

Polar Capital Global Healthcare Trust plc

Annual Report and Financial Statements for the year ended 30 September 2023



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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

**We were delighted to be awarded
winner of the Biotech and Healthcare
specialist sector at the Investment Week
- Investment Company of the Year
Awards in November 2023.**



Your Business at a Glance

Who we are

The Group comprises the Company, Polar Capital Global Healthcare Trust plc and the subsidiary, PCGH ZDP Plc.

Management

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

The Investment Manager is Polar Capital LLP ("Polar Capital") and the appointed Co-Managers are James Douglas and 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

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

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.

Capital structure

At 30 September 2023 the Company had in issue 124,149,256 Ordinary shares of 25 pence each of which 2,879,256 were held in treasury (2022: 124,149,256 Ordinary shares of which 2,879,256 were held in treasury). During the year ended 30 September 2023 no shares were issued or bought back.

Benchmark

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

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 currently maintains long-term structural gearing in the form of a loan from the wholly owned subsidiary PCGH ZDP Plc. This subsidiary has a fixed life whereby the loan will be repaid and the ZDP shares will be redeemed in June 2024 at which time the entity will be liquidated. The Company remains in a strong position to repay the outstanding loan amount at the time of redemption. Further information on the redemption process is provided on the Company's website www.polarcapitalglobalhealthcaretrust.co.uk.

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 Investment Manager is entitled to a management fee at the rate of 0.75% 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 2023 (2022: nil). Further details are included in the Shareholder Information section.

Highlights

Financial Highlights

Net Asset Value per Ordinary Share (Total Return)*

2023	4.21%
2022	5.59%

Net Asset Value per Ordinary Share

2023	345.66p
2022	333.83p

Benchmark Index

2023	1.19%
2022	6.93%

Price per Ordinary Share

2023	319.00p
2022	315.00p

Total Net Assets (Group and Company)

2023	£419.2m
2022	£404.8m

Share Price Total Return*

2023	1.92%
2022	10.11%

Highlights in detail for the year to 30 September 2023

Performance

Net asset value per Ordinary share (total return)*	4.21%
Benchmark Index (MSCI ACWI/Health Care Index (total return in sterling with dividends reinvested))	1.19%

Since restructuring

Net asset value per Ordinary share (total return) since restructuring *~	67.56%
Benchmark index total return since restructuring	66.01%

Expenses

	2023	2022
Ongoing charges*	0.87%	0.84%

Financials

	As at 30 September 2023	As at 30 September 2022	Change %
Total net assets (Group and Company)	£419,182,000	£404,833,000	3.5%
Net asset value per Ordinary share	345.66p	333.83p	3.5%
Net asset value per ZDP share^	120.41p	116.91p	3.0%
Price per Ordinary share	319.00p	315.00p	1.3%
Discount per Ordinary share*	7.7%	5.6%	
Price per ZDP share^	116.00p	114.00p	1.8%
Net gearing*	9.37%	7.41%	
Ordinary shares in issue (excluding those held in treasury)	121,270,000	121,270,000	-
Ordinary shares held in treasury	2,879,256	2,879,256	-
ZDP shares in issue^	32,128,437	32,128,437	-

Dividends

The Company has paid or declared the following dividends relating to the financial year ended 30 September 2023:

Pay date	Amount per Ordinary share	Record Date	Ex-Date	Declared date
First interim: 31 August 2023	1.00p	4 August 2023	3 August 2023	11 July 2023
Second interim: 29 February 2024	1.20p	2 February 2024	1 February 2024	12 December 2023
Total (2022: 2.10p)	2.20p			

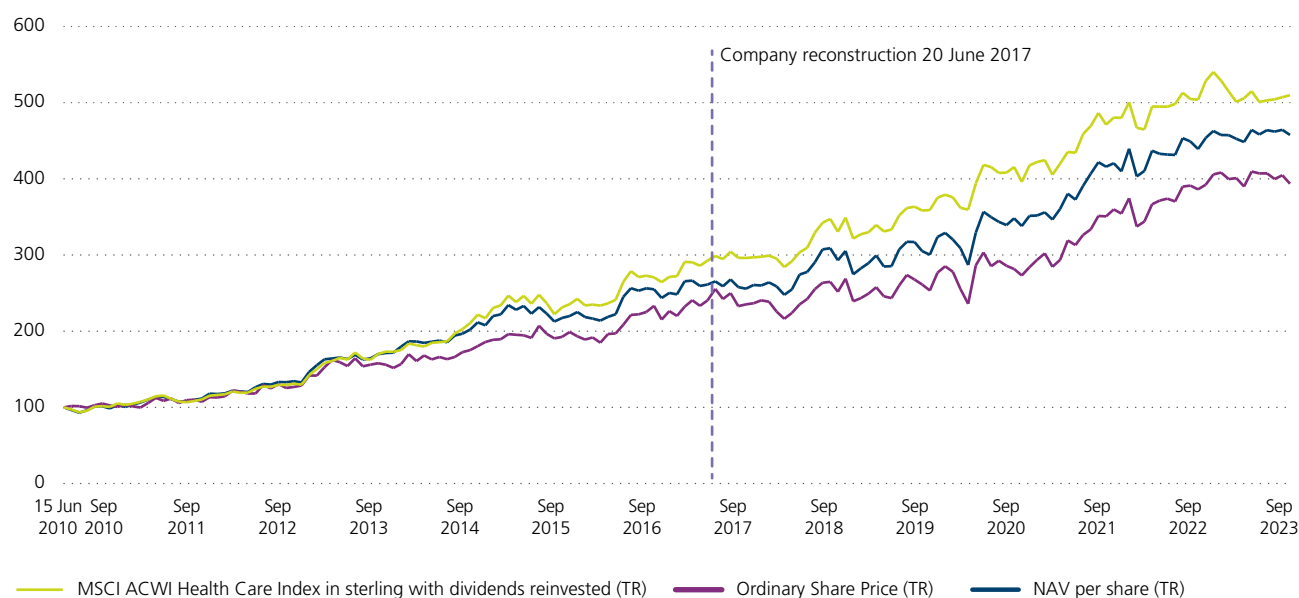
* See Alternative Performance Measures on pages 101 and 102.

~ 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.

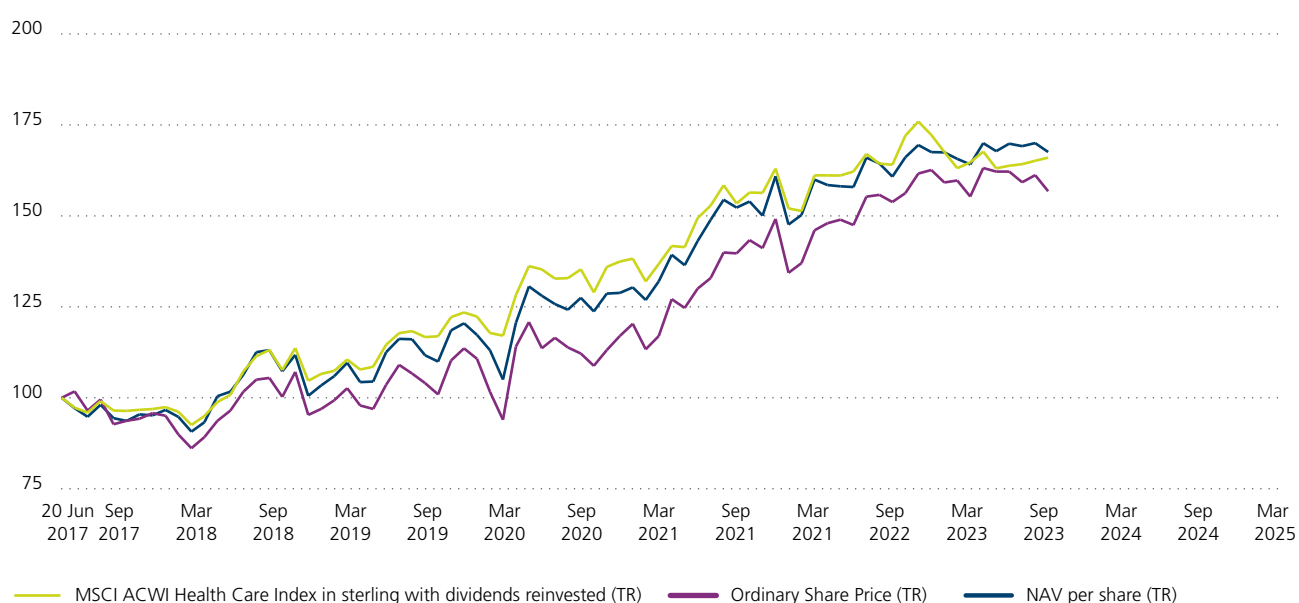
Performance

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 2023.

Performance

The Company has performed well this year, ending the year 3.02% ahead of its benchmark (MSCI ACWI Healthcare Index, Total Return), performing well against the peer group and returning a NAV per share total return of 4.21%. This was despite the year under review continuing to be a difficult period for markets with challenging macro-economic conditions and geo-political events, which have sadly continued into the current year.

Whilst we are now seeing inflation and interest rates somewhat stabilising, the longer term effects of this continue to be felt and we have seen discounts across the investment trust sector in general widen considerably. At the financial year end the discount was 7.7% compared to the prior year figure of 5.6%.

The outperformance was driven by strong stock selection, largely out of the focus on the three key themes highlighted in last year's Annual report and Financial Statements, namely: rising utilisation, disrupting the delivery of healthcare and consolidation.

Further detail is provided within the Manager's Report on pages 12 to 21.

Outlook

Whilst the healthcare sector has been somewhat out of favour against the broader market, fundamentals remain extremely strong with valuations still very attractive. There is much to be excited about, as demonstrated during the year by the delivery and announcement of ground-breaking medical developments e.g. in Alzheimer's research and the introduction onto the market of highly effective weight-loss medications.

The Managers believe that while the themes that generated performance last year will still be relevant, there are three further areas which may drive shorter term returns: innovation, the growing use of technology, such as AI and robotics, and Emerging Markets. Further detail is provided in the Manager's Report.

We believe all of these factors support our optimism for continued strong performance for the Company during the current financial year.

Dividends

The Company's focus continues to remain 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.

In August 2023 the Company paid an interim dividend of 1.00p per ordinary share. The Board has declared a further interim dividend of 1.20p per ordinary share payable to shareholders on the register as at 2 February 2024. This will bring the total dividend paid for the financial year under review to 2.20p per ordinary share, a small increase on the previous financial year.

Share Capital

The Company has 121,270,000 ordinary shares in issue as at the date of writing and no shares have been bought back or issued during the financial year under review. The Company's share price on 30 September 2023 was 319.00p (2022: 315.00p). The Company's market capitalisation at the financial year end was £386.9m (2022: £382.0m). 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.

Subsidiary Undertaking

The Company is parent to a wholly owned subsidiary, PCGH ZDP Plc. The subsidiary was created as part of the Company's restructure in 2017; the purpose of the subsidiary is to issue zero dividend preference ("ZDP") shares and provide a loan to the parent in the form of structural gearing. The subsidiary has a fixed life whereby the loan will be repaid and the ZDP

shares will be redeemed in June 2024 at which time the entity will be liquidated. The Company remains in a strong position to repay the outstanding loan amount at the time of redemption. The Company has no current intention to refinance the loan. Further information on the redemption process is provided on the Company's website www.polarcapitalglobalhealthcaretrust.co.uk.

The Board

As referenced in my statement to Shareholders last year, the Board is aware of the FCA's Diversity and Inclusion Policy and notes that its current composition does not meet the recommended gender or ethnicity requirements. Given the Company's fixed life and the potential reconstruction in 2025, the Board (via the Nomination Committee) has concluded that the appropriate time for recruitment would be shortly before or after any reconstruction plans. We have engaged with some of our major shareholders via our Company Secretary and they are understanding of this timeframe. It is a priority of the Board to be able to meet all aspects of the FCA's Diversity policy as part of future succession plans. At the appropriate time, the Board will ensure that diversity continues to be considered throughout any recruitment process, especially when compiling a shortlist of candidates and selecting individuals for interview.

There have been no changes to the membership of the Board during the year under review. The Directors' biographical details are available on the Company's website and are provided in the Annual Report.

