2021, the Committee carried out a review of Directors' remuneration which included a selection of peer comparisons and external reports including the Nurole Compensation Report and the Trust Associates 2020 Fee Review. Consideration was also given to the increased level of input and responsibility the members of the Board have in relation to enhanced regulations and requirements. As a result, the Committee decided to implement the following increases, which are approximately in line with inflation since 1 October 2019, with effect from 1 October 2021:

- The annual fee for the Chair has been increased from £39,000 to £41,000pa, representing a 5.1% increase.
- The annual fee for a non-executive Director has been increased from £28,000 to £29,500pa, representing a 5.3% increase.

The additional supplement for the Chair of the Audit Committee remained unchanged at £5,500.

In accordance with the Shareholder Rights Directive, the Board confirms that there were no variable pay awards made to the Directors and there were no deferral periods or share based pay equivalents. The annual percentage change in remuneration in respect of the five financial years prior to the current year in respect of each Director role is as follows:

Financial year to:	30 Sept 2016	30 Sept 2017	30 Sept 2018	30 Sept 2019	30 Sept 2020	30 Sept 2021
Chair	0%	0%	5.7%	0%	5.4%	0%
Non-Executive Director	0%	0%	6%	0%	5.7%	0%
Chair of the Audit Committee	0%	0%	0%	0%	10.0%	0%

Expenses

The Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings. In certain circumstances, under HMRC rules, travel and other out of pocket expenses reimbursed to the Directors may be considered as taxable benefits. Where expenses are classified as taxable under HMRC guidance, they are paid gross and shown in the taxable column of the Directors remuneration table. The taxable expenses comprise of travel and associated expenses incurred by the Directors attending the Board meetings held in London. The policy for claiming such expenses was not changed during the year.

Letters of Appointment

In accordance with recommended practice, each Director has received a letter setting out the terms of their appointment. None of the Directors has a contract of service or a contract for services and a Director may resign by giving notice in writing to the Board at any time. The Directors are not entitled to payment for loss of office.

New Directors are appointed and elected with the expectation that they will serve for a period of at least three years. In accordance with the Articles of Association any new Director is required to stand for election at the first AGM following their appointment, and in accordance with good corporate governance practice all Directors shall stand for re-election every year following their first election by shareholders. While it is encouraged, there is no requirement for Directors to hold shares in the Company or Group.

Directors’ and Officers’ Liability Insurance

Directors’ and Officers’ liability insurance cover is held by the Company in respect of the Directors. The Company has, to the extent permitted by law and the Company’s Articles of Association, provided each Director with a Deed of Indemnity which, subject to the provisions of the Articles of Association and s234 of the Companies Act 2006, qualifying third party indemnity provisions, indemnifies the Director in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their position as Directors (excluding criminal and regulatory penalties). Directors’ legal costs may be funded up-front provided they reimburse the Company if the individual is convicted or, in an action brought by the Company, judgment is given against them. These provisions were in force during the year and remain in force at the date of this report.

Directors' Remuneration Report continued

Remuneration (Audited)

In the year under review the Directors' fees were paid at the following annual rates, the Chair £39,000; other Directors £28,000 with the Chair of the Audit Committee receiving an extra £5,500 supplement for performing that additional role.

	Year ended 30 September 2021			Year ended 30 September 2020		
Director	**Fixed fee**	**Taxable expenses**	**Total remuneration**	**Fixed fee**	**Taxable expenses**	**Total remuneration**
Lisa Arnold (appointed Chair on 26 February 2020)	£39,000	–	£39,000	£34,417	–	£34,417
Neal Ransome (Chair of the Audit and Management Engagement Committees)	£33,500	–	£33,500	£33,500	–	£33,500
Andrew Fleming (appointed on 1 December 2019)	£28,000	–	£28,000	£23,333	–	£23,333
Jeremy Whitley (appointed on 1 December 2019)	£28,000	–	£28,000	£23,333	£296	£23,629
James Robinson (Chair, retired on 26 February 2020)	–	–	–	£16,250	£124	£16,374
Antony Brampton (retired on 26 February 2020)	–	–	–	£11,667	–	£11,667
TOTAL*	**£128,500**	**–**	**£128,500**	**£142,500**	**£420**	**£142,920**

*See note 8 on page 81

No pension or other contributions were paid by the Company during the year to any of the Directors. Consequently, the figures shown above comprise the single total remuneration figure for each Director in relation to the Group.

Directors' Share Interests (Audited)

The interests of Directors in the ordinary shares of the Company on 30 September 2021 (and 2020):

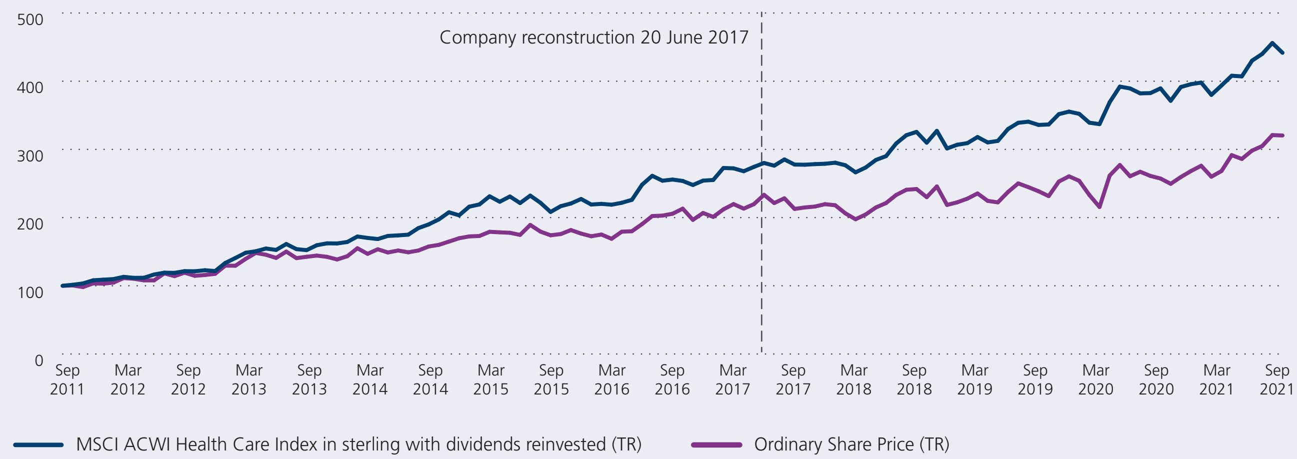
	2021	**2020**
Lisa Arnold	20,000	20,000
Andrew Fleming	10,000	10,000
Neal Ransome	10,073	10,073
Jeremy Whitley	20,000	20,000

There have been no changes in these interests between the end of the financial year and 16 December 2021. None of the Directors hold shares in the subsidiary company PCGH ZDP Plc.

Performance

The Regulations require a line graph to be included in the Directors' Remuneration Report showing the total shareholder return for each of the financial years in the relevant period. Each annual graph is required to increase by one year until the maximum relevant period of ten years is reached; thereafter the relevant period will continue to be ten years. The Company was incorporated on 12 May 2010 and commenced trading on 15 June 2010, the performance comparison is therefore shown for the period of 10 years from 1 October 2011 to 30 September 2021.

Performance comparison



The MSCI ACWI Healthcare Index (total return in sterling with dividends reinvested) is used as the comparator because, as a market capitalisation weighted index, the Board considers that it is the most appropriate single market index.

Relative Importance of Spend on Pay

Under the Regulations, the Directors' Remuneration Report must set out in a graphical or tabular form that shows in respect of the relevant financial year and the immediately preceding financial year the actual expenditure of the company, and the difference in spend between those years, on remuneration paid to or receivable by all employees of the group; and distributions to shareholders by way of dividend and share buyback; and any other significant distributions and payments or other uses of profit or cash-flow deemed by the Directors to assist in understanding the relative importance of spend on pay.

The Company has no employees and while the Directors do not consider that the comparison of Directors' remuneration with distributions to shareholders as a meaningful measure of the Company's overall performance having regard to the Company's objective of capital growth, for comparison purposes the table below compares Directors' fee with the level of dividends paid out, profit after tax and the cost of share buy backs undertaken by the Company.

			Change	
	2021 £'000	2020 £'000	£'000	%
Directors' total remuneration	129	143	(14)	(10%)
Dividends paid or declared in respect of the financial year	2,426	2,426	–	–
Profit on ordinary activities after tax	63,021	40,273	22,748	56%
Buy back of Ordinary shares	–	1,040	(1,040)	(100%)

Approved by the Board, and confirmed as a true reflection of the major decisions made by the Board acting in the capacity of a remuneration committee, in relation to the remuneration of the Directors including any changes made on 16 December 2021.

Lisa Arnold
Chair

Audit Committee Report

Neal Ransome
Chair of the Audit Committee

I am pleased to present my fourth Report to you as Chair of the Audit Committee. The Committee has written terms of reference which are available to view on the Company's website, www.polarcapitalglobalhealthcaretrust.co.uk.

The Committee comprises all the Directors and the Board is satisfied that the Committee has sufficient recent and relevant financial experience and, as a whole, has competence relevant to the sector in which the Company operates to discharge its functions effectively. The experience of the members of the Committee can be assessed from the Directors' biographies set out on pages 6 and 7. I am a chartered accountant and a former partner and head of the pharmaceutical and healthcare M&A practice of PricewaterhouseCoopers LLP ('PwC'). I hold the ICAEW's FCA, BFP and CF qualifications and am therefore deemed to have appropriate experience and expertise to carry out the role of Chair of the Audit Committee.

During the year the Audit Committee met four times, with all members of the Committee attending each meeting. The Committee continued to function remotely for the financial year due to the restrictions which were in place as a result of the COVID-19 pandemic. Zoom videoconferencing and online Diligent Boardbooks continue to be utilised to assist with the smooth running of meetings. I am pleased to confirm that this has worked well, with Committee members being able to operate as effectively as previously and that there has been no break in service from external providers.

Matters Considered during the Financial Year Ended 30 September 2021:

During the year the Audit Committee considered a variety of matters, including:

Audit Regulation

- since my last report to you, the Committee has not had to consider any new regulations. It does, however, regularly review guidance and determine how to apply any relevant best practice to the Company. The Committee also reviews the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with our Auditors.
- the Committee is aware of the extensive proposals outlined in the Department of Business, Energy and Industrial Strategy consultation ("BEIS") following the three independent reviews by Sir John Kingman, Sir Donald Brydon and the Competition and Markets Authority which seek to strengthen the UK's audit and corporate governance framework. The Audit Committee has considered the proposed recommendations outlined as part of the consultation and how they could impact the Company should they be implemented. Polar Capital, the Investment Manager, responded in detail to the consultation on behalf of the investment trusts which it manages. The Committee will review the requirements further once the outcomes of the consultation are published and ahead of the introduction of any primary legislation arising from the proposed reforms.

Annual External Audit

- the scope of the annual audit and agreement with the Auditors of the key areas of focus;
- the reports from the Auditors concerning their audit of the annual Financial Statements of the Company;
- the performance of the Auditors and the level of fees charged for their services;
- the independence and objectivity of the Auditors;
- the appointment of the Auditors;
- the policy for non-audit services which may be provided by the Auditors in line with the FRC guidance; and
- the extent of the non-audit services, the quality of such work and the fees.

Internal Audit

- the potential need for an internal audit function, which we continue to conclude is unnecessary for an externally managed investment trust.