As reported in the last interim report, we have been joined by a board apprentice, Ei-Lene Heng. Ei-Lene will sit with us as a Board for c.12 months to gain experience before continuing her career and potential future director roles. See page 6 for an interview with Ei-Lene on her experience as a Board apprentice.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at 16 Palace Street at 2:30pm on Thursday, 8 February 2024. The notice of AGM has been provided to Shareholders and will also be available on the Company's website. Detailed explanations of the formal business and the resolutions to be proposed at the AGM are contained within the Shareholder Information section on page 106 and in the Notice of AGM. We will once again upload a copy of the Manager's Investment Presentation to the Company's website ahead of the AGM and will hold the formal business of the meeting in person. We have provided a zoom link in the Notice of AGM which will enable anyone interested to view the formal business and ask questions via the on-line chat function. The Managers will be available to answer questions and meet shareholders present. All formal business resolutions will be voted on by a poll and we therefore encourage shareholders to submit their votes ahead of the meeting by proxy card which is provided with the Notice of Meeting.

Lisa Arnold

Chair

12 December 2023

**ANNUAL
GENERAL
MEETING**

to be held on

**8 February
2024**

Board Apprentice Q&A

Ei-Lene Heng
Board Apprentice



Ei-Lene, you have now held the board apprentice role for c.8 months and will be in position for 12 months, what can you tell us from your experience so far?

Why did you decide to become a board apprentice?

It is critically important to increase diversity on boards, however, among the challenges of increasing board diversity are the pool and pipeline of candidates who are ready to take on such roles. I believe I have professional experience which can be valuable in a non-executive director capacity, and would love to apply that experience and my energy in a board context. Becoming a board apprentice was an exciting opportunity for me to learn from experienced board members, who have been generous in also providing coaching and mentorship, so that I will become 'board ready'.

You have chosen the healthcare trust – is this a particular interest of yours?

The healthcare trust provides me with a great mix of topics that I am already familiar with, and the opportunity to learn new things. I have had exposure to the investment management industry in different contexts through most of my career, but have not been close to the healthcare sector. I was delighted with the opportunity to learn more about the healthcare sector because it is an 'evergreen' and universally applicable sector, covering birth to death, and relevant to every single person on the planet. Since joining the healthcare trust as a board apprentice, I have been amazed by the dynamism of the sector, the complexities and nuances across and within subsectors, and the experience the team brings to the table, through the discussion of their investment theses.

What do you think of the process so far – has it met your expectations?

I think the process has been excellent so far. I had some classroom training prior to starting my apprenticeship, I received a great induction from the Polar Capital team which has helped me get up to speed, and the Chair and Board members of the healthcare trust have been really inclusive and supportive. It has been invaluable to have insight into boardroom dynamics, learn from experienced board members, and to experience being a part of board discussions.

What potential benefits do you see from the process – for yourself / for Boards / for the industry?

Personally, being a board apprentice benefits me in multiple ways: i) the governance course and development sessions provide me with a solid theoretical foundation, ii) experiencing a board's role through the year, reading board materials, and attending meetings give me practical experience, iii) observing and learning "what good looks like" from experienced board members sets high benchmark standards. For boards and the industry more broadly, a tangible benefit is that it gives them the opportunity to build the pipeline of diverse talent for future boards in the industry and beyond.

Do you think you will feel 'board ready' at the end of the process?

Yes, I feel I will be 'board ready' at the end of the process. While there is still a lot for me to learn, especially because every sector, company, and board is different, I am confident that I will be able to effectively contribute in the right role. I look forward to bringing my viewpoint to the table, and participating in discussions and healthy debates.

Is there any advice you would give to future candidates?

Really make the most of this experience – be engaged, read all the materials and be prepared, clarify any doubts you may have. This is an invaluable learning opportunity.

Board of Directors



Lisa Arnold Chair

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 is a non-executive director of Rothesay, the life insurance company and of Pimco Europe Limited, the asset manager, where she chairs the audit committee. She also chairs the Allied Domecq pension fund and is a trustee director of Whitbread Pension Fund.

PCGH Share Interests

20,000 (0.02% of ISC)

Annual Remuneration

£43,000

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 delivered 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, she has a comprehensive understanding of the importance and challenges of ESG and climate related issues. In her role as Chair, Lisa has continued to work 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

Independent Non-Executive Director

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 and a trustee of The Conservation Volunteers.

PCGH Share Interests

10,073 (0.01% of ISC)

Annual Remuneration

£36,750 (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 through prior board roles. Neal's re-election as a non-executive Director and both Audit and Management Engagement Committee Chair is supported by the Board and the Managers.

Board of Directors continued



Jeremy Whitley Non-Executive Director

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 Abrdn 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 chairman of The Scottish Oriental Smaller Companies Trust plc and a non-executive director of JP Morgan Indian Investment Trust plc. Jeremy also acts as trustee to a number of charitable organisation and social enterprises.

PCGH Share Interests

20,000 (0.02% of ISC)

Annual Remuneration

£31,000

Rationale for supporting re-election

Jeremy's experience, not least from his prior roles at Abrdn Asset Management, has enabled him to bring a global perspective and challenge to the regular review of the portfolio and he has been a strong advocate for clear performance attribution analysis. Jeremy also brings to the Board experience from other investment trust management houses. Jeremy's re-election as a non-executive Director is supported by the Board and the Managers.



Andrew Fleming Non-Executive Director

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 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 global positions at ABN Amro and was chief executive of Kames Capital for nine years. He was previously chairman of JP Morgan Japanese Investment Trust plc retiring in December 2018.

Other appointments

Andrew is chair of Saltus Asset Management Limited and a non-executive director of Keystone Positive Change Investment Trust plc. Andrew is also involved with a number of social enterprises including acting as chair of CTVC Limited and Hillside Productions Limited, both affiliated with The Rank Foundation; where he is a trustee. He was a member of the investment Committee of the National Trust and has recently stood down as chairman of the Investment Committee of the Rank Foundation endowment. He is a member of the investment advisory committee of AMIH Holdings and Azalea Trust.

PCGH Share Interests

10,000 (0.01% of ISC)

Annual Remuneration

£31,000

Rationale for supporting re-election

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 prior ESG experience having launched one of Europe's first ESG funds over 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.

Investment Team



James Douglas, PhD – Co-Manager

James joined Polar Capital in September 2015 and is a Fund Manager for the Healthcare team. He was appointed Co-Manager for the Polar Capital Global Healthcare Trust plc in August 2019.

Prior to joining Polar Capital, James worked in equity sales specialising in global healthcare at Morgan Stanley, RBS and HSBC. He 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 EvaluatePharma.



Gareth Powell, CFA – Co-Manager

Gareth joined Polar Capital in 2007 to set up the Healthcare team. Prior to this, he worked at Framlington where he began his career in investment management in 1999. Soon afterwards, in 2001, he joined the Healthcare Team and helped launch the Framlington Biotech Fund, which he managed from 2004 until his departure.

Gareth studied biochemistry at Oxford, during which time he worked at Yamanouchi, a leading Japanese pharmaceutical company (later to become Astellas). As well as this, Gareth worked for the Oxford Business School and various academic laboratories including the Sir William Dunn School of Pathology and the Wolfson Institute for Biomedical Research.



Deane Donnigan, Pharm D

Deane joined Polar Capital in June 2013 and is the Lead Manager of the Polar Capital Healthcare Discovery Fund.

Prior to joining Polar Capital, Deane began her career at the Medical College of Georgia, before becoming a clinical specialist in Drug Information and Adult Internal Medicine with Emory University Hospital in Atlanta, Georgia. After several years, she moved to the UK to join Framlington (now AXA Framlington) as an analyst for the healthcare unit trust, led by Anthony Milford. She went on to become lead portfolio manager of the Framlington Healthcare and Framlington Biotechnology funds. Deane is both a US and UK citizen.



Brett Pollard, PhD

Brett Pollard joined the Polar Capital Healthcare team in September 2021 as an Investment Analyst. Prior to this, he 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 has also worked in and led financial communications, corporate development, investor relations and operations.



David Pinniger, CFA

David joined Polar Capital in August 2013 as a Portfolio Manager within the Healthcare team, to launch the Polar Capital Biotechnology Fund. Prior to joining Polar Capital, he was Portfolio Manager of the International Biotechnology Trust at SV Life Sciences.

Previously, David 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.

Investment Team continued



Damiano Soardo, CFA

Damiano joined the Polar Capital Healthcare team as an Investment Analyst in October 2020. He started at the company in 2016 as part of the Operations team before moving to the Risk team in 2019. 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 charter holder.



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.

“Accelerating innovation, ongoing consumer demand for products and services and technology-driven efficiencies all help underpin a constructive view on the healthcare sector.”



Daniel Mahony, PhD

Daniel joined Polar Capital to set up the Healthcare team in 2007. From 2019 he focused on leading healthcare strategy and business development and, since October 2021, has worked with the team on an advisory basis. Prior to joining Polar Capital, he was head of the European healthcare research team at Morgan Stanley, covering the European biotechnology, medical technology and healthcare services sectors. Previously, Daniel worked in New York for ING Barings Furman Selz following the US biotechnology sector. Before working in the investment field, Daniel worked as a research scientist for seven years with the majority of his time at Schering Plough Corporation in California.



Audrey Stynes

Audrey joined the Polar Capital 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 materials in addition to generating bespoke reports that inform daily fund management activities for the team at large. Previously, Audrey worked in the company's Product and Operations teams when she joined Polar Capital in March 2018.



Manager's Report

Track record and an experienced team

Investment Manager's Report

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 robust, medium-term growth outlooks, helps drive the positive risk/return 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 that tend to be lower down the market-capitalisation and liquidity scales. This is a key advantage of the Company's closed ended structure. Regardless of size, subsector 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, 31 companies in the portfolio were Growth investments (95.0% of net assets) and 11 were Innovation investments (14.3%). Structural debt, in the form of Zero Dividend Preference shares, currently offers access to additional liquidity and the opportunity to enhance returns.

Market Capitalisation

Market Cap at	30 September 2023	30 September 2022
Large (>US\$10bn)	80.4%	78.5%
Medium (US\$5bn - US\$10bn)	14.6%	16.0%
Small (<US\$5bn)	14.3%	12.8%
Other net liabilities	(9.3%)	(7.3%)
	100.0%	100.0%

Source: Polar Capital.

Over the financial year to 30 September 2023, the Company delivered a NAV per share total return of 4.2%, a 3.0% outperformance of its benchmark, the MSCI All Country World Daily Net Total Return Health Care Index. The absolute performance of the healthcare sector was modestly positive, up 1.2% over the reporting period, but it underperformed the broader market, as tracked by the MSCI All Country World Net Total Return Index (all figures above are in sterling terms) which was up 10.5%.

A cautious investing environment, very much apparent in the first three months of the financial year with investors favouring more defensive sectors, changed in early 2023 and was replaced with a heightened sense of optimism. That optimism, driven by better-than-expected economic growth and receding fears of a recession, was evident in the outperformance of more economically sensitive areas of the market such as communication services, information technology and consumer discretionary. This trend, while volatile, persisted until the end of July, when investors reverted once again to safety on the back of higher interest rates and worries of a deteriorating macroeconomic environment should interest rates stay higher for longer.

Reflecting on the Company's performance, there was strong stock selection across the entire market-capitalisation spectrum, partially offset by negative allocation, with the Company's above benchmark exposure to small and mid-capitalisation stocks the biggest drag on performance. Within the benchmark, distributors, healthcare supplies and healthcare facilities all performed strongly over the period, reflecting an acceleration in utilisation and consumption – a central investment theme for the Company in 2023.

At the other end of the scale, the past 12 months have been difficult for the healthcare services, life sciences tools and services, and managed healthcare subsectors. The healthcare services and managed care subsectors both struggled thanks to the fear of elevated medical costs, driven by increased utilisation and patient volumes. The life sciences tools and services subsector suffered from a variety of earnings headwinds including post-Covid destocking, a dramatic slowdown in China and more conservative spending from their biopharmaceutical customers.

As set out in last year's annual report, the focus was very much on three key investment themes:

- **Rising utilisation:** during the year, medical device companies, healthcare facilities and distributors all pointed to an increase in both utilisation (i.e. patient volumes), and the consumption of healthcare products and services.
- **Disrupting the delivery of healthcare:** comments from the managed care industry also underpinned our view that more and more healthcare procedures are being delivered in lower-cost, outpatient settings, especially among US seniors.

- **Consolidation:** we witnessed the completion of several mergers and acquisitions during the financial year, despite greater scrutiny from the US Federal Trade Commission.

The themes discussed above will continue to be relevant as we look forward to the next financial year, but we have modified our emphasis into areas where we see the most interesting and underappreciated near-term investment opportunities, namely innovation, artificial intelligence (AI) and emerging markets. We explore these themes in more detail on p15, under 'Healthcare: Fundamentals remain strong'.

Performance review

Over the financial year to the end of September 2023, the Company achieved a positive return on net assets of 4.2%, which was 3.0% ahead of its benchmark. This performance was delivered despite a challenging backdrop whereby the overall healthcare sector underperformed the broader market. In sterling terms, global equity markets posted muted returns in the first three months of the financial year with investors adopting a cautious approach which saw more defensive areas of the market (and healthcare) outperform.