Accounting Policies and related matters

- the appropriateness and any changes to the accounting policies of the Company including any judgements required by such policies and the reasonableness of such. During the year the Committee ensured that the accounting policies as set out on pages 75 to 80 were applied consistently throughout the year. The Committee confirmed there have been no changes to any accounting policies in the year under review. There were no new IFRSs or amendments to IFRSs applicable to the current year which had any significant impact on the Company's Financial Statements. The Committee also noted the FRC's latest Letter on Accounting & Corporate Reporting for the end of the Brexit transition period. From the financial year ending 30 September 2022 the Company will be required to prepare Financial Statements using UK-adopted IFRSs.
- the financial disclosures contained in the Annual Report and Half Year Report to shareholders; and
- the going concern statement, longer-term viability statement and the requirement that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable.
- the Committee has noted ESEF Regulations which will come into force for accounting years starting on or after 1 January 2021. The ESEF regulations will require the Company, and all issuers of consolidated accounts prepared in accordance with IFRS and trading on a regulated market, to publish their annual Financial Statements in a common electronic format. The regulations will first apply to the Company for the accounting year ending 30 September 2022.

The Company's Subsidiary, PCGH ZDP Plc

- the Audit Committee also considers the Financial Statements and audit requirements of the Company's wholly owned subsidiary, PCGH ZDP Plc. Accounting standard IFRS9 specifies how an entity should classify and measure financial assets, liabilities and some contracts. PCGH ZDP Plc has advanced a loan to the Company which falls within the scope of this accounting standard. As required by IFRS9, an impairment review has been conducted to assess the possibility of the Company defaulting on its liability to PCGH ZDP Plc. It has been concluded that the possibility of default is negligible, and that accordingly no adjustment is required to the carrying value of the loan in the Financial Statements of PCGH ZDP Plc. A note on this matter has been included in the Financial Statements of PCGH ZDP Plc. The liability to PCGH ZDP Plc is the equivalent of the redemption value of the ZDP Shares being 122.99p per ZDP Share and becomes payable on 19 June 2024. The Company's minimum asset cover required to fulfil the loan covenant is 1.8x. During the year under review the lowest asset cover available at month end was 8.89 and the highest was 10.82.

Investment Matters

- the investment management process, including confirmation of the existence and ownership of investments through the review of quarterly Depositary Reports and meeting with the Depositary in relation to the safeguarding of the Company's assets.

Internal Controls and Risk

- the risk map covering the identification of new risks, adjustments to existing risks and the mitigation and controls in place to manage those risks; and
- reports from the Investment Manager and the Investment Manager's external Auditors on the effectiveness of the system of internal financial controls including the risk map.

Dividend Policy

- the Committee considered the Company's Dividend Policy as approved by Shareholders at the Annual General Meeting held in January 2021 and recommended to the Board that it continue in force. The Dividend Policy will be proposed for approval by Shareholders at the Company's AGM to be held in February 2022. The Company's focus remains on capital growth, and while the Company continues to aim to pay two dividends per year these are expected to be a small part of a shareholder total return.

Audit Committee Report continued

Consideration of the Half Year Report and Financial Statements

- prior to publication, the Committee considered and reviewed the Half Year Report and Financial Statements, which were not audited, to ensure that they were prepared on a basis consistent with the accounting policies used in the Annual Report and Financial Statements for the year ended 30 September 2020.

Consideration of the Annual Report and Financial Statements

- the Committee performed this role through monitoring the integrity of the Financial Statements of the Company and the system of accounting to ensure compliance with the relevant and appropriate accounting standards. The scope of the audit was agreed in advance with a focus on areas of audit risk and the appropriate level of audit materiality.
- the Auditors reported to the Committee on the results of the audit work and highlighted any issues which the audit work had discovered, or the Committee had previously identified as significant or material in the context of the Financial Statements. Following a comprehensive review process the Audit Committee presented its conclusions to the Board.

Significant Matters in Relation to the Financial Statements for the Year Ended 30 September 2021

- in addition to the matters considered by the Committee informing its opinions on going concern and longer-term viability (described below) and in concluding that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable, the Committee also considered the following matters in relation to the Financial Statements:

Significant Matter	How the Issue was Addressed
Valuation, existence and ownership of investments	The valuation is carried out in accordance with the accounting policies of the Company as described in note 2. The Depositary has reported on its work and safe keeping of the Company's investments and a report from the Depositary is provided on the Company's website www.polarcapitalglobalhealthcaretrust.co.uk
Compliance with s1159 and s1159 of the Corporation Tax Act 2010	Consideration of compliance with the requirements of investment trust status is carried out at each Board meeting throughout the year.
Stability and financial sustainability of the subsidiary in relation to structural gearing provided to the parent company	The ZDP shares issued by the subsidiary are traded and maintain a standard listing on the London Stock Exchange. The valuation of the subsidiary is monitored regularly by the Board and the subsidiary is subject to an independent audit by PwC.

There were no adverse matters brought to the Audit Committee's attention in respect of the 2021 audit which were material or significant, or which should be brought to Shareholders' attention.

Conclusions in Respect of the Annual Report and Financial Statements

In order to reach the conclusion that the Annual Report and Financial Statements when taken as a whole are fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria satisfied. In so doing the Committee has considered the following:

- the ongoing comprehensive control framework around the production of the Annual Report, including the verification processes in place to deal with the factual content;
- the extensive levels of review undertaken in the production process, by the Investment Manager and the Committee;
- the internal control environment as operated by the Investment Manager and other suppliers including any checks and balances within those systems; and
- the unqualified audit report from the Auditors confirming their work based on substantive testing of the Financial Statements.

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30 September 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, and it has reported on these findings and provided such conclusion to the Board.

External Auditors

Appointment of Auditors, Fees and Tenure

The Committee considers by way of meetings and reports, the appointment, remuneration and work of the Auditors. PwC (or the 'Auditors') have provided audit services to the Company from its incorporation in 2010 and to the Group since 2017. Following a formal and competitive tender process, PwC were reappointed as the Company auditors in 2020 and this was subsequently confirmed by resolution of the Shareholders at the AGM held in January 2021. The re-appointment of PwC as Auditors to the Company will be submitted for Shareholder approval once again at the AGM to be held in February 2022, together with a separate Resolution to authorise the Directors to set the remuneration of the Auditors. In accordance with current legislation, the Company is required to instigate an audit tender process at least every 10 years and will be required to change its auditors after a maximum of 20 years' engagement.

The audit partner who led our statutory audit for the year under review was Kevin Rollo, who completed his first audit of the Company following a rotation of the audit partner. The external auditors are invited to all Committee meetings and receives copies of all relevant papers and meeting minutes.

The fees paid to PwC in respect of the audit of the annual Financial Statements of the Company amounted to £38,000 (2020: £38,000). The fees paid to PwC in respect of the audit of the Financial Statements of the Company's wholly owned subsidiary, PCGH ZDP Plc, were £6,250 (2020: £6,000). The fee represents a minor increase on the prior year to reflect the level of audit work required to perform a robust quality audit and the increased risks borne by audit firms. The fee increases of the last two years are reflective of the wider market recognising the increase in regulatory scrutiny faced by auditors and therefore the Committee deemed the level of fees appropriate and recommended such to the Board.

Effectiveness of Audit Process

The Committee, on behalf of the Board, is responsible for overseeing the relationship with the external auditors including ensuring the quality and effectiveness of the audit.

The Audit Committee monitored and evaluated the effectiveness of the Auditors and any changes in the terms of their appointment based on an assessment of their performance, qualification, knowledge, expertise and resources. The Auditor's independence was also considered along with other factors such as audit planning and interpretations of accounting standards. This evaluation has been carried out throughout the year by meetings held with the Auditors, by review of the audit process and by comments from the Investment Manager and others involved in the audit process. Based on its review the Audit Committee concluded that the Auditors remained independent and continued to act in an independent manner.

The Auditors are provided with an opportunity to address the Committee without the Investment Manager present to raise any concerns or discuss any matters relating to the audit work and the cooperation of the Investment Manager and others in providing information and the quality of that information including the timeliness in responding to audit requests.

Non-audit Work

The Audit Committee's policy for the provision of non-audit services by the Auditors is to ensure that there is a clear separation of audit work and non-audit work and that the cost of any non-audit work is justified and is not disproportionate to the audit fees, to the extent that the independence of the Auditors would be compromised.

The Audit Committee's policy on the provision of non-audit services by the Auditors is available on the Company's website. The policy is produced in line with the FRC Ethical Standards (updated in March 2020) and any non-audit services are required to be pre-approved by the Audit Committee. In both the year under review and the prior year, no non-audit services were provided by the Auditors.

Overview of Risk and Internal Controls

The Board has ultimate responsibility for the management of risk throughout the Company and has asked the Audit Committee to assist in maintaining an effective internal control environment.

The Company maintains a Risk Map which seeks to identify, monitor and control principal risks as well as identifying emerging risks. The Committee has continued to review the Risk Map to identify the principal and emerging risks facing the business including those that might threaten its business model, future performance, liquidity and reputation. Alongside this, the Committee considered the likelihood, impact, mitigating factors and controls to reduce the impact of such risks as described on pages 28 and 31. This process was carried out throughout the year and is the means by which the Risk Map is monitored and kept relevant by reflecting any changes to the source and level of risks facing

Audit Committee Report continued

the Company. The Committee will actively continue to monitor the system of internal controls through the regular review of the Risk Map and the internal control environment in order to provide assurance that they continue to operate as intended.

As part of the year end processes the Audit Committee also undertook a review of the effectiveness of the system of internal controls considering any issues that had arisen during the course of the year. The Committee acknowledges that the Company is reliant on the systems utilised by external suppliers. Representatives of the Investment Manager reported to the Committee on the system of internal controls that is in place for the performance of the Investment Manager's duties under the IMA. The Committee and the Manager also received presentations and internal control reports from other key suppliers on the quality and effectiveness of the services provided to the Company. In addition, the Manager also conducted a virtual due diligence site visit with HSBC where they received thorough presentations from representatives covering the work of the Operations, Risk Administration and Accounting Teams, in addition to the Custodian and Depositary. No matters of concern with any areas of service were raised at any of the meetings or on reviewing the internal controls reports.

The Audit Committee has also discussed with the Investment Manager their policies on whistleblowing, cyber security, antibribery and the Modern Slavery Act and is satisfied that the Investment Manager has controls and monitoring processes to implement their policies across the main contractors which supply goods and services to the Investment Manager and to the Company. The Company has adopted an Anti-Corruption policy which incorporates Anti-Bribery, Anti-Slavery and the Corporate Criminal Offence of Tax Evasion. In addition to this the Company has issued a data privacy notice in relation to the General Data Protection Regulation. All such policies can be found on the Company's website www.polarcapitalglobalhealthcaretrust.co.uk.

The Audit Committee also considered the policy and controls used by the Investment Manager surrounding the use of brokerage commissions generated from transactions in the Company's portfolio and the obtaining of best execution on all transactions.

There were no issues of concern arising from the reviews of or within the internal controls environment the Company relied upon during the course of the year ended 30 September 2021 and up to the date of this report.

The Impact of COVID-19

The Committee continues to consider the longer-term effects of the COVID-19 pandemic on the Company and the portfolio. COVID-19 is captured in our Risk Map as a Black Swan event and its effect also appears in our assessment of global geopolitical risk and the ability to achieve the Company's Investment Objective. Further detail on the direct impact that COVID-19 has had on the sector and the portfolio can be found in the Investment Manger's Report on pages 11 to 22.