The Company entered the financial year with a large exposure to healthcare facilities and biotechnology along with a positive view on managed care. The biggest underweights were in the pharmaceuticals, healthcare equipment and supply sectors, alongside a smaller underweight in life sciences tools and services and healthcare services. During the second quarter of this reporting period, consistent with our view that utilisation of healthcare would start to pick up in 2023, we turned more positive on healthcare equipment, healthcare supplies and pharmaceuticals, added additional exposure to healthcare facilities but reduced our positioning in managed care to an underweight. Also, the exposure to life sciences tools and services was switched to an overweight. However, as 2023 progressed, with fear over the macroeconomic picture became more challenging due to persistent inflation, and a high interest rate environment, we closed the underweight in managed care and reduced the holdings in life sciences tools and services and biotechnology. From a subsector point of view, the largest positive contributors to performance were biotechnology, healthcare equipment and facilities thanks to strong selection and positive allocation. On the other hand, stock-picking and allocation in life sciences tools and services were the most significant detractors to performance, together with weak selection effect in distributors.

From a market-capitalisation perspective, stock selection was positive across the entire range. For the larger-capitalisation investments, in which the Company was underweight relative to the benchmark, allocation was slightly negative but stock-picking was substantially stronger. By contrast, small and mid-sized healthcare companies had a very challenging period, especially at the start of the financial year and towards the end of it.

Investment Manager's Report continued

To put this into perspective, the Russell 2000 Healthcare Index underperformed the S&P 500 Healthcare index by over 32%, in dollar terms, over the course of the year. Consequently, given the Company's overexposure to small and mid-capitalisation stocks, the allocation effect was negative.

On a geographical basis, all regions contributed positively except the Middle East and Africa. The largest contributors were Asia Pacific ex-Japan, where selection was productive; Europe, where allocation was particularly favourable; and North America, which benefitted from both good selection and allocation.

The active management of gearing did not have a meaningful contribution to performance after accounting for foreign exchange moves.

Top 10 Relative Contributors (%)

	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attribution
Zealand Pharma A/S	3.45	3.45	73.33	72.14	2.13
Pfizer	0.00	-3.15	-27.80	-28.99	1.13
Roche Holding AG	0.00	-3.07	-20.71	-21.90	0.87
Legend Biotech Corp	1.52	1.47	50.75	49.55	0.72
Seagen	1.14	0.82	41.97	40.77	0.67
CVS Health Corp	0.00	-1.42	-32.97	-34.16	0.62
Max Healthcare Institute	1.60	1.58	25.05	23.86	0.61
AstraZeneca	4.48	1.64	11.65	10.45	0.60
HCA Healthcare	3.09	2.34	22.55	21.35	0.59
Bristol Myers Squibb	0.00	-1.97	-25.24	-26.44	0.57

Source: Polar Capital, as at 30 September 2023. Note: BM = benchmark.

Positive relative contributors to performance for the financial year included Zealand Pharma, Pfizer, Roche Holding, Legend Biotech, and Seagen.

Zealand Pharma is a Danish biotechnology company focused on developing drugs for metabolic and gastrointestinal diseases. During the period, the company reported encouraging clinical data for its pipeline assets targeting short bowel syndrome and, more importantly, obesity. The stock's strong performance reflects the euphoria that surrounds obesity assets as witnessed with those of Eli Lilly and Novo Nordisk (note the Company did not own Novo Nordisk, during the reporting period).

The lack of exposure to Pfizer, a company that benefitted significantly from the Covid pandemic by producing vaccines and other therapeutics, was a positive contributor. The company's relatively poor performance was mainly due to management's failure to set the right expectations for sales of Covid-related products, driving negative earnings revisions, and dramatically increased spend on R&D for its non-Covid pipeline.

Also, not holding Roche Holding was beneficial to the portfolio's performance. The Swiss pharmaceutical giant, like Pfizer, saw its earnings estimates being cut throughout the financial year as revenue for its Covid diagnostics portfolio decreased faster than initially anticipated and other areas of its portfolio also delivered sales below consensus. Additionally, the company suffered from pipeline disappointments for important assets in Alzheimer's disease and oncology.

Legend Biotech, a biotechnology company with a focus on tumour treatment, released extremely compelling clinical data for a drug called Carvykti. Used for the treatment of multiple myeloma, a bone marrow cancer, the trial in question met its primary endpoint of a significant improvement in progression-free survival. The stock was further buoyed when partner Johnson & Johnson reported better than expected sales for Carvykti.

Seagen, delivered a strong end to their 2022 financial year, reported 2023 guidance that was well received by the market and also highlighted significant progress and opportunities in the pipeline. In February 2023, shares came under further upwards pressure due to rumours that Pfizer was in discussion to acquire Seagen. These rumours were confirmed in early March, when Pfizer announced its intention to buy Seagen for a deal worth nearly \$43bn.

Bottom 10 Relative Contributors (%)

	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attribution
Novo Nordisk A/S	0.00	-3.31	64.63	63.43	-1.71
Cytokinetics	2.55	2.55	-44.32	-45.52	-1.66
Revance Therapeutics	1.80	1.80	-61.10	-62.30	-1.01
Bio-Rad Laboratories	2.07	1.95	-21.32	-22.51	-0.74
Inspire Medical Systems	1.24	1.24	2.44	1.25	-0.59
Option Care Health	1.33	1.33	-5.87	-7.07	-0.55
Agilent Technologies	1.02	0.48	-15.19	-16.39	-0.48
Acadia Healthcare	2.37	2.37	-17.65	-18.85	-0.42
Merck KGaA	1.57	1.25	-5.60	-6.79	-0.40
Novartis	1.17	-1.49	27.92	26.72	-0.38

Source: Polar Capital, as at 30 September 2023. Note: BM = benchmark.

Negative relative contributors to performance for the financial year 2023 included Novo Nordisk, Cytokinetics, Revance Therapeutics, Bio-Rad Laboratories, and Inspire Medical Systems.

The lack of exposure to Novo Nordisk, a Danish pharmaceutical business with the only commercialised latest-generation Glucagon-Like Peptide-1 (GLP-1) drug to target obesity, was the largest detractor during the financial year.

As mentioned earlier, and discussed in more detail below, investors' appreciation for the market opportunity for Novo Nordisk's weight-loss drug Wegovy and similar assets skyrocketed on the back of exceptional commercial success and compelling new clinical results.

Cytokinetics, a US biotechnology company developing drugs that modulate muscle function to treat principally cardiovascular diseases, was caught in the selloff of early-stage biotechnology stocks after the collapse in March of Silicon Valley Bank, an important institution that at the time financed over half the US venture capital-backed healthcare and technology companies. In addition, investors started to question the market opportunity for Cytokinetics' key asset aficamten following a slow launch of Bristol-Myers Squibb's Camzyos, a drug with a similar mechanism of action and target indication as aficamten, although this is the typical pattern for newly launched cardiovascular medicines.

Revance Therapeutics commercialises Daxxify, a toxin approved for the treatment of frown lines and in development for therapeutics use (cervical dystonia in adults, migraine etc). Despite extremely encouraging sales from the very first month of Daxxify's launch, subsequent quarters did not see such a rapid pace of sales and sentiment soured on the product. Investors were additionally disappointed when, during the capital market day in September 2023, management announced their intention to pivot away from its premium-pricing model for Daxxify, a decision that led the market to question the differentiation of the product versus Abbvie's market-leading product Botox.

Life sciences tools and services company Bio-Rad Laboratories reported a series of downgrades to both their fiscal year 2023 and medium-term expectations. Like many other businesses in the industry, Bio-Rad Laboratories faced a number of challenges which included customers' inventory destocking, biopharmaceutical funding constraints and tighter sanctions in Russia.

Inspire Medical Systems is a medical technology company whose sole focus is the treatment of obstructive sleep apnoea (OSA) through hypoglossal-nerve stimulation. Despite delivering excellent revenue growth and guidance upgrades in the first two quarters of the calendar year, the stock lost over 35% of its value in August and September 2023. The company's future growth was seen as being negatively impacted by the significant potential growth in use of the latest weight-loss drugs which could significantly shrink the funnel of new patients with OSA, a condition which is often associated with obesity.

Healthcare: Fundamentals remain strong

The 2022 Annual Report focused on three key themes we believed were accelerating:

- **Healthcare delivery disruption accelerating including the shift to value-based care:** Not just driving patient volumes through lower-cost settings but coordinating care to drive better outcomes.
- **Utilisation:** Working through the ever-growing backlog of patients as healthcare systems globally learn to live with Covid.
- **Consolidation:** Healthcare is highly fragmented and heavily populated with companies that have robust cashflows and strong balance sheets. M&A activity has increased of late and is highly likely to continue on the same path.

We continue to believe the above themes will be important for some time, however in a rapidly evolving environment the following themes are not only topical but also have significant commercial relevance:

- **Innovation:** 2023 has witnessed a number of highly significant medical breakthroughs in a broad range of therapeutic categories.
- **Artificial intelligence and machine learning:** Advancements in machine learning algorithms, greater access to data and the availability of more powerful mobile networks could materially accelerate the pace of change in the healthcare industry.
- **Emerging markets:** After a challenging period, especially in China, emerging markets should be a source of growth driven by an ever-increasing demand for healthcare products and services.

Innovation: Reaching new heights

It is stating the obvious that the biopharmaceutical sector, and indeed the broader healthcare industry, is highly innovative as scientists attempt to tackle difficult to treat diseases with novel ground-breaking treatment modalities. This innovation has shifted to a new level in 2023 where we have seen positive clinical data in areas of high unmet medical need such as early-stage breast cancer, late-stage lung cancer, chronic obstructive pulmonary disease (smoker's cough), Alzheimer's disease and obesity. Focussing on just one disease area as an example, with more than one billion (Source: Obesity Statistics in 2023, Forbes Health) people suffering from obesity worldwide, the societal challenge and commercial opportunity is simply enormous.

Investment Manager's Report continued



Source: Adobe Stock Image

GLP-1s and obesity: Weighing up pros and cons

One of the biopharmaceutical industry's most significant breakthroughs in recent times has been in the field of obesity, with the field led by Eli Lilly and Novo Nordisk, the former being the largest holding in the Company at the end of the financial year. In terms of development of this category, Eli Lilly has developed tirzepatide which contains a GLP-1 that has utility in both the treatment of diabetes and obesity. The drug has multi-factorial mechanisms of action, all of which contribute to the drug's efficacy. Not only do GLP-1s stimulate insulin synthesis and secretion from the pancreas, they also increase insulin sensitivity, reduce the pace of gastric emptying and appear to work with the brain to reduce food intake. In terms of efficacy, tirzepatide has demonstrated weight loss >20% over a 72-week period. Novo Nordisk's drug, Wegovy, has demonstrated high-teens percentage weight loss over a 68-week period.

The impact GLP-1s are having on weight loss is hugely impressive, but there is just as much excitement with some of the secondary benefits of the drug class. Novo Nordisk released the top-line results of a cardiovascular outcomes study called SELECT which revealed that Wegovy reduces the risk of major adverse cardiovascular events by 20% in adults with obesity and established cardiovascular disease. So not only does the drug help patients lose weight, but it also reduces their risk of further serious cardiovascular events, such as myocardial infarction (heart attack) and stroke. Further, Novo Nordisk and Eli Lilly are also looking at how these drugs could help patients with disorders such as obstructive sleep apnoea (a disorder where breathing stops and starts while you sleep), pain associated with osteoarthritis, heart failure, non-alcoholic steatohepatitis (fatty liver disease) and diabetes prevention. Clearly we need to see the final data from the ongoing clinical trials, but it is easy to understand why the scientific community, and indeed the investment community, is so excited by the potential of these drugs. For context, by 2030 the combined estimated sales of Eli Lilly's tirzepatide and Novo Nordisk's Wegovy is c\$40bn in obesity alone (Source: Bloomberg), a figure that only represents modest penetration of the global pandemic that is obesity.

The euphoria surrounding the positive implications of the obesity drugs is easy to understand, but it is the potentially negative long-term implications for other healthcare subsectors that needs more careful consideration. Continuous glucose monitoring, for example, is an area where the market is starting to question the total addressable market given the GLP-1s' positive effect on controlling blood sugar levels and, potentially, delaying the need for diabetics to move on to insulin. An even bigger concern for medical device companies that have exposure to diabetes is the potential for GLP-1s to prevent diabetes. Obstructive sleep apnoea is another area where GLP-1s could prove effective, as illustrated by the pressure being seen on the valuations of companies that manufacture continuous positive airway pressure devices and implants that are used to open airways. Another concern, albeit a bit more tenuous, is the impact that obesity drugs could have on the demand for large joints such as hips and knees. Novo Nordisk is running a clinical trial that is looking at not just weight loss, but also at how much knee pain participants suffer from and how this affects participants' daily life. With osteoarthritis the most common cause of joint replacements, there is some concern that the demand for large joint replacements will wane over time.

In conclusion, obesity medications could have a hugely positive impact on the health of millions of patients globally and could be of financial benefit to healthcare systems spending huge amounts of money to treat effects of the disease. In terms of investment opportunities, the companies developing the drugs are understandably attracting lots of attention, but it is also the supply chain in areas like manufacturing and distribution that should benefit from the huge demand for the therapies. Relevant Company investments included Zealand Pharma, Aptar Group and Beckton Dickinson, in addition to the holding in Eli Lilly. However, it is important to remain measured given we are a very long way from solving the world's obesity pandemic. Not because the drugs aren't effective, but because access to care will remain a challenge for many, and not just in emerging markets.

Artificial intelligence: Adding value today

Another hot topic of conversation in 2023 has been artificial intelligence (AI) and machine learning (ML) and how they can be used to make healthcare more productive. AI and ML technologies can sift through enormous volumes of health data and analyse it much faster than humans can. For example, AI can assist physicians with note taking and content summaries that can help ensure that medical records are as accurate and as thorough as possible. AI could also automate coding in hospitals and the sharing of information between departments and billing. Fraud prevention is another area where AI and ML can be used to help identify unusual or suspicious patterns in insurance claims, diagnostic procedures and billing. In essence, the opportunities for AI and ML to add value in a very heavily regulated industry are endless but it makes sense to focus on areas where there is tangible evidence of progress and where we can invest today.



Source: Adobe Stock Image

Diagnostics is a field of medicine where AI and ML are starting to have a material impact on accuracy and, more importantly, patient outcomes. Take colonoscopy for example, a technique that remains the gold standard in detecting and preventing colorectal cancer. The current procedure does have limitations with some studies suggesting that more than half of post-colonoscopy colon cancer cases arise from lesions missed at patients' previous colonoscopies. Researchers at the Mayo Clinic are investigating how AI can be used to improve polyp detection. In the case of colon cancer, the AI system works alongside the physician in real time, scanning the colonoscopy video feed and drawing small, red boxes around polyps that might otherwise get overlooked.

AI-based real-time image analysis software is also being used in ultrasound machines to enhance sonographers' ability to interpret images. Obstetrics has embraced the technology given its impact on efficiency and workflow but more importantly its ability to reduce omissions and errors. A good example is Intelligent Ultrasound's SCANNAV Assist software that has been incorporated into GE Healthcare's Volusion SWIFT ultrasound machines.

Revenue cycle management is also benefitting from intelligent automation, with US company R1 RCM one of the leading protagonists. Hospitals, health systems and physician groups can all benefit from technologies and services that improve financial performance and promote patient satisfaction. Patient scheduling, pre-registration and clearance, coding and processes to deal with denials can all benefit enormously from predictive, technology-driven solutions. As for the patients, efficient and organised scheduling, registration, admissions and payment can lead to high levels of satisfaction, and importantly, high levels of retention.

Relevant Company investments included Intuitive Surgical, Iqvia, Intelligent Ultrasound and R1 RCM.

Emerging markets: Is China on the road to recovery?

The lifting of the Covid lockdowns was the catalyst for a strong rebound in economic activity in China in early 2023. However, growth stalled, with falling consumer spending, a real estate crisis and slumping exports all contributing factors. This macro slowdown adversely affected a number of industries, including the life sciences tools and services sector. There are also some healthcare-specific challenges that have been weighing on the sector in recent months, primarily an anti-corruption campaign that is looking to "resolutely punish corruption" in the medical sector "with a zero-tolerance attitude".

Promoting systematic governance throughout the entire healthcare sector, the anti-corruption campaign seeks to uncover questionable links between hospital managers, doctors and medical representatives. If successful, the campaign could significantly advance China's healthcare industry, making it more affordable and freeing much-needed resources for innovative medicines, devices, technologies and services. However, the initiative has resulted in a slowdown in activity with doctors reluctant to participate in academic conferences or prescribe imported drugs. There has also been a marked decline in orthopaedic and ophthalmic surgeries as clinicians and surgeons temporarily reduce activity. Further, medical device companies have highlighted a modest impact on capital placements in the short term with hospital procurement processes also under the microscope.

As soon as the Chinese healthcare system has successfully navigated its way through the anti-corruption campaign, investors can once again focus on the strong, underlying fundamentals of the region. Government policy is supportive for healthcare, encouraging investment in research and development to satisfy the desire for best-in-class medicines. Further, volume-based procurement (VBP), which has weighed on the biopharmaceutical and medical device industries for the past five years, appears to be stabilising. The government is comfortable with the price adjustments VBP has put in place and is easing up on its policies, seeking a greater balance between cost control and innovation. With a more supportive regulatory backdrop, coupled with a recovery in the economy, companies with significant exposure to China could be interesting as we look into 2024, with life sciences tools and services, medical devices and biopharmaceuticals the most likely beneficiaries.

Investment Manager's Report continued



Source: Adobe Stock Image

Positioning and process: Constructive on biotechnology, healthcare facilities, healthcare supplies and equipment

We remain constructive on the healthcare sector as a whole, in particular on **biotechnology, healthcare facilities, healthcare supplies and equipment, which were three of our largest overweight subsector positions as at 29 September 2023**. Despite the challenging environment for early-stage biotechnology investing, we remain constructive on the broader subsector, which continues to be innovative and highly productive with many of the Company's investments in businesses with either late-stage assets or commercialised drugs or both. Consolidation was a key theme highlighted in last year's report and we were pleased to see that the pace of M&A activity picked up in 2023, with many large biopharmaceutical companies announcing their intention to acquire biotechnology assets in order to reinvigorate revenue growth and strengthen their pipelines.

From a geographical perspective, the Company continues to have an overweight stance in Europe and Japan. The biggest change to the portfolio was moving North America from being an overweight to an underweight, which does not reflect a less positive perspective on the region but was an effect of stock selection and changes in the allocation to subsectors.

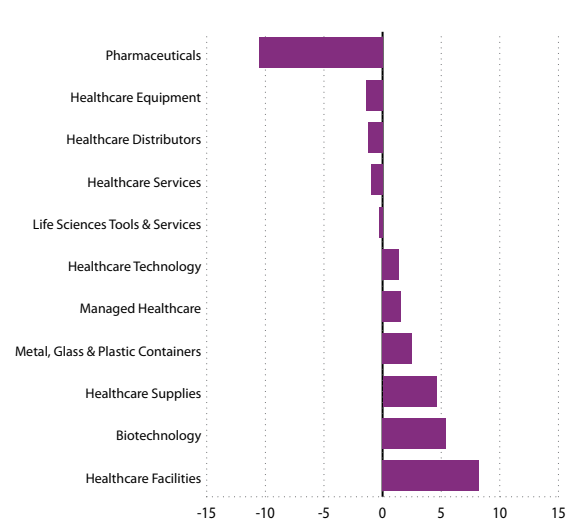
We entered the year with an underweight in healthcare supplies and equipment given the challenges the industry faced (supply-chain constraints, low hospital volumes due to staffing shortages, a strengthening US dollar). However, our stance turned more positive towards the start of 2023 with the view that utilisation of healthcare would start to reaccelerate after a period of low hospital and procedural volumes during the pandemic. This thesis proved accurate and we believe utilisation will continue to stay elevated at least for the short term, hence our overweight in the sector as at the end of the financial year. Additionally, the medical technology sector is ripe to take advantage of the opportunities afforded by AI which is already being deployed, for instance to assist medical imaging reading (Intelligent Ultrasound Group) and in robotic surgery (Intuitive Surgical).

Increased utilisation should also be beneficial for healthcare facilities, therefore our overweight in the sector has not changed significantly over the period under review. As delivery disruption is an important secular trend in healthcare, our holdings in the sector are in businesses providing access to healthcare services in the lowest-cost settings such as the home and outpatient facilities or Ambulatory Surgery Centres (ASC) and businesses involved in behavioural health services.

As in the past, the pharmaceuticals sector remains a significant underweight relative to the benchmark for the Company. We take the view that, collectively, pharmaceutical companies have fairly uninspiring revenue and earnings growth profiles. However, there are therapeutic areas which are very attractive and could lead to significant revenue and earnings growth. Such an area of interest is metabolic health which covers diseases such as diabetes and obesity. Over the year we increased our exposure to this theme by adding to our holdings in Eli Lilly which, together with Zealand Pharma (a biotechnology company), is the most direct expression of our positive view on weight-loss therapies.

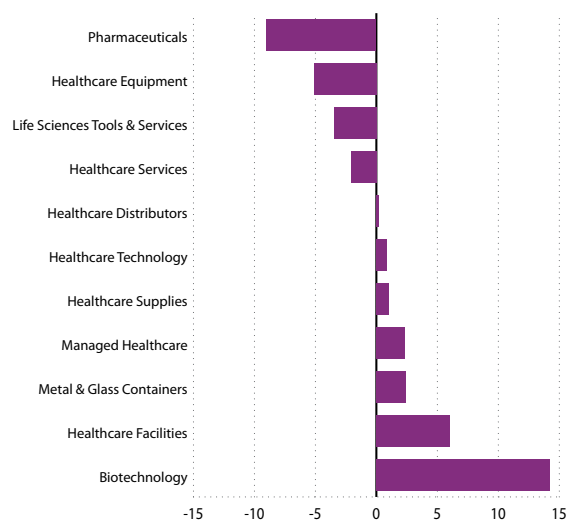
Subsector weightings relative to benchmark

30 September 2023



Source: Polar Capital.

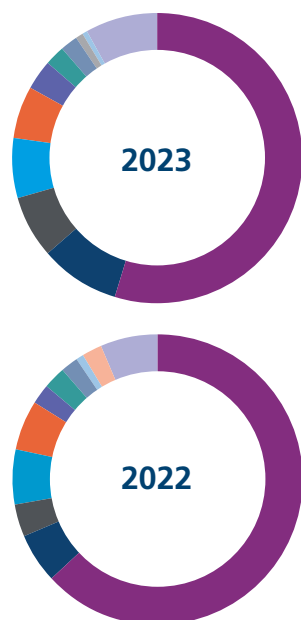
30 September 2022



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/Healthcare Total Return Index).

Geographical Exposure

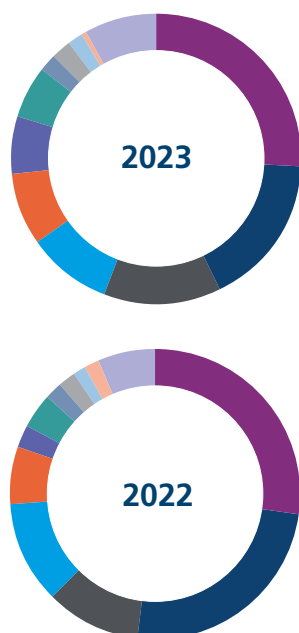


Geographical Exposure at	30 September 2023	30 September 2022
United States	65.1%	72.3%
United Kingdom	10.6%	6.4%
Denmark	8.3%	4.3%
Japan	7.6%	6.9%
Switzerland	7.1%	6.4%
France	3.9%	2.6%
Sweden	2.8%	2.9%
Germany	2.3%	2.2%
India	0.8%	-
Ireland	0.8%	1.0%
Netherlands	-	2.3%
Other net liabilities	(9.3%)	(7.3%)
Total	100%	100%

Source: Polar Capital.

Investment Manager's Report continued

Sector Exposure



Sector Exposure at	30 September 2023	30 September 2022
Pharmaceuticals	30.8%	31.3%
Biotechnology	20.2%	28.3%
Healthcare Equipment	15.4%	12.1%
Managed Healthcare	11.1%	13.1%
Healthcare Facilities	9.7%	7.4%
Healthcare Supplies	7.6%	2.9%
Life Sciences Tools & Services	6.8%	4.3%
Metal & Glass Containers	2.5%	2.4%
Healthcare Services	2.4%	2.1%
Healthcare Technology	2.0%	1.5%
Healthcare Distributors	0.8%	1.9%
Other net liabilities	(9.3%)	(7.3%)
Total	100%	100%

Source: Polar Capital.