The Committee has once again reviewed the operational resilience of its various service providers in connection with the mitigation of the business risks posed by COVID-19. The external service providers have continuously demonstrated their ability to provide services to the expected level, whilst doing so remotely with no breaks in the services provided or operational failures. The Committee was assured by the level of detail and transparency offered by the service providers in reporting how they had committed resources in adapting their businesses to operate remotely for a longer period than many business continuity plans expect to be in operation for. We were further assured by the confirmation of no business failures being experienced. We also considered the guidance issued by the FRC when reviewing the stress testing required in considering the Company's ability to continue as a going concern and making a statement in regard to the Company's ongoing viability.

Going Concern and Longer-term Viability

Going Concern

At the request of the Board, the Audit Committee has considered the ability of the Company to adopt the going concern basis for the preparation of the Financial Statements. The Committee has considered the financial position of the Company, its cashflows and its liquidity position. The Committee has also considered any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern. The Audit Committee has considered:

- the ability of the Company to liquidate its portfolio to meet any liabilities as they fall due;
- the level of budgeted expenses and the exposure to currency and credit risk; and
- the factors impacting the forthcoming year as set out in the Strategic Report Section and comprising the Chair's Statement, the Investment Manager's Report and the Strategic Review. These factors include the long-term effects and impact of the COVID-19 pandemic on the Company and the investment portfolio.

The financial position of the Company and its cash flows and liquidity position are described in the Strategic Report and the Financial Statements. Note 26 to the Financial Statements includes the Company's policies and process for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities. Exposure to credit risk and liquidity risk are also disclosed.

In considering the effects of COVID-19, the Committee has continually monitored the Company's financial performance during the period of market volatility and economic uncertainty since the outset of the pandemic. Based on the information provided to the Committee and its assessment of the financial position of the Company, the Committee has recommended that a going concern basis should be adopted by the Board for the preparation of the Financial Statements for the year ended 30 September 2021.

Longer-term Viability

The Board has also asked the Audit Committee to address the requirement that a longer-term viability statement be provided to Shareholders. This statement should take account of the Company's financial position, the principal risks as set out on pages 28 to 31 together with the mitigating factors which are assumed to operate appropriately so that the Board may state that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The Committee considered the Company's longer-term viability, with reference to the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, and concluded that the Board may state its reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

To provide this assessment, the Audit Committee has considered the Company's financial position as described above including its ability to liquidate its portfolio and meet its expenses as they fall due:

- the portfolio comprises investments traded on major international stock exchanges, and there is a spread of investments by market capitalisation of company. Approximately 98.3% of the portfolio as at 30 September 2021 could be liquidated within seven trading days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- the expenses of the Company are predictable and modest in comparison with the assets of the Company and there are no capital commitments foreseen which would alter that position; and
- the Company has no employees and consequently has no employment-related liabilities or responsibilities.

The Audit Committee has also had regard to the following assumptions in considering the Company's longer-term viability:

- healthcare will continue to be an investable sector of the international stock markets and investors will still wish to have an exposure to such investments;
- closed ended investment trusts will continue to be wanted by investors;
- regulation will not increase to a level that makes the running of the Company uneconomical in comparison to other competitor products;
- should the performance of the Company be less than the Board deems acceptable it has appropriate powers to replace the Investment Manager; and
- there will be no material or significant changes in the principal risks and uncertainties.

Stress Testing

In addition to the above, stress testing was undertaken in determining the Company's longer-term viability and the appropriateness of preparing the Financial Statements on a going concern basis. In conducting the stress tests, the Company's principal risks were grouped into three buckets according to their post mitigation scores and, where possible, material values were attached to the key risks materialising and evaluated to assess the effect of this on the Company's ability to continue as a going concern and its viability over a five-year period. The stress tests also used a variety of falling parameters to demonstrate the impact on the Company's share price and NAV. COVID-19 was also factored into the key assumptions made by assessing its continued impact on the Company's key risks and whether the key risks had increased in their potential to affect the normal, favourable and stressed market conditions. Stress testing was also applied to assess the Company's ability to meet its liability to its subsidiary, PCGH ZDP Plc. This liability is the equivalent of the redemption value of the ZDP Shares being 122.99p per ZDP Share and becomes payable on 19 June 2024. The Company's minimum asset cover required to fulfil the loan covenant is 1.8x. The average asset cover for the period under review was 9.73 and at the Company's year-end was 10.68. The results of the stress testing demonstrated the impact on the NAV and reaffirmed the Company's ability to be able to meet its liability to PCGH ZDP Plc as it falls due.

The Audit Committee also notes that, in the absence of any prior proposals, the Company's Articles of Association require the Directors to put forward at the first AGM following 1 March 2025 a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed.

Audit Committee Report continued

Based on these considerations the Audit Committee has recommended to the Board that a statement may be made on the Company's longer-term viability to continue its operations and meet its expenses and liabilities as they fall due until the liquidation vote at the first AGM following 1 March 2025.

Effectiveness of the Audit Committee

The services provided to the Board by the Audit Committee are reviewed within the Annual Board Evaluation, including consideration of actions undertaken by the Audit Committee with the Investment Manager and Auditors to ensure an appropriate audit process is undertaken. I am pleased to confirm that the evaluation result was positive and no matters of concern or requirements for change were highlighted. The Committee continually seeks to improve its effectiveness and follow best practice guidance from the FRC and other bodies.

Neal Ransome
Chair of the Audit Committee

16 December 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the group and company Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the group Financial Statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether, for the group and company, international accounting standards in conformity with the requirements of the Companies Act 2006 and, for the group, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the annual report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Strategic Report, confirm that, to the best of their knowledge:

- the company Financial Statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the group Financial Statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group and company's Auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group and company's Auditors are aware of that information.

Lisa Arnold
Chair

16 December 2021

Independent Auditors' Report to the Members of Polar Capital Global Healthcare Trust plc

Report on the audit of the Financial Statements

Opinion

In our opinion, Polar Capital Global Healthcare Trust plc's group Financial Statements and parent company Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's and parent company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company Balance Sheets as at 30 September 2021; the Group Statement of Comprehensive Income, the Group and Company Cashflow Statement, and the Group and Company Statement of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 (a) to the financial statements, the group and parent company, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group and parent company financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The Group is an Investment Trust Company and engages Polar Capital LLP (the "Manager") to manage its assets.
- We conducted our audit of the Financial Statements using information from HSBC Securities Services (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.

Key audit matters

- Valuation and existence of investments (group and parent).
- Income from investments (group and parent).

Materiality

- Overall group materiality: £3,850,000 (2020: £3,250,000) based on 1% of net assets.
- Overall parent company materiality: £3,850,000 (2020: £3,250,000) based on 1% of net assets.
- Performance materiality: £2,887,500 (group) and £2,887,500 (parent company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Consideration of the impact of COVID-19, which was a key audit matter last year, is no longer included because of reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments (group and parent) *Refer to the Accounting Policies (pages 77 and 78) and the Notes to the Financial Statements (page 84).* The investment portfolio at the year-end comprised listed equity investments valued at £408.56m We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Balance Sheets in the Financial Statements. We also focussed on the accounting policy for the valuation of investments held at fair value through profit or loss as incorrect application could indicate a misstatement in the valuation of investments.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of the investment portfolio by agreeing investment holdings to an independent confirmation obtained from the custodian, HSBC Bank plc. We assessed the accounting policy for investments held at fair value through profit or loss for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with the stated accounting policy. We did not identify any material matters to report.
Income from investments (group and parent) *Refer to the Accounting Policies (pages 76 to 78) and the Notes to the Financial Statements (pages 80 and 84).* We focused on the accuracy, occurrence and completeness both of net capital gains on investments and of dividend income recognition. ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to relate to the risk of overstating investment gains and the misclassification of dividend income as either capital or revenue due to the pressure management may feel to achieve a certain level of capital or income growth in line with the objective of the Company and in order to maintain the level of dividends paid to shareholders in line with the dividend policy. We also focussed on the accounting policy for investment income recognition and its presentation in the Group Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP, and that income from investments has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent third-party data. No material misstatements were identified. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. Our testing did not identify any material misstatements. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all dividends during the year. Our testing did not identify any unrecorded dividends. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any material misstatements The gains and losses on investments held at fair value comprise realised and unrealised gains and losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposals by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. We did not identify any material matters to report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records. We obtained our audit evidence from substantive tests. However, as per of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control-reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the Financial Statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Financial Statements - group	**Financial Statements - parent company**
Overall materiality	£3,850,000 (2020: £3,250,000).	£3,850,000 (2020: £3,250,000).
How we determined it	1% of net assets	1% of net assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit. While performing our work, we applied the lower appropriate and consistent year-on-year basis for our audit. While performing our work, we applied the lower threshold of £3,650,000 being the component materiality level allocated to the Company for the purposes of the audit of the Group Financial Statements. component materiality level allocated to the Company for the purposes of the audit of the Group Financial Statements.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £365,000 and £3,650,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2,887,500 for the group Financial Statements and £2,887,500 for the parent company Financial Statements.

Independent Auditors' Report continued

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £192,000 (group audit) (2020: £162,000) and £192,000 (parent company audit) (2020: £162,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' risk assessment and whether it has addressed the relevant ongoing threats presented by COVID-19;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the Financial Statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in net assets as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 September 2021 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.
Directors' Remuneration In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

Independent Auditors' Report continued

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the Financial Statements and the audit

Responsibilities of the directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the Manager and Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- review of financial statement disclosures to underlying supporting documentation;
- identifying and testing manual journal entries posted by the Administrator during the preparation of the Financial Statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 12 May 2010 to audit the Financial Statements for the year ended 30 September 2011 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 30 September 2011 to 30 September 2021.

Kevin Rollo (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 December 2021

Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2021

		Group			Group		
		Year ended 30 September 2021			Year ended 30 September 2020		
	Note	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	3,685	–	3,685	3,446	–	3,446
Other operating income	4	–	–	–	17	–	17
Gains on investments held at fair value	5	–	64,165	64,165	–	42,435	42,435
Other currency losses	6	–	(144)	(144)	–	(647)	(647)
Total income		**3,685**	**64,021**	**67,706**	3,463	41,788	45,251
Expenses							
Investment management fee	7	(518)	(2,070)	(2,588)	(535)	(2,140)	(2,675)
Other administrative expenses	8	(553)	(59)	(612)	(685)	(107)	(792)
Total expenses		**(1,071)**	**(2,129)**	**(3,200)**	(1,220)	(2,247)	(3,467)
Profit before finance costs and tax		**2,614**	**61,892**	**64,506**	2,243	39,541	41,784
Finance costs	9	–	(1,064)	(1,064)	(1)	(1,038)	(1,039)
Profit before tax		**2,614**	**60,828**	**63,442**	2,242	38,503	40,745
Tax	10	(421)	–	(421)	(472)	–	(472)
Net profit for the year and total comprehensive income		**2,193**	**60,828**	**63,021**	1,770	38,503	40,273
Earnings per Ordinary share (pence)	12	**1.81**	**50.16**	**51.97**	1.46	31.74	33.20

The total column of this statement represents Group's Statement of Comprehensive Income, prepared in accordance with IFRS.

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 year. The net profit for the year disclosed above represents the Group's total comprehensive income.

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 year.

The notes on pages 75 to 94 form part of these Financial Statements.

Statements of Changes in Equity
For the year ended 30 September 2021

	Note	Group and Company Year ended 30 September 2021 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 2020		**31,037**	**6,575**	**80,685**	**3,672**	**201,149**	**2,015**	**325,133**
Total comprehensive income:								
Profit for the year ended 30 September 2021		–	–	–	–	60,828	2,193	63,021
Transactions with owners, recorded directly to equity:								
Equity dividends paid	11	–	–	–	–	–	(2,426)	(2,426)
Total equity at 30 September 2021		**31,037**	**6,575**	**80,685**	**3,672**	**261,977**	**1,782**	**385,728**

	Note	Group and Company Year ended 30 September 2020 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 2019		31,037	6,575	80,685	4,712	162,646	2,792	288,447
Total comprehensive income:								
Profit for the year ended 30 September 2020		–	–	–	–	38,503	1,770	40,273
Transactions with owners, recorded directly to equity:								
Shares bought back and held in treasury	20	–	–	–	(1,040)	–	–	(1,040)
Equity dividends paid	11	–	–	–	–	–	(2,547)	(2,547)
Total equity at 30 September 2020		31,037	6,575	80,685	3,672	201,149	2,015	325,133

The notes on pages 75 to 94 form part of these Financial Statements.

Balance Sheets

As at 30 September 2021

		Group		Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Investments held at fair value	13	408,561	342,404	408,561	342,404
Investment in subsidiary	13	–	–	50	50
Current assets					
Receivables	14	2,300	3,082	2,300	3,082
Overseas tax recoverable		572	589	572	589
Cash and cash equivalents	24	13,718	17,845	13,668	17,795
		16,590	21,516	16,540	21,466
Total assets		**425,151**	363,920	**425,151**	363,920
Current liabilities					
Payables	15	(2,956)	(3,382)	(2,956)	(3,382)
		(2,956)	(3,382)	(2,956)	(3,382)
Non-current liabilities					
Zero dividend preference shares	16	(36,467)	(35,405)	–	–
Loan from subsidiary		–	–	(36,467)	(35,405)
Total liabilities		**(39,423)**	(38,787)	**(39,423)**	(38,787)
Net assets		**385,728**	325,133	**385,728**	325,133
Equity attributable to equity Shareholders					
Called up share capital	17	31,037	31,037	31,037	31,037
Share premium reserve	19	80,685	80,685	80,685	80,685
Capital redemption reserve	18	6,575	6,575	6,575	6,575
Special distributable reserve	20	3,672	3,672	3,672	3,672
Capital reserves	21	261,977	201,149	261,977	201,149
Revenue reserve	22	1,782	2,015	1,782	2,015
Total equity		**385,728**	325,133	**385,728**	325,133
Net asset value per Ordinary share (pence)	23	318.07	268.11	318.07	268.11
Net asset value per ZDP share (pence)	23	113.50	110.20	–	–

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 year was £63,021,000 (2020: £40,273,000).

The Financial Statements on pages 71 to 94 were approved and authorised for issue by the Board of Directors on 16 December 2021 and signed on its behalf by

Lisa Arnold
Chair

The notes on pages 75 to 94 form part of these Financial Statements.

Registered number 7251471

Cash Flow Statements
For the year ended 30 September 2021

	Note	Group and Company Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Cash flows from operating activities			
Profit before finance costs and tax		64,506	41,784
Adjustment for non-cash items:			
Gains on investments held at fair value through profit or loss		(64,165)	(42,435)
Scrip dividends received		–	(204)
Adjusted profit/(loss) before tax		**341**	(855)
Adjustments for:			
Purchases of investments, including transaction costs		(626,164)	(952,341)
Sales of investments, including transaction costs		625,115	967,884
(Increase)/decrease in receivables		(108)	85
(Decrease)/increase in payables		(479)	176
Overseas tax deducted at source		(404)	(368)
Net cash (used in)/generated from operating activities		**(1,699)**	14,581
Cash flows from financing activities			
Cost of shares repurchased		–	(1,040)
Interest paid		(2)	(7)
Equity dividends paid	11	(2,426)	(2,547)
Net cash used in financing activities		**(2,428)**	(3,594)
Net (decrease)/increase in cash and cash equivalents		**(4,127)**	10,987
Cash and cash equivalents at the beginning of the year		**17,845**	6,858
Cash and cash equivalents at the end of the year	24	**13,718**	17,845

The notes on pages 75 to 94 form part of these Financial Statements.

Notes to the Financial Statements

For the year ended 30 September 2021

1 GENERAL INFORMATION

The consolidated Financial Statements for the year ended 30 September 2021 comprise the Financial Statements of the Company and it's wholly-owned subsidiary PCGH ZDP plc (together referred to as the 'Group').

The Group and Company's presentational currency is pounds sterling (rounded to the nearest £'000). Pounds sterling is also the functional currency of the Group and Company because it is the currency which is most relevant to the majority of the Group and Company's shareholders and creditors and the currency in which the majority of the Group and Company's operating expenses are paid.

2 ACCOUNTING POLICIES

The principal accounting policies which have been applied consistently for all years presented are set out below:

(a) BASIS OF PREPARATION

The Group and Company Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. See Director's Report on page 38 for further details.

The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in April 2021 is consistent with the requirements of IFRS, in so far as those requirements are applicable to the Financial Statements, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

Basis of consolidation - The Group Financial Statements consolidate the Financial Statements of the Company and its wholly owned subsidiary, PCGH ZDP plc, drawn up to the same accounting date. The subsidiary is consolidated from the date of its incorporation.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a separate parent company income statement.

The financial position of the Group and Company as at 30 September 2021 are shown in the balance sheet on page 73. As at 30 September 2021 the Group and Company's total assets exceeded its total liabilities by a multiple of over 10. The assets of the Group and Company consist mainly of securities that are held in accordance with the Company's Investment Policy, as set out on page 25 and 26 and these securities are readily realisable. The Directors have considered a detailed assessment of the Group and Company's ability to meets their liabilities as they fall due. The assessment took account of the Group and Company's current financial positions, their cash flows and their liquidity positions. In addition to the assessment, the Group and Company carried out stress testing, including assessment of the continuing risks arising from COVID-19, which used a variety of falling parameters to demonstrate the effects on the Group and Company's share prices and net asset values. In light of the results of these tests, the Group and Company's cash balances, and the liquidity positions, the Directors consider that the Group and Company has adequate financial resources to enable them to continue in operational existence for at least 12 months. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group and Company's Financial Statements.

(b) PRESENTATION OF THE STATEMENT OF COMPREHENSIVE INCOME

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. The results presented in the revenue return column is the measure the Directors believe appropriate in assessing the Group and Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

Notes to the Financial Statements continued

For the year ended 30 September 2021

2 ACCOUNTING POLICIES continued

(c) INCOME

Dividends receivable from equity shares are recognised and taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items. The facts and circumstances are considered on a case-by-case basis before a conclusion on appropriate allocation is reached.

Where the Group and Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Statement of Comprehensive Income. Any excess in value of shares received over the amount of the cash dividend foregone is recognised in the capital return column of the Statement of Comprehensive Income.

Bank interest is accounted for on an accruals basis. Interest outstanding at the year-end is calculated on a time apportionment basis using market rates of interest.

(d) WRITTEN OPTIONS

The Group and Company may write exchange-traded options with a view to generating income. This involves writing short-dated covered-call options and put options. The use of financial derivatives is governed by the Group and Company's policies, as approved by the Board.

These options are recorded initially at fair value, based on the premium income received, and are then measured at subsequent reporting dates at fair value. Changes in the fair value of the options are recognised in the capital return for the period.

The option premiums are recognised evenly over the life of the option and shown in the revenue return, with an appropriate amount shown in the capital return to ensure the total return reflects the overall change in the fair value of the options.

Where an option is exercised, any balance of the premium is recognised immediately in the revenue return with a corresponding adjustment in the capital return based on the amount of the loss arising on exercise of the option.

(e) EXPENSES

All expenses, including the management fee, are accounted for on an accruals basis and are recognised when they fall due.

All expenses have been presented as revenue items except as follows:

Expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fees have been charged to the Statement of Comprehensive Income in line with the Board's expected long-term split of returns, in the form of capital gains and income from the Group and Company's portfolio. As a result 20% of the investment management fees are charged to the revenue account and 80% charged to the capital account of the Statement of Comprehensive Income.

The performance fee (when payable) is charged entirely to capital as the fee is based on the out-performance of the Benchmark and is expected to be attributable largely, if not wholly, to capital performance.

The research costs relate solely to specialist healthcare research and are accounted for on an accrual basis and, are allocated 20% to revenue and 80% capital. This is in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

FINANCE COSTS

The ZDP shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 20 June 2017 to a final capital repayment of 122.99p on 19 June 2024. The initial capital will increase at a compound interest rate of 3% per annum.

No dividends are payable on the ZDP shares. The provision for the capital growth entitlement of the ZDP shares is included as a finance cost and charged 100% to capital within the Statement of Comprehensive Income (AIC SORP paragraph 53 - issued April 2021).

Overdraft interest costs are allocated 20% to revenue and 80% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

SHARE ISSUE COSTS

Costs incurred directly in relation to the issue of shares in the subsidiary are borne by the Company and taken 100% to capital. Share issue costs relating to ordinary share issues by the Company are taken 100% to the share premium account.

ZERO DIVIDEND PREFERENCE (ZDP) SHARES

Shares issued by the subsidiary are treated as a liability of the Group, and are shown in the Balance Sheet at their redemption value at the Balance Sheet date. The appropriations in respect of the ZDP shares necessary to increase the subsidiary's liabilities to the redemption values are allocated to capital in the Statement of Comprehensive Income. This treatment reflects the Board's long-term expectations that the entitlements of the ZDP shareholders will be satisfied out of gains arising on investments held primarily for capital growth.

(f) TAXATION

The tax expense represents the sum of the overseas withholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profits for the year ended 30 September 2021. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date and are initially measured at fair value.

On initial recognition the Group and Company has designated all of its investments as held at fair value through profit or loss as defined by IFRS. All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

All investments, classified as fair value through profit or loss, are further categorised into the following fair value hierarchy:

Level 1: Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2: Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Having inputs for the asset or liability that are not based on observable market data.

Notes to the Financial Statements continued

For the year ended 30 September 2021

2 ACCOUNTING POLICIES continued

(g) INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS continued

Changes in fair value of all investments held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Statement of Comprehensive Income.

In the event a security held within the portfolio is suspended then judgement is applied in the valuation of that security.

(h) RECEIVABLES

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value (amortised cost) as reduced by appropriate allowances for estimated irrecoverable amounts.

(i) CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash.

(j) DIVIDENDS PAYABLE

Dividends payable to shareholders are recognised in the Financial Statements when they are paid or, in the case of final dividends, when they are approved by the shareholders.

(k) PAYABLES

Other payables are not interest-bearing and are initially valued at fair value and subsequently stated at their nominal value (amortised cost).

(l) FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, monetary liabilities and equity investments in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Statement of Comprehensive Income.

Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(m) CAPITAL RESERVES

Capital reserve arising on investments sold includes:

– gains/losses on disposal of investments
– exchange differences on currency balances
– transfer to subsidiary in relation to ZDP funding requirement
– other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve arising on investments held includes:

– increases and decreases in the valuation of investments held at the balance sheet date.