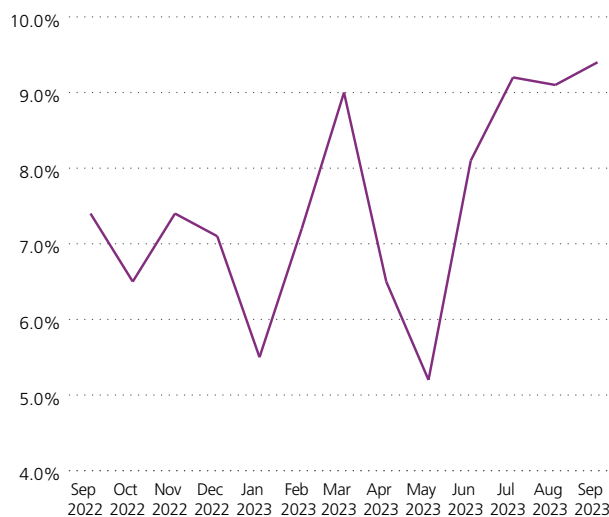
While the previous charts focus on subsector and geographical weightings, **bottom-up stock selection is central to the team's investment process**. The healthcare industry is extremely complicated and dynamic, and subject to varied news flow which lends itself to active management. We look to take advantage of dislocations between near-term valuations and medium-term fundamentals. 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 a strong valuation discipline, looking at a large number of metrics including sales and earnings revisions, price-to-earnings, enterprise values and free cashflow.

Zero Dividend Preference shares

In terms of a top-down strategy for the Company's portfolio, active decisions are made on market capitalisation, subsector and geographical exposure, depending on the current macro outlook of the team which is formulated with the help of third-party research and monitoring many key risk indicators. The debt raised through the original issuance of Zero Dividend Preference (ZDP) shares allows the ability to take on gearing with the aim of enhancing returns. As a reminder, the PCGH ZDP plc was incorporated with a limited life of seven years, ending on 19 June 2024, on which date the ZDP Shares will be repaid and the PCGH ZDP plc Board will convene a general meeting to propose a resolution to voluntarily wind up the operations of the Company.

Net gearing

During the financial year, gearing averaged 7.5%, but it has been adjusted to reflect the risk/reward outlook throughout the past 12 months. In the first eight months, gearing was kept at an average of c7% in order to strike a balance between our constructive outlook on the healthcare sector and more cautious posturing with regards to broader equity markets and the macroeconomic environment. However, as the year progressed and the underperformance of the healthcare sector relative to the broader market widened, gearing was increased to take advantage of the opportunities this dislocation offered. We therefore exited the 2023 financial year with net gearing at 9.4%.



Source: Polar Capital, as at 30 September 2023.

Outlook for healthcare: Primed for a change in fortunes

On a relative basis, this financial year has been a challenging one for healthcare with investors favouring more economically sensitive sectors as they ponder the idea of avoiding a recession and enjoying a so-called soft landing. With sentiment weak, and exchange-traded fund (ETF) outflows pointing to diminished appetite for the healthcare sector, the classic contrarian indicators are pointing to a more constructive stance. More importantly, healthcare's fundamentals remain strong, as illustrated by the delivery of ground-breaking medical breakthroughs, a material pickup in utilisation and patient volumes plus much-needed progress in shifting the site of care out of inpatient hospital settings and in to lower-cost, more efficient outpatient settings such as surgery day centres and ASCs.

As we look forward to the next financial year, there is much to engage and excite. The introduction of highly effective weight-loss medications has created huge amounts of interest, and is driving significant dispersions in returns for the so-called GLP-1 winners (the drug developers, device manufacturers and distributors) versus the GLP-1 losers (medical device companies with exposure to areas such as sleep apnoea, diabetes and orthopaedics). However, once the market has all the relevant clinical data and the euphoria dies down, there will likely be a wide range of interesting investment opportunities driven by the recent dislocation.

The adoption of AI platforms machine and ML software could revolutionise select diagnostic procedures, improving clinician workflow and driving superior outcomes for patients. In a highly complex and data-intensive industry, AI and ML are also being used to drive efficiencies for healthcare systems in areas such as revenue collection, patient scheduling and insurance claims. Emerging markets, especially China, are another area of interest which could see a renaissance in the coming months and years as the healthcare system finds the right balance between cost control, compliance and attracting innovative, best-in-class therapies, devices and capital equipment.

In conclusion, the healthcare sector is heavily out of favour but attractively valued, is delivering high levels of innovation and has consistently shown the ability to deliver strong revenue and earnings growth, regardless of the economic, political and regulatory environment. It is these characteristics that fuel our optimism for the year ahead.








James Douglas and Gareth Powell

Co-Managers of the Polar Capital Global Healthcare Trust plc

12 December 2023

Ten Largest Investments

As at 30 September

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2023	2022				2023	2022	2023	2022
1	(5)		Pharmaceuticals	United States	28,037	16,997	6.7%	4.2%
Eli Lilly is a US-based pharmaceutical company that manufactures and distributes pharmaceuticals primarily in the areas of diabetes, oncology and auto-immune disorders.								
2	(1)	Johnson & Johnson	Pharmaceuticals	United States	26,228	35,964	6.2%	8.9%
Johnson & Johnson is a global healthcare company that develops medical devices, pharmaceuticals, and consumer packaged goods.								
3	(4)		Pharmaceuticals	United Kingdom	25,937	19,761	6.2%	4.9%
AstraZeneca is a global pharmaceutical company pushing the boundaries of science to deliver life-changing medicines.								
4	(3)		Biotechnology	United States	25,463	24,932	6.1%	6.2%
AbbVie Inc. discovers, develops, manufactures, and sells pharmaceuticals worldwide.								
5	(-)		Managed Healthcare	United States	21,404	-	5.1%	-
Elevance Health operates as a health benefits company and supports consumers, families, and communities across the entire care journey connecting to the care, support, and resources to lead healthier lives.								
6	(33)		Biotechnology	Denmark	19,655	7,437	4.7%	1.8%
Zealand Pharma is a Danish biotechnology research company, which designs and develops peptide-based medicines, mainly focusing on metabolic diseases like diabetes and obesity.								
7	(-)		Healthcare Equipment	United States	17,482	-	4.2%	-
Intuitive Surgical develops, manufactures, and markets products that enable physicians and healthcare providers to enhance the quality of and access to minimally invasive care in the United States and internationally.								
8	(9)		Managed Healthcare	United States	14,748	13,908	3.5%	3.4%
Humana engages in the provision of health insurance services and operates through the following segments: Retail, Group and Speciality and Healthcare Services.								
9	(10)		Healthcare Supplies	Switzerland	14,397	12,040	3.4%	3.0%
Alcon Inc., an eye care company, researches, develops, manufactures, distributes, and sells eye care products for eye care professionals and their patients worldwide.								
10	(13)		Healthcare Facilities	United States	13,830	10,872	3.3%	2.7%
HCA Healthcare, Inc., through its subsidiaries, provides health care services in the United States. It operates general and acute care hospitals that offer medical and surgical services and also operates outpatient health care facilities consisting of freestanding ambulatory surgery centres and care facilities.								
Total – 10 Largest Investments					207,181		49.4%	

Full Investment Portfolio

As at 30 September

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2023	2022				2023	2022	2023	2022
1	(5)	Eli Lilly	Pharmaceuticals	United States	28,037	16,997	6.7%	4.2%
2	(1)	Johnson & Johnson	Pharmaceuticals	United States	26,228	35,964	6.2%	8.9%
3	(4)	AstraZeneca	Pharmaceuticals	United Kingdom	25,937	19,761	6.2%	4.9%
4	(3)	Abbvie	Biotechnology	United States	25,463	24,932	6.1%	6.2%
5	(-)	Elevance Health	Managed Healthcare	United States	21,404	-	5.1%	-
6	(33)	Zealand Pharma	Biotechnology	Denmark	19,655	7,437	4.7%	1.8%
7	(-)	Intuitive Surgical	Healthcare Equipment	United States	17,482	-	4.2%	-
8	(9)	Humana	Managed Healthcare	United States	14,748	13,908	3.5%	3.4%
9	(10)	Alcon	Healthcare Supplies	Switzerland	14,397	12,040	3.4%	3.0%
10	(13)	HCA Healthcare	Healthcare Facilities	United States	13,830	10,872	3.3%	2.7%
Top 10 investments					207,181		49.4%	
11	(-)	Becton Dickinson	Healthcare Equipment	United States	12,453	-	3.0%	-
12	(20)	Astellas Pharma	Pharmaceuticals	Japan	12,333	9,701	2.9%	2.4%
13	(-)	Takeda Pharmaceutical	Pharmaceuticals	Japan	12,312	-	2.9%	-
14	(-)	Zimmer Biomet	Healthcare Equipment	United States	12,304	-	2.9%	-
15	(16)	Acadia Healthcare	Healthcare Facilities	United States	10,787	10,082	2.6%	2.5%
16	(23)	Molina Healthcare	Managed Healthcare	United States	10,611	9,603	2.5%	2.4%
17	(18)	DexCom	Healthcare Equipment	United States	10,560	9,812	2.5%	2.4%
18	(22)	Aptargroup	Metal & Glass Containers	United States	10,480	9,623	2.5%	2.4%
19	(11)	Swedish Orphan Biovitrum	Biotechnology	Sweden	10,400	11,758	2.5%	2.9%
20	(-)	Lonza	Life Sciences Tools & Services	Switzerland	10,358	-	2.5%	-
Top 20 investments					319,779		76.2%	
21	(-)	Coloplast	Healthcare Supplies	Denmark	10,077	-	2.4%	-
22	(32)	Tenet Healthcare	Healthcare Facilities	United States	10,069	7,582	2.4%	1.9%
23	(-)	IQVIA	Life Sciences Tools & Services	United States	9,993	-	2.4%	-
24	(-)	R1 RCM	Healthcare Services	United States	9,878	-	2.4%	-
25	(-)	Merck KGaA	Pharmaceuticals	Germany	9,758	-	2.3%	-
26	(-)	Legend Biotech	Biotechnology	United States	9,565	-	2.3%	-
27	(-)	BioMerieux	Healthcare Equipment	France	8,777	-	2.1%	-
28	(6)	Cytokinetics	Biotechnology	United States	8,172	14,673	1.9%	3.6%
29	(30)	Bio-Rad Laboratories	Life Sciences Tools & Services	United States	8,099	7,879	1.9%	1.9%
30	(-)	Hikma Pharmaceuticals	Pharmaceuticals	United Kingdom	8,026	-	1.9%	-
Top 30 investments					412,193		98.2%	
31	(-)	EssilorLuxottica	Healthcare Supplies	France	7,447	-	1.8%	-
32	(15)	Genmab	Biotechnology	Denmark	5,125	10,197	1.2%	2.5%
33	(-)	MoonLake Immunotherapeutics	Biotechnology	Switzerland	5,022	-	1.2%	-
34	(39)	Medley	Healthcare Technology	Japan	4,953	2,901	1.2%	0.7%
35	(-)	Indivior	Pharmaceuticals	United Kingdom	4,142	-	1.0%	-
36	(-)	Global Health/India	Healthcare Facilities	India	3,562	-	0.8%	-
37	(37)	Intelligent Ultrasound	Healthcare Technology	United Kingdom	3,272	3,049	0.8%	0.8%
38	(34)	Uniphar	Healthcare Distributors	Ireland	3,196	4,171	0.8%	1.0%
39	(31)	Revance Therapeutic	Pharmaceuticals	United States	2,914	7,647	0.7%	1.9%
40	(38)	LivaNova	Healthcare Equipment	United Kingdom	2,808	2,950	0.7%	0.7%
Top 40 investments					454,634		108.4%	
41	(-)	Amvis	Healthcare Facilities	Japan	2,350	-	0.6%	-
42	(-)	Swedish Orphan Biovitrum rights issue	Biotechnology	Sweden	1,271	-	0.3%	-
Total equities					458,255		109.3%	
Other net liabilities					(39,073)		(9.3%)	
Net assets					419,182		100.0%	

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



Environmental, Social and Governance

Corporate Responsibility for ESG

As an investment trust with a wholly non-executive, independent Board of Directors we delegate the operational aspects of running the Company to third parties, primarily the Investment Manager. However, the ultimate responsibility to shareholders lies with the Board. We recognise that this includes elements of ESG and over recent years ESG has become ever more important to investors, from a cost, risk and impact perspective across all aspects of the Company.

Investment trust companies currently have relatively few ESG specific regulatory reporting requirements but we strive to be cognisant of best practice as we pursue a long-term and sustainable future for the Company. We also keep abreast of the ESG landscape, and the Managers report their assessment of the portfolio in ESG terms and the associated operations of the management house, Polar Capital. Over recent times the ESG dialogue with the Managers and third-party providers has increased greatly; what it is, how it is integrated and how it affects all elements of the business. We recognise however that this is not a short journey, and we have some way to go. We separate ESG into those areas that we as a Board can have a direct impact on, and those areas where we are reliant on others.