All of the above are accounted for in the Statement of Comprehensive Income.

When making a distribution to shareholders, the Directors determine the profits available for distribution by reference to the 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on the available cash resources of the Company and other accessible sources of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

(n) REPURCHASE OF ORDINARY SHARES (INCLUDING THOSE HELD IN TREASURY)

The costs of repurchasing Ordinary shares including related stamp duty and transaction costs are taken directly to equity and reported through the Statement of Changes in Equity as a charge on the special distributable reserve. Share repurchase transactions are accounted for on a trade date basis.

The nominal value of Ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

Where shares are repurchased and held in treasury, the transfer to capital redemption reserve is made if and when such shares are subsequently cancelled.

(o) SEGMENTAL REPORTING

Under IFRS 8, 'Operating Segments', operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Investment Manager (with oversight from the board).

The Directors are of the opinion that the Group and Company has only one operating segment and as such no distinct segmental reporting is required.

(p) KEY ESTIMATE AND JUDGEMENTS

Estimates and assumptions used in preparing the Financial Statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Group and Company do not consider that there have been any significant estimates or assumptions in the current financial year.

(q) NEW AND REVISED ACCOUNTING STANDARDS

There were no new IFRSs or amendments to IFRSs applicable to the current year which had any significant impact on the Company's Financial Statements.

i) The following new or amended standards became effective for the current annual reporting period and the adoption of the standards and interpretations has not had a material impact on the Financial Statements of the Company.

Standards & Interpretations		Effective for periods commencing on or after
IFRS 3 Business Combinations (amended)	Amendments to improve the definition of a business in order to help companies determine whether an acquisition made is of a business or a group of assets.	1 January 2020
IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (amended)	Amendments that provide certain reliefs which relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate.	1 January 2020
IAS 1 and IAS 8 Definition of Material (amended)	Amendments to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the Standards themselves.	1 January 2020
References to the Conceptual Framework in IFRS Standards (amended)	The Amendments to References to the Conceptual Framework in IFRS Standards were issued to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.	1 January 2020

Notes to the Financial Statements continued

For the year ended 30 September 2021

2 ACCOUNTING POLICIES continued

(q) NEW AND REVISED ACCOUNTING STANDARDS continued

ii) At the date of authorisation of the Company's Financial Statements, the following new or amended IFRSs that potentially impact the Company are in issue but are not yet effective and have not been applied in the Financial Statements:

Standards & Interpretations		Effective for periods commencing on or after
IFRS 4 Insurance Contracts – temporary exemption from IFRS 9 (amended)	The temporary exemption permits companies whose activities are predominantly connected with insurance to defer the application of IFRS 9 to annual periods beginning on or after 1 January 2023.	1 January 2021
IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest Rate Benchmark Reform – phase 2 (amended)	IBOR Reform - Phase 2 addresses issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.	1 January 2021

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the Financial Statements of the Company in future periods.

3 INVESTMENT INCOME

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Revenue:		
UK Dividend income	430	63
Overseas Dividend income	3,255	3,179
Scrip dividends	–	204
Total investment income allocated to revenue	**3,685**	**3,446**

4 OTHER OPERATING INCOME

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Other income	–	–
Bank interest	–	17
Total other operating income	**–**	**17**

5 GAINS ON INVESTMENTS HELD AT FAIR VALUE

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Net gains on disposal of investments at historic cost	56,156	39,352
Less fair value adjustments in earlier years	(10,661)	(11,710)
Gains based on carrying value at previous balance sheet date	**45,495**	**27,642**
Valuation gains on investments held during the year	18,670	14,793
	64,165	**42,435**

6 OTHER CURRENCY LOSSES

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Exchange losses on currency balances	(144)	(647)

7 INVESTMENT MANAGEMENT FEE

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Management fee		
– charged to revenue	518	535
– charged to capital	2,070	2,140
Investment management fee payable to Polar Capital LLP	**2,588**	**2,675**

Management fees are allocated 20% to revenue and 80% to capital. Details of the fee arrangements are given in the Strategic Report in page 32.

8 OTHER ADMINISTRATIVE EXPENSES (INCLUDING VAT WHERE APPROPRIATE)

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Directors' fees[1]	129	143
Directors' NIC	12	14
Auditors' remuneration[2]: For audit of the Group and Company Financial Statements	44	44
Depositary fee	24	23
Registrar fee	30	31
Custody and other bank charges	35	39
UKLA and LSE listing fees	50	46
Legal & professional fee[3]	(7)	6
AIC fees	19	21
Directors' and officers' liability insurance	12	9
Corporate broker's fee	25	24
Marketing expenses[4]	18	42
Research costs – allocated to revenue[5]	15	27
Shareholder communications	14	30
HSBC administration fee	131	182
Other expenses	2	4
Total other administrative expenses allocated to revenue	**553**	**685**
Research cost – allocated to capital[5]	59	107
Total other administrative expenses	**612**	**792**

1 Full disclosure is given in the Directors' Remuneration Report on page 52.
2 2021 includes £6,250 (2020: £6,000) paid to the Auditors for the audit of PCGH ZDP Plc.
3 Legal and professional fee includes the reversal of unused prior year accruals.
4 Includes marketing expenses payable to Polar Capital LLP of £12,600 (2020: £22,500).
5 Research costs (which applied from 3 January 2018) payable by the Company relate solely to specialist healthcare research and are capped at US $147,721 (£110,000) (2020: US $232,994 (£180,000)) with the cost of general non-specialist research and any amounts exceeding the agreed cap being absorbed by Polar Capital. Any adjustments to the prior year's budget versus actual spend is included in the current period. These costs are allocated 20% to revenue and 80% to capital and are included in the ongoing charges calculation.

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

The ongoing charges ratio for the year ended 30 September 2021 was 0.83% (2020: 1.01%). See Alternative Performance Measures on page 95 and 96.

Notes to the Financial Statements continued

For the year ended 30 September 2021

9 FINANCE COSTS

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Interest on overdrafts	–	2	2	1	6	7
Appropriation to ZDP shares	–	1,062	1,062	–	1,032	1,032
Total finance costs	**–**	**1,064**	**1,064**	**1**	**1,038**	**1,039**

10 TAXATION

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
a) Analysis of tax charge for the year:						
Overseas tax	421	–	421	472	–	472
Total tax for the year (see note 10b)	**421**	**–**	**421**	**472**	**–**	**472**

b) Factors affecting tax charge for the year:

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

Profit before tax	**2,614**	**60,828**	**63,442**	**2,242**	**38,503**	**40,745**
Tax at the UK corporation tax rate of 19% (2020: 19%)	496	11,557	12,053	426	7,316	7,742
Tax effect of non-taxable dividends	(700)	–	(700)	(655)	–	(655)
Gains on investments that are not taxable	–	(12,164)	(12,164)	–	(7,940)	(7,940)
Unrelieved current period expenses and deficits	204	405	609	229	427	656
Overseas tax suffered	421	–	421	472	–	472
Expenses not allowable	–	202	202	–	197	197
Total tax for the year (see note 10a)	**421**	**–**	**421**	**472**	**–**	**472**

c) Factors that may affect future tax charges:

The Company has an unrecognised deferred tax asset of £5,423,000 (2020: £3,513,000). The deferred tax asset is based on a prospective corporation tax rate of 25% (2020: 19%). The Finance Act 2021 received Royal Assent on 10 June 2021 and the rate of Corporation Tax of 25% effective from 1 April 2023 has been used to calculate the potential deferred tax asset.

It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and deficits and therefore no deferred tax asset has been recognised.

Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to obtain approval of such status in the foreseeable future, the Company has not provided tax on any capital gains arising on the revaluation or disposal of investments held by the Company.

11 AMOUNTS RECOGNISED AS DISTRIBUTIONS TO ORDINARY SHAREHOLDERS IN THE YEAR

Dividends paid in the year ended 30 September 2021

Payment date	No of shares	Pence per share	Year ended 30 September 2021 £'000
26 February 2021	121,270,000	1.00p	1,213
31 August 2021	121,270,000	1.00p	1,213
			2,426

The revenue available for distribution by way of dividend for the year is £2,193,000 (2020: £1,770,000).

The total dividends payable in respect of the financial year ended 30 September 2021, which is the basis on which the requirements of section 1158 Corporation Tax Act 2010 are considered, is set out below:

Payment date	No of shares	Pence per share	Year ended 30 September 2021 £'000
31 August 2021	121,270,000	1.00p	1,213
28 February 2022	121,270,000	1.00p	1,213
			2,426

Dividends paid in the year ended 30 September 2020

Payment date	No of shares	Pence per share	Year ended 30 September 2020 £'000
28 February 2020	121,270,000	1.10p	1,334
28 August 2020	121,270,000	1.00p	1,213
			2,547

The total dividends payable in respect of the financial year ended 30 September 2020, which is the basis on which the requirements of section 1158 Corporation Tax Act 2010 are considered, is set out below:

Payment date	No of shares	Pence per share	Year ended 30 September 2020 £'000
28 August 2020	121,270,000	1.00p	1,213
26 February 2021	121,270,000	1.00p	1,213
			2,426

All dividends are paid as interim dividends, and all have been charged to revenue, where necessary utilising the revenue reserves.

The dividends paid in February each year relate to a dividend declared in respect of the previous financial year but paid in the current accounting year.

Notes to the Financial Statements continued

For the year ended 30 September 2021

12 EARNINGS PER ORDINARY SHARE

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
The calculation of basic earnings per share is based on the following data:						
Net profit for the year (£'000)	2,193	60,828	63,021	1,770	38,503	40,273
Weighted average Ordinary shares in issue during the year	121,270,000	121,270,000	121,270,000	121,291,858	121,291,858	121,291,858
Basic – Ordinary shares (pence)	**1.81**	**50.16**	**51.97**	**1.46**	**31.74**	**33.20**

As at 30 September 2021 there were no potentially dilutive shares in issue.

13 INVESTMENT HELD AT FAIR VALUE

(a) Investments held at fair value through profit or loss

	30 September 2021 £'000	30 September 2020 £'000
Opening book cost	321,976	291,648
Opening investment holding gains	20,428	17,345
Opening fair value	**342,404**	**308,993**
Analysis of transactions made during the year		
Purchases at cost	626,217	944,790
Sales proceeds received	(624,225)	(953,814)
Gains on investments held at fair value	64,165	42,435
Closing fair value	**408,561**	**342,404**
Closing book cost	380,123	321,976
Closing investment holding gains	28,438	20,428
Closing fair value	**408,561**	**342,404**

The Company received £624,225,000 (2020: £953,814,000) from disposal of investments in the year. The book cost of these investments when they were purchased were £568,069,000 (2020: £914,462,000). These investments have been revalued over time and until they were sold, any unrealised gains/losses were included in the fair value of the investments.

The following transaction costs, including stamp duty and broker commissions were incurred during the year:

	30 September 2021 £'000	30 September 2020 £'000
On acquisition	442	606
On disposal	256	350
	698	**956**

(b) Fair value hierarchy

	30 September 2021 £'000	30 September 2020 £'000
Level 1 assets	408,561	342,404
Valuation at 30 September 2021	**408,561**	**342,404**

All Level 1 assets are traded on a recognised Stock Exchange.

(c) Subsidiary undertaking

Company and business	Country of registration, incorporation and operation	Number and class of shares held by the Company	Holding
PCGH ZDP Plc	England and Wales	50,000 Ordinary shares of £1	100%

The Company is a public limited company with the sole purpose of issuing Zero Dividend Preference (ZDP) shares. The registered office is at Polar Capital, 16 Palace Street, London, SW1E 5JD.

The investment is stated in the Company's Financial Statements at cost, which is considered by the Directors to equate to fair value.

The subsidiary is non-trading and the value of the net assets have not changed since the acquisition of the Ordinary share capital by the Company. The cost is therefore considered to equate to the fair value of the shares held.

14 RECEIVABLES

	30 September 2021 £'000	30 September 2020 £'000
Sales for future settlement	2,040	2,930
Accrued income	252	147
Prepayments	8	5
	2,300	**3,082**

15 PAYABLES

	30 September 2021 £'000	30 September 2020 £'000
Purchases for future settlement	2,587	2,534
Accruals	369	848
	2,956	**3,382**

16 ZERO DIVIDEND PREFERENCE SHARES ('ZDP SHARES')

	30 September 2021 £'000	30 September 2020 £'000
At 1 October 2020	35,405	34,373
Capital growth of ZDP shares	1,062	1,032
At 30 September 2021	**36,467**	**35,405**

Further details on the ZDP shares are set out in the Additional Information on page 101.

17 CALLED UP SHARE CAPITAL

(i) Ordinary shares - Allotted, Called up and Fully paid:

	30 September 2021 £'000	30 September 2020 £'000
Ordinary shares of nominal value 25p each:		
Opening balance of 121,270,000 (2020: 121,770,000)	30,317	30,442
Repurchase of nil (2020: 500,000) Ordinary shares, into treasury	–	(125)
Allotted, Called up and Fully paid: 121,270,000 (2020: 121,270,000) Ordinary shares of 25p	**30,317**	**30,317**
2,879,256 (2020: 2,879,256) Ordinary shares, held in treasury	720	720
At 30 September 2021	**31,037**	**31,037**

No Ordinary shares were repurchased into treasury (2020: 500,000 shares were repurchased at a total cost of £1,040,000).

The Ordinary shares held in treasury have no voting rights and are not entitled to dividends.

Notes to the Financial Statements continued

For the year ended 30 September 2021

17 CALLED UP SHARE CAPITAL continued

(ii) Subsidiary company (for information purposes)

	30 September 2021 £'000	30 September 2020 £'000
ZDP shares - Allotted, Called up and Fully paid:		
ZDP shares of nominal value 1p each:		
Opening balance of 32,128,437 ZDP shares (2020: 32,128,437)	32,128	32,128
Allotted, Called up and Fully paid: 32,128,437 (2020: 32,128,437) ZDP shares of 1p	**32,128**	**32,128**
At 30 September 2021	**32,128**	**32,128**

18 CAPITAL REDEMPTION RESERVE

	30 September 2021 £'000	30 September 2020 £'000
At 1 October 2020	6,575	6,575
At 30 September 2021	**6,575**	**6,575**

The Capital redemption reserve was created following the Company's reconstruction tender offer shares were repurchased and cancelled in 2017. This reserve is not distributable.

19 SHARE PREMIUM RESERVE

	30 September 2021 £'000	30 September 2020 £'000
At 1 October 2020	80,685	80,685
At 30 September 2021	**80,685**	**80,685**

This reserve is not distributable.

20 SPECIAL DISTRIBUTABLE RESERVE

	30 September 2021 £'000	30 September 2020 £'000
At 1 October 2020	3,672	4,712
Repurchase of nil (2020: 500,000) Ordinary shares into treasury	–	(1,040)
At 30 September 2021	**3,672**	**3,672**

The special distributable reserve was created following approval from the Court, received on 18 August 2010, to cancel that share premium account from the initial share offering.

Surpluses to the credit of the special distributable reserve can be used to purchase the Group and Company's own shares. In addition the Group and Company may use this reserve for the payment of dividends.

21 CAPITAL RESERVES

	30 September 2021 £'000	30 September 2020 £'000
At 1 October 2020	201,149	162,646
Net gains on disposal of investments	45,495	27,642
Valuation gains on investments held during the year	18,670	14,793
Exchange losses on currency balances	(144)	(647)
Overdraft interest allocated to capital	(2)	(6)
Research costs to capital	(59)	(107)
Investment management fee allocated to capital	(2,070)	(2,140)
Capital contribution to ZDP entitlement	(191)	(182)
ZDP appropriation	(871)	(850)
At 30 September 2021	**261,977**	**201,149**

The balance on the capital reserve represents a profit of £28,438,000 (2020: £20,428,000) on investments held and a profit of £233,539,000 (2020: £180,721,000) on investments sold.

The balance on investments held comprises holding gains on investments (which may become realised) and other amounts, which are unrealised. An analysis has not been made between the amounts that are realised (and may be distributed or used to repurchase the Group and Company's shares) and those that are unrealised.

The balance on investments sold are realised distributable capital reserves which may be used to repurchase the Group and Company's shares or be distributed as dividends subject to meeting the definition of qualifying consideration as noted in Note 2(m).

22 REVENUE RESERVE

	30 September 2021 £'000	30 September 2020 £'000
At 1 October 2020	2,015	2,792
Revenue profit	2,193	1,770
Interim dividends paid	(2,426)	(2,547)
At 30 September 2021	**1,782**	**2,015**

The revenue reserve may be distributed or used to repurchase the Group and Company's shares (subject to being a positive balance).

23 NET ASSET VALUE PER SHARE

(i) Ordinary shares

	30 September 2021	30 September 2020
Net assets attributable to Ordinary Shareholders (£'000)	385,728	325,133
Ordinary shares in issue at end of year	121,270,000	121,270,000
Net asset value per Ordinary share (pence)	**318.07**	**268.11**
Total issued Ordinary shares	124,149,256	124,149,256
Ordinary shares held in treasury	2,879,256	2,879,256
Ordinary shares in issue	**121,270,000**	**121,270,000**

As at 30 September 2021 there were no potentially dilutive shares in issue.

Notes to the Financial Statements continued

For the year ended 30 September 2021

23 NET ASSET VALUE PER SHARE continued

(ii) Subsidiary company (for information purposes)

ZDP shares	30 September 2021	30 September 2020
Calculated entitlement of ZDP shareholders (£)	£36,466,967	£35,404,821
ZDP shares in issue at the end of the year	32,128,437	32,128,437
Net asset value per ZDP share (pence)	**113.50**	**110.20**

24 CASH AND CASH EQUIVALENTS

	30 September 2021 £'000	30 September 2020 £'000
Cash at bank	13,668	17,795
Company cash and cash equivalents	**13,668**	**17,795**
Cash held at subsidiary	50	50
Group cash and cash equivalents	**13,718**	**17,845**

25 TRANSACTIONS WITH THE INVESTMENT MANGER AND RELATED PARTY TRANSACTIONS

(a) TRANSACTIONS WITH THE MANAGER

Under the terms of an agreement dated 26 May 2010 the Group has appointed Polar Capital LLP ("Polar Capital") to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Strategic Report. The total fees, paid under this agreement to Polar Capital in respect of the year ended 30 September 2021 were £2,588,000 (2020: £2,675,000) of which £239,000 (2020: £457,000) was outstanding at the year-end.

In addition, the total research cost in respect of the year ended 30 September 2021 was £114,000 (2020: £170,000). As at the year end, £18,700 (2020: £90,000) was outstanding. Refer to note 8 on page 81 for more details.

(b) RELATED PARTY TRANSACTIONS

The Group and Company has no employees and therefore no key management personnel other than the Directors. The Group and Company paid £129,000 (2020: £143,000) to the Directors and the Remuneration Report including Directors' shareholdings and movements within the year is set out on page 52.

26 FINANCIAL INSTRUMENTS

RISK MANAGEMENT POLICIES AND PROCEDURES FOR THE GROUP AND COMPANY

The Group and Company invests in equities and other financial instruments for the long term to further the Investment Objective set out on page 25 and 26. This exposes the Group and Company to a range of financial risks that could impact on the assets or performance of the Group and Company.

The main risks arising from the Group and Company's pursuit of its Investment Objective are market risk, liquidity risk and credit risk and the Directors' approach to the management of them is set out below.

The Group and Company's exposure to financial instruments can comprise:

– Equity and non-equity shares and fixed interest securities which may be held in the investment portfolio in accordance with the Investment Objective.

– Bank overdrafts, the main purpose of which is to raise finance for the Group and Company's operations.

– Cash, liquid resources and short-term receivables and payables that arise directly from the Group and Company's operations.

– Derivative transactions which the Group and Company enters into may include equity or index options, index futures contracts, and forward foreign exchange contracts.

The purpose of these is to manage the market price risks and foreign exchange risks arising from the Group and Company's investment activities.

The overall management of the risks is determined by the Board and its approach to each risk identified is set out below. The Board and the Investment Manager co-ordinate the risk management and the Investment Manager assesses the exposure to market risk when making each investment decision.

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 26(a)(i)), currency risk (see note 26(a)(ii)), and interest rate risk (see note 26(a)(iii)).

(i) Market Price Risk

The Group and Company is an investment company and as such its performance is dependent on its valuation of its investments. Consequently, market price risk is the most significant risk that the Group and Company faces.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group and Company's operations.

It represents the potential loss the Group and Company might suffer through holding market positions in the face of price movements.

A detailed breakdown of the investment portfolio is given on page 24. Investments are valued in accordance with the accounting policies as stated in Note 2(g).

At the year end, the Group and Company did not hold any derivative instruments (2020: nil).

Management of the risk

In order to manage this risk it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular healthcare sub sector. The allocation of assets to international markets, together with stock selection covering small, medium and large companies, and the use of index options, are other factors which act to reduce price risk. The Investment Manager actively monitors market prices throughout the year and reports to the Board which meets regularly in order to consider investment strategy.

Market price risks exposure

The Group and Company's exposure to changes in market prices at 30 September on its investments was as follows:

	30 September 2021 £'000	30 September 2020 £'000
Non-current asset investments at fair value through profit or loss	408,561	342,404
	408,561	**342,404**

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% in the fair values of the Group and Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends.

The sensitivity analysis is based on the Group and Company's investments at each balance sheet date, with all other variables held constant.

Notes to the Financial Statements continued

For the year ended 30 September 2021

26 FINANCIAL INSTRUMENTS continued

(a) Market Risk continued

Market price risk sensitivity continued

	Year ended 30 September 2021		Year ended 30 September 2020	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income - profit after tax				
Revenue return	(103)	103	(87)	87
Capital return	60,867	(60,867)	51,012	(51,012)
Change to the profit after tax for the year	**60,764**	**(60,764)**	**50,925**	**(50,925)**
Change to equity attributable to Shareholders	**60,764**	**(60,764)**	**50,925**	**(50,925)**

(ii) Currency Risk

The Group and Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Group and Company's assets and revenue are denominated in currencies other than sterling.

Management of the risk

The Investment Manager mitigates risks through an international spread of investments.

Settlement risk on investment trades is managed through short term hedging.

Foreign currency exposure

The table below shows, by currency, the split of the Group and Company's monetary assets, liabilities and investments that are priced in currencies other than sterling.