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 Taskforce for Climate-Related Financial Disclosures ("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.

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 below, the Portfolio 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. Information on the GHG emissions of the Investment Manager can be found within the Sustainability Report on Polar Capital's website.

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. The Board will continue to work alongside its Investment Manager to provide more information as it becomes available. Polar Capital supports TCFD's recommendations and is in the process of applying the guidance to ensure compliance going forward.

Diversity Policy 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 aware of the FCA's Diversity and Inclusion Policy and notes that its current composition does not meet the recommended gender or ethnicity requirements. Given the Company's fixed life and the potential reconstruction in 2025, the Board (via the Nomination Committee) has concluded that, with a fixed life, the appropriate time for recruitment would be shortly before or after any reconstruction plans. The Board recognises the importance and the benefits of diversity in its membership and seeks to ensure that its structure, size and composition, including the skills, knowledge, gender, ethnicity and experience of Directors, is sufficient for the effective direction and control of the Company. It is a priority of the Board to be able to meet all aspects of the FCA's Diversity policy as part of future succession plans.

The Board's Diversity Policy is discussed further in the Corporate Governance Report and is also available on the Company's website.

Corporate Responsibility for ESG continued

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. The Company considers its supply chains to be of low risk as its suppliers are typically professional advisers.

A statement by the Manager under the Act has been published on the Managers' website at www.polarcapital.co.uk.

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

Anti-Bribery, Corruption and Tax Evasion

The Board has adopted a zero-tolerance policy (which is available on the Company's website) to bribery, corruption and the facilitation of tax evasion in its business activities. The Board uses the principles of the policies 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.

Risk and Responsibility

The Board has a schedule of principal risks and uncertainties and addresses how these are mitigated on pages 36 to 38; additionally how the directors have undertaken their duties in compliance with s172 of the Companies Act 2006 is provided on pages 39 to 41.

Lisa Arnold

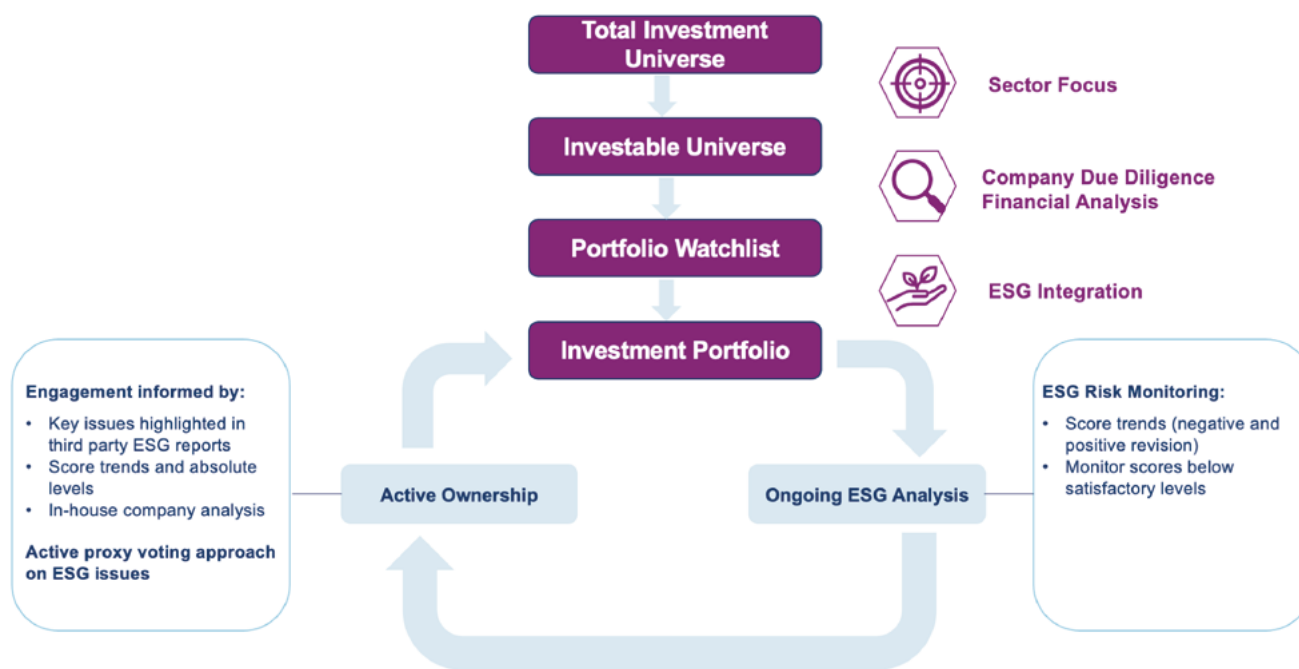
Chair

12 December 2023

Investment Perspective

The following section describes the approach that Polar Capital LLP, as Investment Manager to the Company, takes to ESG and how the policies and practices are applied to the investments made, or considered, in connection with managing the portfolio of the Company.

The terms 'our', 'we', 'us' relate to Polar Capital and specifically the Polar Capital Healthcare team, on behalf of Polar Capital Global Healthcare Trust plc (the Company).



Source: Polar Capital

Environmental, Social and Governance: Focusing on sustainability

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 \$8.3trn, accounting for 10% of GDP. Sustainable healthcare delivery for growing and ageing populations is an important part of the United Nations 2030 Agenda for Sustainable Development; specifically, SDG 3 is to “ensure healthy lives and promote well-being for all at all ages.”

Sustainability Process

As the Investment Manager we have a well-defined and disciplined process, using a variety of different resources including financial reports, sustainability reports and third-party data.

The following three-stage process is applied:

- exclusionary screening
- positive inclusion
- ongoing monitoring of ESG profile of investee companies

Exclusionary Screening

We perform an initial screening 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.

Positive Inclusion

We assess the alignment of our investments with our overall core sustainability characteristics:

- improvement in clinical outcomes for patients through innovation
- improvement in the affordability and accessibility of healthcare services
- improvement in the efficiency of the delivery of healthcare services

Investment Perspective continued

Ongoing Monitoring of the ESG Profile of Investee Companies

We use in-house research and third-party reports to continuously monitor the ESG profiles of the Company's holdings. Depending on the subsector each investee company belongs to, a variety of key issues are assessed:

- **Environmental:** Carbon Emissions; Toxic Emissions and Waste.
- **Social:** Labour Management; Human Capital Development; Product Safety and Quality; Privacy and Data Security; Access to Healthcare.
- **Governance:** Board Composition; Pay; Ownership; Accounting; Business Ethics; Tax Transparency.

Although ongoing ESG analysis is an important part of our process, we believe that engaging directly with companies on their ESG philosophy, using internal and third-party reports, is the most productive course of action we can take. Direct interaction with companies is particularly important when we believe there is a dislocation between our own assessment of a company's ESG credentials and that of 3rd parties' reports. 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.

James Douglas and Gareth Powell

Co-Managers of the Polar Capital Global Healthcare Trust plc

12 December 2023

Medley – A Case Study

Medley, a Japanese healthcare IT company that operates a medical and healthcare recruitment platform, telemedicine systems, electronic medical record systems and related services. Since MSCI issued its first ESG report on Medley, the company had had a B rating, one of the lowest in our portfolio.

MSCI flagged Human Capital Development and Corporate Governance as two of the issues where the company scored poorly. In particular, MSCI highlighted a lack of human capital development initiatives and a lack of diversity on the board. Given that the company had only become public in 2019, we were aware that Medley was still in the early stages of its ESG journey.

However, since the MSCI score remained low for a long period of time, we held a call with the company in October 2022 which revealed that Medley had a 3-year fixed board provision as part of its IPO articles of association and therefore the Corporate Governance metric would not improve until such lock-up period expired. During its 2023 AGM, Medley addressed some of the issues related to its board composition, and elected two female directors, thus improving the diversity of its board.

Moreover, during our call, the company reassured us that their human capital development initiatives were commensurate with the requirements of the industry it operates in and it was investing in training at an appropriate level. We therefore concluded that the company was being penalised for lack of disclosure rather than lack of actions on this topic.

We were pleased to see that MSCI upgraded Medley from B to BB in August 2023 on the back of the new board composition and increased evidence of human capital development policies.

Despite there still being numerous ESG areas where Medley could further improve (e.g. Carbon Emissions and Privacy and Data Security initiatives), we believe that continuous engagement with management on such topics could further enhance the company's ESG profile.

ESG Dashboard

MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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The MSCI ESG Rating for funds is designed to measure the resiliency of portfolios to long-term ESG risks and opportunities. The most highly rated funds consist of issuers with leading or improving management of key ESG risks. The ESG Rating is calculated as a direct mapping of ESG Quality Scores to letter rating categories (e.g. AAA = 8.6-10). The ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). All charts provided below are as at 30 September 2023 and have been sourced using MSCI data and ESG metrics and ISS data.

How the MSCI ESG Rating is calculated

2023	Portfolio	Benchmark
Weighted Average ESG Score / Quality Score	6.95	7.03
Letter Rating	A	A

2022	Portfolio	Benchmark
Weighted Average ESG Score / Quality Score	6.38	6.7
Letter Rating	A	A

Top Five Rated Holdings 2023

Security	Rating	Change
Alcon	AAA	↑
MERCK KCaA	AAA	→
Uniphar	AAA	↑
Lonza	AAA	→
Elevance Health	AA	→

Top Five Rated Holdings 2022

Security	Rating	Change
Uniphar	AA	↑
UnitedHealth Group	AA	↑
AstraZeneca	AA	→
Genmab	AA	→
Astellas Pharma	AA	→

Bottom Five Rated Holdings 2023

Security	Rating	Change
Legend Biotech	B	↓
Medley	BB	↑
Zealand Pharma	BBB	↓
Bio-Rad Laboratories	BBB	↑
Tenet Healthcare	BBB	→

Bottom Five Rated Holdings 2022

Security	Rating	Change
Medley	B	→
Bio-Rad Laboratories	BB	↑
Cytokinetics	BB	↑
Incyte Crop	BBB	↑
Axonics Modulation Technologie	BBB	→

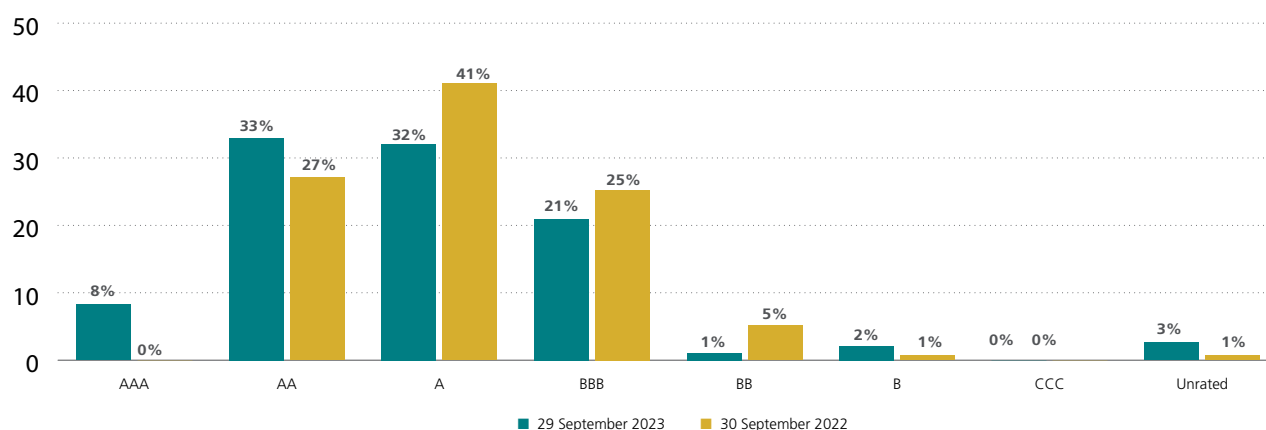
The change in ratings of each holding outlined above represents the year on year movement.

Please note, MSCI ESG data is included for informational purposes only. While the Trust uses MSCI ESG data for research purposes, the Trust does not seek to maintain a certain level or improve MSCI ESG ratings over time.

ESG Dashboard continued

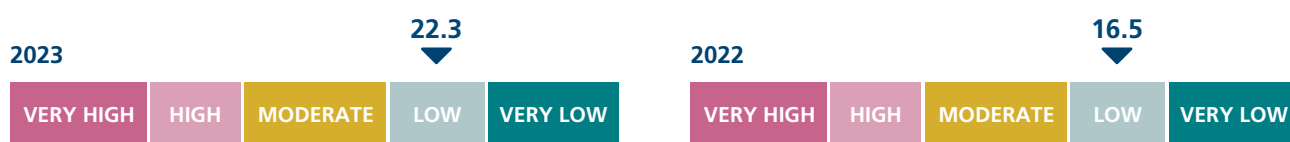
ESG Rating distribution of portfolio holdings

As at 30 September 2023, 41% of the portfolio's holdings received an MSCI ESG Rating of AAA or AA (ESG Leaders) and 2% received an MSCI ESG Rating of B or CCC (ESG Laggards).