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Monetary Assets:		
Cash and short term receivables		
US Dollars	4,240	1,857
Swiss Francs	394	3,145
Euros	214	201
Danish Krone	98	103
Australia Dollar	66	–
Monetary Liabilities:		
Other payables		
US Dollars	(2,587)	(2,534)
Swiss Francs	–	(2,727)
Foreign currency exposure on net monetary items	**2,425**	**45**
Non-Monetary Items:		
Investments at fair value through profit or loss that are equities		
US Dollars	273,938	245,218
Euros	68,537	47,374
Danish Krone	17,509	20,981
Australia Dollar	9,158	–
Swiss Francs	7,678	15,491
Japanese Yen	7,286	7,755
Total net foreign currency exposure	**386,531**	**336,864**

During the financial year, movements against sterling in the five major currencies noted above were:

- US Dollar depreciated by 4.3% (2020: depreciated by 4.9%),
- Euro depreciated by 5.5% (2020: appreciated by 2.5%),
- Danish Krone depreciated by 5.4% (2020: appreciated by 2.8%).
- Australian Dollar depreciated by 3.5% (2020: appreciated by 1.3%),
- Swiss Franc depreciated by 5.9%% (2020: appreciated by 3.3%),

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year and the value of equity attributable to Shareholders in regard to the financial assets and financial liabilities and the exchange rates for the £/US Dollar, £/Euros, £/Danish Krone, £/Australian Dollars and £/Swiss Francs.

Based on the year end position, if sterling had depreciated by a further 15% (2020: 15%) against the currencies shown, this would have had the following effect:

	Year ended 30 September 2021 £'000				
	US Dollars	**Euro**	**Danish Krone**	**Australian Dollar**	**Swiss Francs**
Statement of Comprehensive Income - profit after tax					
Revenue return	47	38	17	12	70
Capital return	48,586	12,095	3,090	1,616	1,355
Change to the profit after tax for the year and to equity attributable to Shareholders	**48,633**	**12,133**	**3,107**	**1,628**	**1,425**

	Year ended 30 September 2020 £'000			
	US Dollars	**Euro**	**Danish Krone**	**Swiss Francs**
Statement of Comprehensive Income - profit after tax				
Revenue return	43	35	18	74
Capital return	43,112	8,360	3,703	2,734
Change to the profit after tax for the year and to equity attributable to Shareholders	**43,155**	**8,395**	**3,721**	**2,808**

Based on the year end position, if sterling had appreciated by a further 15% (2020: 15%) against the currencies shown, this would have had the following effect:

	Year ended 30 September 2021 £'000				
	US Dollars	**Euro**	**Danish Krone**	**Australian Dollar**	**Swiss Francs**
Statement of Comprehensive Income - profit after tax					
Revenue return	(35)	(28)	(13)	(9)	(51)
Capital return	(35,911)	(8,940)	(2,284)	(1,195)	(1,001)
Change to the profit after tax for the year and to equity attributable to Shareholders	**(35,946)**	**(8,968)**	**(2,297)**	**(1,204)**	**(1,052)**

Notes to the Financial Statements continued

For the year ended 30 September 2021

26 FINANCIAL INSTRUMENTS continued

(a) Market Risk continued

Foreign currency sensitivity continued

	Year ended 30 September 2020 £'000			
	US Dollars	Euro	Danish Krone	Swiss Francs
Statement of Comprehensive Income - profit after tax				
Revenue return	(32)	(26)	(13)	(55)
Capital return	(31,865)	(6,179)	(2,737)	(2,020)
Change to the profit after tax for the year and to equity attributable to Shareholders	**(31,897)**	**(6,205)**	**(2,750)**	**(2,075)**

In the opinion of the Directors, while these are regarded as reasonable estimates, neither of the above sensitivity analyses are representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Group's objectives.

(iii) Interest Rate Risk

Although the majority of the Group and Company's financial assets are equity shares which pay dividends, not interest, the Group and Company will be affected by interest rate changes as interest is earned on any cash balances and paid on any overdrawn balances.

Given the interest rate risk exposure noted below, the impact of any interest rate change is not considered to be significant and as such, no sensitivity analysis has been provided. Interest rate changes will also have an impact on the valuation of equities, although this forms part of price risk, which has already been considered separately above.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

At the year-end, financial assets and liabilities exposed to floating interest rates were as follows:

	30 September 2021 £'000	30 September 2020 £'000
Cash at bank	13,668	17,795
Cash held at subsidiary	50	50
	13,718	**17,845**

The above year-end amounts may not be representative of the exposure to interest rates in the year ahead since the level of cash held during the year will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time.

(b) Liquidity Risk

Liquidity risk is the possibility of failure of the Group and Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Group and Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

At 30 September the financial liabilities comprised:

	30 September 2021 £'000	30 September 2020 £'000
Due within 1 month:		
Other creditors and accruals	2,956	3,382
Due in more than 1 year:		
ZDP's entitlement	36,467	35,405
	39,423	**38,787**

The ZDP shares have a planned repayment date of 19 June 2024 in the amount of £39,514,000.

(c) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

The Group and Company manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital. All cash balances are held with approved counterparties.

HSBC Bank plc is the custodian of the Group and Company's assets. The Group and Company's assets are segregated from HSBC's own trading assets and are therefore protected in the event that HSBC were to cease trading.

These arrangements were in place throughout the current and prior year.

Credit risk exposure

The maximum exposure to credit risk at 30 September 2021 was £13,970,000 (2020: £17,992,000) comprising:

	30 September 2021 £'000	30 September 2020 £'000
Accrued Income	252	147
Cash at bank	13,718	17,845
	13,970	**17,992**

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered low. None of the Group and Company's assets are past due or impaired. All deposits were placed with banks that had a rating of A or higher.

Notes to the Financial Statements continued

For the year ended 30 September 2021

26 FINANCIAL INSTRUMENTS continued

(d) Capital Management Policies and Procedures

The Group and Company's capital, or equity, is represented by its net assets which amounted to £385,728,000 for the year ended 30 September 2021 (2020: £325,133,000), which are managed to achieve the Group's and Company's Investment Objective set out on page 25 and 26.

The Board monitors and reviews the broad structure of the Group's and Company's capital on an ongoing basis. This review includes:

(i) the need to issue or buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium); and

(ii) the determination of dividend payments.

The Group and Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company. In addition, in order to pay dividends out of profits available for distribution by way of dividend, the Group and Company has to be able to meet one of two capital restriction tests imposed on investments by company law.

These requirements are unchanged since the previous year end and the Group and Company has complied with them and no breaches have taken place during year under review.

27 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 23 on page 87 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.

		Year ended 30 September 2021	Year ended 30 September 2020
Opening NAV per share	a	268.11p	236.88p
Closing NAV per share	b	318.07p	268.11p
Dividend reinvestment factor	c	1.006997	1.008482
Adjusted closing NAV per share	d = b*c	320.30p	270.38p
NAV total return for the year	**(d / a)-1**	**19.46%**	**14.14%**

NAV Total Return Since Restructuring (APM)

NAV total return since restructuring is calculated as the change in NAV from the date of reconstruction on 20 June 2017, assuming that dividends paid to Shareholders are reinvested on the payment date in Ordinary shares at their net asset value.

		Year ended 30 September 2021	Year ended 30 September 2020
NAV per share at reconstruction	a	215.85p	215.85p
Closing NAV per share	b	318.07p	268.11p
Dividend reinvestment factor	c	1.033409	1.026326
Adjusted closing NAV per share	d = b*c	328.70p	275.17p
NAV total return since reconstruction	**(d / a)-1**	**52.28%**	**27.48%**

Share Price Total Return (APM)

Share price total return shows how the share price has performed over a period of time. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex-dividend.

		Year ended 30 September 2021	Year ended 30 September 2020
Opening share price	a	233.00p	218.00p
Closing share price	b	288.00p	233.00p
Dividend reinvestment factor	c	1.007605	1.008701
Adjusted closing share price	d = b*c	290.19p	235.03p
Share price total return for the year	**(d / a)-1**	**24.55%**	**7.81%**

Alternative Performance Measures (APMs) continued

(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.

		As at 30 September 2021	As at 30 September 2020
Closing share price	a	288.00p	233.00p
Closing NAV per share	b	318.07p	268.11p
Discount per Ordinary share	**(a / b)-1**	**9.45%**	**13.10%**

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 non-recurring 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.

		Year ended 30 September 2021	Year ended 30 September 2020
Investment Management (Note 7)		£2,588,000	£2,675,000
Other Administrative Expenses (Note 8)		£612,000	£792,000
	a	**£3,200,000**	**£3,467,000**
Average daily net assets value	b	£384,905,000	£343,020,000
Ongoing Charges	**a / b x 100**	**0.83%**	**1.01%**
Performance fee (Note 7)	c	–	–
	d = a + c	£3,200,000	£3,467,000
Ongoing charges including performance fee	**d / b x 100**	**0.83%**	**1.01%**

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.

		As at 30 September 2021	As at 30 September 2020
Net assets	a	£385,728,000	£325,133,000
ZDP loan value (Note 16)	b	£36,467,000	£35,405,000
Total assets	c = (a+b)	**£422,195,000**	**£360,538,000**
Cash and cash equivalents (including amounts awaiting settlement)	d	£13,171,000	£18,241,000
Net gearing	**(c-d)/a -1**	**6.04%**	**5.28%**

Glossary of Terms

AAF Report	A report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales. Utilised within the review of internal controls.
AGM	The Annual General Meeting, to be held at 2pm on Friday, 11 February 2022 at the office of the manager, Polar Capital, 16 Palace Street, London SW1E 5JD.
AIC	Association of Investment Companies, the industry body for closed ended investment companies.
AIFM	Alternative Investment Fund Manager – Polar Capital LLP.
AIFMD	Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that, while the Board of Directors of an Investment Trust remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations, all alternative investment Funds ('AIFs') in the European Union, must appoint a Depositary and an Alternative Investment Fund Manager ('AIFM'). The Company's AIFM is Polar Capital LLP.
Benchmark	The Benchmark is the MSCI ACWI/Healthcare Index (total return in sterling with dividends reinvested).
BREXIT	The process of the UK leaving the European Union following the public referendum in 2016.
Closed-ended Investment Company	An Investment Company with a fixed issued ordinary share capital, the shares of which are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.
Custodian	The Custodian is HSBC Bank plc, a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Group and Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.
Depositary	The Depositary is also HSBC Bank plc. Under AIFMD rules the Company must appoint a Depositary whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Group and Company's financial assets in respect of which it has safe-keeping duties. The Depositary's oversight duties will include but are not limited to share buybacks, dividend payments and adherence to investment limits.
Derivative	A contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. Examples of derivatives are Put and Call Options, Swap contracts, Futures and Contracts for Difference. A derivative can be an asset or a liability and is a form of gearing because it can increase the economic exposure to shareholders.
ESEF	European Single Electronic Format is the single electronic reporting format which will apply with effect from 1 January 2021 to consolidated annual accounts prepared in accordance with IFRS and traded on a regulated market.
ESMA	The European Securities and Markets Authority is an independent EU authority whose purpose is to improve investor protection and promote stable, orderly financial markets.
IFRS	International accounting standards in conformity with the requirements of the Companies Act 2006. They comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Financial Reporting Committee, including interpretations issued by the IFRS Interpretations Committee and interpretations issued by the International Accounting Standard Committee (IASC).