Weighted Average Carbon Intensity (tCO₂e/\$Sales)

The portfolio's holdings have low carbon intensity, based on the weighted average carbon emissions per USD million sales.



MSCI ESG metrics and carbon data based off portfolio holdings as at 30 September 2023/30 September 2022, using MSCI's latest available data. Carbon metrics calculated using issuer EVIC, using Scope 1&2 emissions data (Source: MSCI Climate Change Metrics – reported and estimated data).

Corporate governance

As at 30 September 2023, the portfolio's weighted average percentage of independent board of directors is 82.7%, and its weighted average percentage of women on boards is 35.2%.

2023 Voting Record

Category	Number	Percentage
Number of votable meetings	49	
Number of meetings voted	48	97.96%
Number of meetings with at least 1 vote Against, Withhold or Abstain	18	36.73%

2023 Vote Cast Statistics

For	92.11%
Against	5.36%
Abstain	0.00%
Withhold	0.32%
Management say on pay	2.21%

2022 Voting Record

Category	Number	Percentage
Number of votable meetings	48	
Number of meetings voted	47	97.92%
Number of meetings with at least 1 vote Against, Withhold or Abstain	15	31.25%

2022 Vote Cast Statistics

For	94.6%
Against	4.5%
Abstain	0.5%
Withhold	0.2%
Management say on pay	0.2%



Governance

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

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 2023, the position of the Company at the year end and a description of the principal risks and uncertainties, including both economic and business risk factors underlying any such forward-looking information.

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.

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 subsector 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 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 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.

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, namely:

- 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.

In accordance with the Articles of Association of the subsidiary company, PCGH ZDP Plc, and the loan agreement between the Company as parent and subsidiary, the Board intends that the subsidiary company will be put into voluntarily liquidation through a General Meeting on 19 June 2024. The Company has no current intention to refinance the loan made by the subsidiary company and remains in a strong position to repay the outstanding amount at the time of redemption of the ZDP shares.

Further details of the loan provided by the subsidiary are given on pages 81 and 82.

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.

Investment 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. As such, the Board and the 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. Polar Capital provides a team of healthcare specialists and the portfolio is co-managed by Mr 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.

Strategic Report continued

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.

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 is charged at the rate of 0.75% (prior to 1 October 2020: 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 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 2023 (2022: nil).

Further details on the termination arrangements and performance fee methodology and calculation are provided within the Shareholder Information section on page 107.

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.	<p>The Board reviews the performance of the portfolio in detail and hears the views of the Investment Manager at each meeting.</p> <p>The Board also considers the value delivered to shareholders through NAV growth and dividends paid.</p>	<p>As at 30 September 2023, the total net assets of the Company amounted to £419,182,000 (2022: £404,833,000).</p> <p>The Company's NAV total return, over the year ended 30 September 2023, was 4.21% while the Benchmark Index over the same period was 1.19%. The Company's performance is explained further in the Investment Manager's Report.</p> <p>Since restructuring on 20 June 2017, the total return of the NAV was 67.56% and the benchmark was 66.01%. Investment performance is explained in the Chair's Statement and the Investment Manager's Report.</p>
The achievement of the dividend policy.	Financial forecasts are reviewed to track income and distributions.	<p>Two dividends have been paid or are payable in respect of the year ended 30 September 2023 totalling 2.20p per share (2022: two dividends totalling 2.10p per share).</p> <p>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.</p>
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.	<p>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.</p> <p>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.</p> <p>A daily NAV per share, calculated in accordance with the AIC guidelines is issued to the London Stock Exchange.</p>	<p>The discount of the ordinary share price to the NAV per ordinary share at the year ended 30 September 2023 was 7.7% (2022: 5.6%).</p> <p>During the year ended 30 September 2023, no new shares were issued or bought back.</p> <p>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.</p>
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.	<p>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.</p> <p>The Directors confirm that the tests have been met in the financial year ended 30 September 2023 and believe that they will continue to be met.</p>
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.	<p>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.</p> <p>The annual operating expenses are reviewed and any non-recurring project related expenditure approved by the Board.</p>	<p>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.</p> <p>The ongoing charges for the year ended 30 September 2023 were 0.87%, compared to 0.84% the previous year.</p>

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 established risk management process the Company follows identifies and assesses various risks, their likelihood, and possible severity of impact, considering both internal and external controls and factors that could provide mitigation. A post mitigation risk impact score is then determined for each principal risk.

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.

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 Committee is mindful of the continued impact of geopolitical events as well as the effects of inflation and rising interest rates. Whilst we are seeing signs of inflation slowing and energy prices reducing, the continuation of the Russian war on Ukraine, and also the Middle East crisis has created further market volatility and continues to impact supply chains whilst high interest rates continue to be felt by consumers. Geopolitical events such as these can have a significant impact on global financial markets, and the global economy. The impact of this is discussed further in the Chair's Statement and Investment Manager's Report. Further information on how the Committee has assessed the Company's ability to operate as a going concern and the Company's longer-term viability can be found on pages 56 and 57 of the Report of the Audit Committee.

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 year.



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.

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 and has discussed performance with the Managers and advisers. The discount of the Company widened during the year under review and as at 30 September 2023, the discount of the ordinary share price to the NAV per ordinary share was 7.7% (2022: 5.6%). The Chair also meets regularly 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 market movements on the Company is given in the Investment Manager's Report.

Gearing

Description

Inability to repay ZDP loan and inappropriate use of derivatives.

Assessment

Decreased 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.

The Board intends that the subsidiary company will be put into voluntarily liquidation through a General Meeting on 19 June 2024. The Company has no current intention to refinance the loan made by the subsidiary company and remains in a strong position to repay the outstanding amount at the time of redemption of the ZDP shares.

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

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 Depositary.

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.

Key Person

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. Key personnel are incentivised by equity participation in the investment management company.

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 cyberattacks have increased considerably over recent years. However, controls are in place and the Board proactively seeks to keep abreast of developments through updates with representatives of the Investment Manager who undertakes meetings with relevant service providers.

The Audit Committee once again sought assurance via the Investment Manager, from each of the Company's service providers on the resilience of their business continuity arrangements. 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.

Shareholder Communications

Description

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

Assessment

Unchanged from previous year.



Mitigation

Polar Capital Sales Team and the Corporate Broker provide periodic reports to the Board on communications with shareholders and feedback received.

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.

Contact details and how to contact the Board are provided in regulatory announcements and the Board are present at the AGM to speak to shareholders.

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 in 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.

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 global geopolitical issues and general economic conditions and developments.

The impact on the portfolio from other geopolitical changes 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 inflation, recession, the war in Ukraine and the Middle East crisis 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.

Section 172 of the Companies Act 2006

The statutory duties of the Directors are listed in s171-177 of the Companies Act 2006. The Board recognises that 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 wider 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 Company's AGM will be held at 2:30pm on Thursday 8 February 2024 at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. 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. 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. As was the case in 2023, shareholders will once again have the opportunity to hear the Managers' pre-recorded presentation, reviewing the Company's performance in the year and the outlook for 2023-2024, in advance of the AGM. The presentation will be uploaded to the Company's website ahead of the AGM. In addition, Shareholders will also be able to watch the proceedings of the AGM live via Zoom Conference. Details of how to access the online link are provided in the Notice of AGM. The AGM in-person meeting will comprise the formal business and questions only. Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at cossec@polarcapital.co.uk stating the subject matter as **PCGH-AGM**. The Chairs of the Board and of the Committees, along with the Managers, will be in attendance at the AGM and will be 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.

Shareholders are able to raise any concerns directly with the Chair or the Board without intervention of the Manager or Company Secretary, they may do this either in person at the AGM or at other events, or in writing either via the registered office of the Company or to the Chair's specific email address Chair.PCGH@polarcapital.co.uk.

Section 172 of the Companies Act 2006 continued

Stakeholder Group

How we engage with them

Shareholders Continued



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 enable 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.

Outcomes and strategic decisions during the year

AGM

To enable more shareholders the opportunity to hear the Investment Manager's AGM presentation, the Board has opted to pre-record and upload this to the website ahead of the voting deadline and in-person formal business AGM. In addition, shareholders will also have the opportunity to watch the proceedings of the AGM live via Zoom Conference. Details of how to access the online link are provided in the Notice of AGM.

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;
- Ensuring compliance with statutory legal requirements, regulations and other advisory guidance such as consumer duty and aspects of operational resilience; 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

ESG

The Board continued to engage with the Investment Manager to understand how ESG has been integrated into the overall house style, the healthcare team investment approach and decision making as well as the methodology behind this. The Board also receives information on how ESG affects Polar Capital as a business and the healthcare team in particular.

Consumer Duty

The Board has worked with the Investment Manager to ensure the obligations of the new Consumer Duty regulations are appropriately applied to the Company. In light of the obligations, all communications including the website, fact sheets and other published documentation, have been reviewed to ensure they are appropriate for all end users. A 'value for money' assessment has also been undertaken and is made available to distributors on request for their due diligence processes.

Management

The Management Engagement Committee has recommended and the Board has approved the continued appointment of the Investment Manager on the terms set out within the Investment Management Agreement.

Stakeholder Group

How we engage with them

Investee Companies



The Board has instructed the Investment Manager to take into account the published corporate governance policies of the companies in which it invests.

The Board has also considered the Investment Manager's Stewardship Code and Proxy Voting Policy. The Voting Policy is for the Investment Manager to vote at all general meetings of companies in favour of resolutions proposed by the management where it believes that the proposals are in the interests of shareholders. 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.

The Investment Manager has voted at 49 company meetings over the year ended 30 September 2023, with 5.4% of all votes being against management and 37% 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 ESG report on pages 27 to 30.

Outcomes and strategic decisions during the year

The Board receives information on the ratings of investee companies and is able to use this as a tool to inform discussions with the Manager during Board meetings.

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. During the year under review, due diligence meetings have been undertaken by the Investment Manager and where possible, service providers have joined meetings to present their reports directly to the Board or the Audit Committee as appropriate.

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 continue to monitor service levels and due diligence reviews conducted by 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.

Outcomes and strategic decisions during the year

Where possible the Chair and other representatives of the Company have engaged with the stewardship teams of some larger investors to understand and address their expectations in terms of board governance, recruitment and diversity. Prior to AGMs, the Company engages with these agencies to fact check their advisory reports and clarify any areas or topics contained within the report. 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.

Approved by the Board on 12 December 2023

By order of the Board

Tracey Lago, FCG

Polar Capital Secretarial Services Limited

Company Secretary

12 December 2023

Report of the Directors

The Directors, who are listed on pages 7 and 8, present their annual report together with their Report on Corporate Governance, and the Audited Consolidated Financial Statements for the year ended 30 September 2023. 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 provide 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.

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 Company is parent to a wholly owned subsidiary, PCGH ZDP Plc, which was created as part of the Company's restructure in 2017 with the sole purpose of issuing zero dividend preference ("ZDP") shares and providing a loan to the parent in the form of structural gearing.

The subsidiary 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. As part of this wind-up process, the loan provided by the subsidiary to the Company will be repaid and the ZDP shares will be redeemed in June 2024 at which time the entity

will be liquidated. The Company has no current intention to refinance the loan and remains in a strong position to repay the outstanding amount at the time of the redemption of the ZDP shares.

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 (2022: 124,149,256 ordinary shares), of which 2,879,256 (2022: 2,879,256) were held in treasury by the Company. During the year to 30 September 2023, no new shares were issued from or bought back into treasury.

Further information on transferability and the voting rights attached to these shares can be found in the shareholder information section on page 107 and 108.

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

The Board was granted authority by shareholders at the AGM in February 2023 to allot equity securities up to a nominal value of £3,031,750, representing approximately 10 per cent. of the Company's issued share capital, 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 February 2023 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 2024. Renewal of these authorities will be sought at that AGM.

Dividends

The Company has a focus on growth but continues to have a policy which aims 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 88.

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 2024.

Directors

In accordance with the AIC Code, which recommends annual re-election for all directors, all Directors will retire and offer themselves for re-election at the AGM of the Company to be held in February 2024. 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 which is set out on pages 7 and 8 and in the letter accompanying the Notice of AGM. More information about the governance of the Company and the Board of Directors as a collective is provided in the Corporate Governance Report on pages 44 to 51.