Glossary of Terms continued

Investment Company	Section 833 of the Companies Act 2006. An Investment Company is defined as a company which invests its funds in shares, land or other assets with the aim of spreading investment risk.
Investment Manager / Manager	Polar Capital LLP is the Investment Manager. Mr Gareth Powell and Dr James Douglas have delegated responsibility for the creation of the portfolio of investments subject to various parameters set by the Board of Directors. The responsibilities of the Investment Manager and the fees payable are set out in the Directors' Report.
Investment Trust taxation status	Section 1158 of the Corporation Tax Act 2010. UK Corporation Tax law allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to Section 833 above but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors' Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.
MiFID II	Markets in Financial Instruments Directive, applicable from 3 January 2018.
Non-executive Director	The Group and Company are managed by a Board of Directors who are appointed by letter rather than a contract of employment. Neither the Group nor Company has any executive Directors. Remuneration of the non-executive Directors is set out in the Directors' Remuneration Report while the duties of the Board and the various Committees are set out in the Corporate Governance Statement. An example of the letter of appointment is available on the Company's website.
PRIIPS	The Packaged Retail and Insurance-based Investment Products regulations which came into force on 1 January 2018 in the UK and EU. The regulations require generic pre-sale disclosure of investment 'product' costs, risks and certain other matters.
PwC	The Group and Company's Auditors are PricewaterhouseCoopers LLP, represented by Kevin Rollo, Partner.
SORP	The Statement of Recommended Practice. The Financial Statements of the Group and Company are drawn up in accordance with the Investment Trust SORP issued by the AIC.
ZDP	Zero Dividend P reference shares are preference shares which carry no entitlement to dividends, but which carry the right, on a fixed date, to the repayment of capital and a fixed rate of return in priority to any capital payment to the holders of ordinary shares.

Investing

Market Purchases

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

Share Dealing Services

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

For telephone sales call 0345 603 7037 (or +44 121 415 7560) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday.

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

There are a variety of ways to invest in the Company however this will largely depend upon whether you would like financial advice or are happy to make your own investment decisions.

For those investors who would like advice:

Private Client Stockbrokers

Investors with a large lump sum to invest may want to contact a private client stockbroker. They will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from The Personal Investment Management & Financial Advice Association (PIMFA) at www.pimfa.co.uk

Financial Advisers

Financial Advisers who wish to purchase shares for their clients can also do so via a growing number of platforms that offer investment trusts including AJ Bell, Interactive Investor, Ascentric, Embark, Nucleus, Raymond James, Seven IM and Transact. For investors looking to find a financial adviser, please visit www.unbiased.co.uk

For those investors who are happy to make their own investment decisions:

Online Stockbroking Services

There are a number of real time execution only stockbroker services which allow private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services include AJ Bell, Interactive Investor, Barclays Stockbrokers, Halifax Share Dealing, Hargreaves Lansdown.

Investing Risks

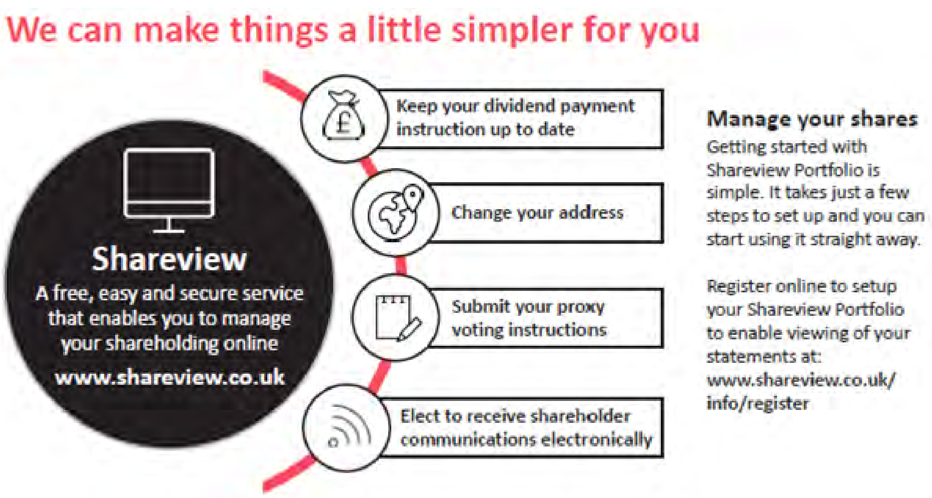
Please remember that any investment in the shares of Polar Capital Global Healthcare Trust plc either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from them may go down as well as up due to the fluctuations of the share price, the market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

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

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

Polar Capital Global Healthcare Trust plc is an investment trust and as such its ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable future so that the exclusion continues to apply.

Please also see the additional disclosures on page 99.



Investing continued

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

Although the Company's Financial Statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling. To the extent that it does so, asset values may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.

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

Boiler Room Scams

Shareholders of the Polar Capital Global Healthcare Trust plc may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in U.S. or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

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

If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you. You can report an unauthorised firm using the FCA helpline on 0845 606 1234 or 0800 111 6768 or by visiting their website, which also has other useful information, at www.fca.org.uk

If you receive any unsolicited investment advice:

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

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

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

How to avoid investment and pension scams

1. **Reject unexpected offers**
   Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.
2. **Check the FCA Warning List**
   Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.
3. **Get impartial advice**
   Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

Additional Information

History

The Company was incorporated as Polar Capital Global Healthcare Growth and Income Trust plc on 12 May 2010. On 15 June 2010 the Company issued 89,000,000 ordinary shares of 25p each and 17,800,000 subscription shares of 1p each which were admitted to trading on the Main Market of the London Stock Exchange. The original subscription price for each ordinary share was £1 and the Net Asset Value (NAV) per share on 15 June 2010 was 98p (after launch costs). The subscription share rights expired on 31 January 2014, following the issue of 17,800,000 ordinary shares. The subscription shares were subsequently cancelled.

On 20 June 2017 the Company was reconstructed and the name was changed to Polar Capital Global Healthcare Trust plc. As part of the reconstruction, a 100% tender offer was made to shareholders of which 21.8% was accepted resulting in 26,299,042 ordinary shares being bought back by the Company; the Company also offered new ordinary shares in the form of an issue and placing which resulted in 27,798,298 new ordinary shares being created. As part of the reconstruction and change of investment strategy, the Company created a wholly owned subsidiary, PCGH ZDP Plc (the 'subsidiary') (together with the Company, the 'Group') which was created to provide structural gearing to the Company through the placing of Zero Dividend Preference shares ('ZDP shares'). The subsidiary was incorporated on 30 March 2017 and issued 50,000 ordinary shares of £1 each which were subscribed by the Company and fully paid up. On 19 June 2017 the subsidiary issued 32,128,437 ZDP shares at 100p each. These ZDP shares have a standard listing on the London Stock Exchange.

Each ZDP share is entitled to 122.99p on 19 June 2024 on the winding up of the subsidiary. The proceeds of the ZDP Share issue were advanced to the Company under the terms of a loan agreement for investment by the Company in accordance with its Investment Policy.

Portfolio Details

Portfolio information is provided to the AIC for its monthly statistical information service (www.theaic.co.uk). The portfolio is also published to the Company's website.

Company Website

www.polarcapitalglobalhealthcaretrust.co.uk

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

Information on the Company can also be obtained from various different sources including:

- www.theaic.co.uk
- www.ft.com/markets
- www.londonstockexchange.co.uk

Share Prices and Net Asset Value

The Company's Net Asset Value (NAV) is normally released daily, on the next working day, following the calculation date, to the London Stock Exchange. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange website: www.londonstockexchange.co.uk

Electronic Communications

If you hold your shares in your own name you can choose to receive communications from the Company in electronic format. This method reduces costs, is environmentally friendly and, for many, is convenient.

If you would like to take advantage of Electronic Communications please visit our registrar's website at www.shareview.co.uk and register. You will need your shareholder reference number. If you agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post you will receive an e-mail providing the website address where the documents can be viewed and downloaded. Paper copies will still be available on request. Nominee Shareholders Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee service providers are encouraged to advise investors that they may attend general meetings when invited by the Chair.

Nominee Shareholders

Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee service providers are encouraged to advise investors that they may attend general meetings when invited by the Chair.

Additional Information continued

Capital Gains Tax

Information on Capital Gains Tax is available on the HM Revenue & Customs website – www.hmrc.gov.uk/cgt/ index.

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares disposed and any other allowable deductions such as share dealing costs. The exercise of a right of a subscription share holder to subscribe for ordinary shares should not give rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

The calculations required to compute capital gains may be complex and depend on personal circumstances. Shareholders are advised to consult their personal financial advisor for further information regarding a possible tax liability in respect of their shareholdings.

Further information on the subscription shares is provided in the subscription share section below.

The Company was launched on 15 June 2010 with the issue of ordinary shares at £1 per share with subscription shares attached (on a one for five basis).

Subscription Shares Tax Implications

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

Ordinary Shares 101.0p Subscription Shares 14.875p

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

Statement by the Depositary

The statement of the Depositary's responsibilities in respect of the Company and its report to Shareholders for the year ended 30 September 2021 are available on the Company's website. The Depositary, having carried out such procedures as it considered necessary, was satisfied that in all material respects the Company was managed in accordance with the applicable FCA rules and AIFMD.

Statement by the AIFM

The statement by the AIFM in respect of matters to be disclosed to investors for the year ended 30 September 2021 is available on the Company's website.

Disability Act

Copies of this Annual Report and Financial Statements or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Equiniti Limited, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), you should dial 18001 followed by the number you wish to dial.

AIC

The Company is a member of the Association of Investment Companies ('AIC') and the AIC website www.theaic.co.uk contains detailed information about investment trusts including guides and statistics.

Calendar

Year End	30 September
Half Year End	31 March
Dividend Payments	end August end February
Annual General Meeting	11 February 2022 @ 2pm

Contact Information

Company Registration Number

7251471 (Registered in England)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Directors

Lisa Arnold (Chair)
Neal Ransome (Audit Committee Chair)
Andrew Fleming
Jeremy Whitley

Registered Office and Contact Address for Directors

16 Palace Street
London
SW1E 5JD

Investment Manager and AIFM

Polar Capital LLP

16 Palace Street
London
SW1E 5JD

Authorised and regulated by the Financial Conduct Authority.

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

Portfolio Co-Managers

Dr. James Douglas
Mr. Gareth Powell

Company Secretary

Polar Capital Secretarial Services Limited

Represented by Tracey Lago, FCG

Depositary, Bankers and Custodian

HSBC Bank Plc

8 Canada Square
London
E14 5HQ

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside
London
SE1 2RT

Solicitors

Herbert Smith Freehills LLP

Exchange House
Primrose Street
London
EC2A 2HS

Stockbrokers

Panmure Gordon & Co

One New Change
London
EC4M 9AF

Identification Codes

Ordinary shares

SEDOL: B6832P1
ISIN: GB00B6832P16
TICKER: PCGH
GIIN: ID3ME4.99999.SL.826
LEI: 549300YV7J2TWLE7PV84

Registrar

Shareholders who have their shares registered in their own name, not through a share savings scheme or ISA, can contact the registrars with any queries on their holding. Post, telephone and Internet contact details are given below.
In correspondence you should refer to Polar Capital Global Healthcare Trust plc, stating clearly the registered name and address and, if available, the full account number.

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Shareholder helpline: 0800 876 6889
(or +44 121 415 0804 from overseas)

The Association of Investment Companies

PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

Forward-looking Statements

Certain statements included in this Annual Report and Financial Statements 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 within this Annual Report.

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.

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