Annual General Meeting ('AGM')

The Company's AGM will be held at 2:30pm on Thursday 8 February 2024. Please see page 106 in the shareholder information section for further information on the resolutions to be proposed. The meeting will be held in person. Shareholders will also be able to watch the proceedings of the AGM live via Zoom Conference. Details of how to access the online link are provided in the Notice of AGM. As was the case in 2023, shareholders will once again have the opportunity to hear the Managers' pre-recorded presentation, reviewing the Company's performance in the year and the outlook for 2023-2024, in advance of the AGM. It is anticipated that the presentation will be uploaded to the Company's website in January 2024.

Major Interests in Ordinary Shares

As at the year end 30 September 2023, 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*
Rathbones Investment Management Limited~	Indirect	23,450,955	19.34
1607 Capital Partners	Indirect	12,069,633	9.95
Allspring Investments	Indirect	6,522,743	5.38
Charles Stanley	Indirect	6,106,096	5.04
Evelyn Partners Limited	Direct	6,081,962	5.02
Brewin Dolphin Limited	Indirect	6,039,197	4.98
City of London Investment Management Company Limited	Direct	6,019,216	4.96
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

~ position following the all-share combination of Rathbones Group Plc with Investec Wealth & Investment Limited

* The above percentages are calculated by applying the shareholdings as notified to the issued share capital at 12 December 2023 of 121,270,000 ordinary shares being all the issued ordinary shares excluding those held in treasury where voting rights are suspended.

No additional notifications were received between the end of the financial year and 12 December 2023.

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
Company Secretary

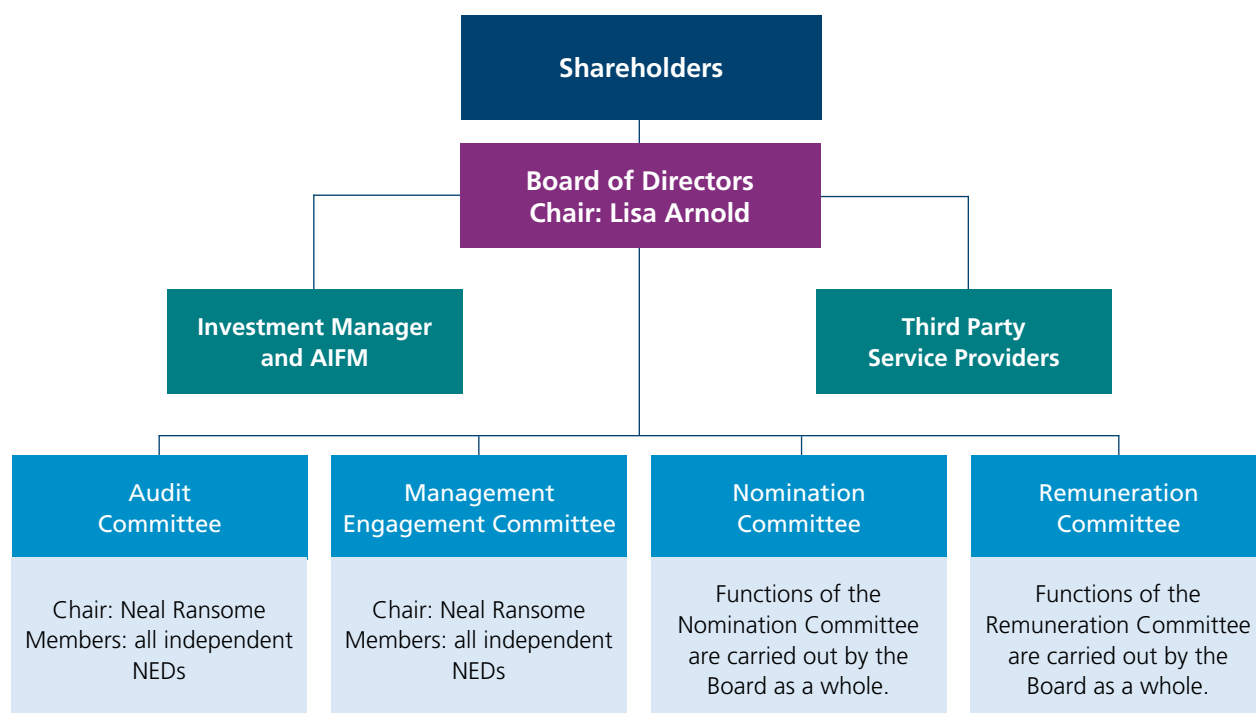
12 December 2023

Report on Corporate Governance

Year ended 30 September 2023

Corporate Governance Framework

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



The Financial Reporting Council (FRC) has endorsed the Association of Investment Companies ('AIC') Code of Corporate Governance (the 'AIC Code') issued in February 2019, 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 trust 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 50 for more information.

Statement of Compliance and Application of the AIC Code's Principles

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 FRC 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 the following pages.

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 subsector and investment size. As an externally managed investment trust, the culture of the Company is a consequence of the Board's diversity, 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 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. 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 39 to 41. 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 page 49.

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.

Separate reports of the work of the Audit Committee and Management Engagement Committee over the year are set out on pages 52 to 58 and page 59 respectively.

The Directors' Remuneration Report, including the processes undertaken when reviewing remuneration, can be found on pages 60 to 64.

In addition to formal meetings, the Board creates ad hoc committees from time to time to enact policies or actions agreed in principle by the whole Board.

Report on Corporate Governance continued

Year ended 30 September 2023

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 2023 and the attendance of individual Directors are shown below.

	Board	Audit Committee	Management Engagement	2023 AGM
Number of Meetings	6	3	1	1
Lisa Arnold	6	3	1	1
Andrew Fleming	6	3	1	1
Neal Ransome	6	3	1	1
Jeremy Whitley	6	3	1	1

Role of the 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 (no unquoted investments were held at the year-end or date of reporting). 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 in all service disciplines 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.

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. Under the Company's Chair Tenure Policy, having been appointed following time spent as an NED, the Chair may, if deemed appropriate or necessary, remain on the Board for up to twelve years.

Senior Independent Director

Due to the size and structure of the Board it is 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. As and when required, the Chair of the Audit Committee leads on specific matters such as the annual evaluation of the Chair.

Board Responsibilities

The Board currently comprises four non-executive Directors who are all considered to be independent. The Board considers that its overall composition is adequate for the effective governance of the Company. 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.

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

Company Secretary

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. The Board acknowledges that PIRC (Pensions and Investment Research Consultants Limited, an independent corporate governance and shareholder advisory consultancy) recommend voting against the laying of the Annual Report at an AGM where the Investment Manager provides company secretarial services to the Company. The Board believes that the benefits gained by utilising the services of a Company Secretary provided by the Investment Manager significantly outweigh any perceived risk or conflicts in the view of PIRC. The Company Secretary is provided to the Company as an independent service and the appointed representative acts as an officer of the Company and not an employee of the Investment Manager when working with the Board and the Company.

Meetings

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, ESG and considering any shareholder feedback. The level of the ordinary share price discount or premium to the Net Asset Value 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 impact the Company.

The full investment strategy was revised during the reconstruction exercise undertaken in early 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.

Directors' Professional Development

When new Directors are appointed, they are offered an induction course provided by the Investment Manager. Directors are welcome to visit the Manager at any time to receive an update on any aspect of interest or a refresher on the Manager's operations both generally and those which are specific to the Company. Directors are also 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

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. The Company's Articles contain provisions to permit the Board to authorise acceptable conflicts or potential conflicts. Where a conflict situation arises, the conflicted Director may be excluded from any discussions, decisions or votes 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.

Report on Corporate Governance continued

Year ended 30 September 2023

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

The Board as part of its year-end review has considered the full 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. All the Directors were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgement.

The Directors' interests in the ordinary shares of the Company are set out on page 63 of the Directors' Remuneration Report.

Capacity and Overboarding

Prior to appointment, current and planned commitments of board candidates are considered and it is determined before interview stage whether the Board feels that the candidate has the capacity to dedicate to the Company. Once appointed, all Directors are required to seek permission and approval from the Board prior to accepting any new appointments, including a change of role. Following notification, the Board will give particular consideration to the type of role, expected time commitments and the impact on the Director's ability to discharge their duties to the Company. Directors are also required to provide a list of their existing significant external commitments and estimated time commitments for each in order for the Board to assess any risk of insufficient capacity or overboarding.

The Board continues to be satisfied that the external commitments of all non-executive Directors serve to enhance their skills and experience and do not affect their ability to commit sufficient time to their roles as Directors of the Company, as evidenced by their attendance records and contributions in meetings.

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

Board Composition, Diversity and Recruitment

The Board is responsible to shareholders for the overall management of the Company's affairs. During 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 should issues arise. The Board has a policy to consider diversity and seeks to follow the diversity recommendations of the Hampton-Alexander and Parker Reviews, amongst other factors. Consideration is given to all forms of diversity in order to balance both the expertise on, and the structure of, the Board as a whole.

The Board notes the reporting requirements of the FCA Diversity and Inclusion Policy and has chosen to align its diversity reporting reference date with the Company's financial year end, 30 September 2023. Whilst the Board does not currently meet the gender requirements (being a minimum of 40% female Board members) or ethnicity requirements (at least one non-white ethnic minority Board member), it does have at least one senior female appointment who is currently Chair of the Board. The Board continues to keep this under consideration as part of the Board's reconstruction and future succession plans and hopes to meet all aspects of the FCA's Diversity policy in future. The Board will consider diversity at all stages of recruitment to the Board and will work hard to ensure the broadest range of candidates are found when recruiting new directors.

As required under LR 9.8.6R(10), further detail in respect of the diversity targets as at 30 September 2023 are provided in the tables below. As an externally managed investment trust, the Company has no executive directors or employees therefore columns relating to executive roles/management have been omitted from the tables. As per the AIC's Guidance, the Company considers the roles of Board Chair and Chair of the Audit Committee as senior board positions and the disclosures are made on this basis.

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

	Number of board members	Percentage of the board	Number of senior positions on the board (Chair and Audit Chair)
Men	3	75%	1
Women	1	25%	1

	Number of board members	Percentage of the board	Number of senior positions on the board (Chair and Audit Chair)
White British or other (including minority-white groups)	4	100%	2
Minority Ethnic	-	-	-

The Board as the Nomination Committee met in November 2023 and considered the near-term recruitment needs of the Board. Having considered a variety of factors, the Committee concluded that at the present time, the Board worked efficiently and had the requisite skill sets to lead the Company effectively. Noting the requirement for greater diversity, the Committee concluded that, with a fixed life, the appropriate time for recruitment of new directors would be shortly before or after any reconstruction plans. In support of increasing diversity and expanding the pool of potential NED candidates of the future, the Board, in collaboration with "board apprentice", welcomed a board apprentice during the year under review. The board apprentice is invited to attend all Board and Committee meetings as an observer and is mentored through the process by a Board member. See page 6 for an interview with Ei-Lene Heng on her experience thus far as a Board apprentice.

The Board as the Nomination Committee also 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 fixed life of the Company there is no need for a formal policy on the length of service for Directors. The reconstruction approved by shareholders in June 2017 extended the life of the Company for a further seven years. Once the reconstruction was completed the Company's original board was replaced in two phases, a process which completed in December 2019. The Board considers that its overall composition is well placed for the effective governance of the Company and it is anticipated that the process of board succession and recruitment would be reassessed as part of any future reconstruction plans.

Evaluation

The evaluation of the Board, the 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.

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.

Report on Corporate Governance continued

Year ended 30 September 2023

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

Performance and Re-election

In accordance with the Company's adopted practices, all Directors will retire and offer themselves for re-election at the AGM of the Company to be held in February 2024. 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 sufficient diversity and that they work well together, each director brings multiple qualities and areas of expertise to the Board. The Board rationale for re-appointment of each Director is given on pages 7 and 8 and in the letter accompanying the Notice of AGM.

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 24 of the AIC Code, 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 will be regular refreshment of the Board.

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 reasonable but not absolute 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.

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

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 Company's internal controls has, through the Audit Committee, received formal reports on the policies and procedures in operation, where control failures have occurred an exceptions report is provided along with mitigation in place to ensure the control is met in future. For the Group and Company's year under review, no material errors or control failures had been identified. 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 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.

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 approved by shareholders at the AGM in February 2023, is detailed within the Directors' Remuneration Report on page 60 and explains how the policy is designed to support strategy and promote long-term sustainable success.

Tracey Lago, FCG

Polar Capital Secretarial Services Limited
Company Secretary

12 December 2023

Audit Committee Report

Neal Ransome

Chair of the Audit Committee



I am pleased to present my Report to you as Chair of the Audit Committee.

The Committee comprises all the Directors and the Board is satisfied that the Committee has sufficient recent and relevant financial experience and 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 7 and 8. 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. The Committee has written terms of reference which are available to view on the Company's website, www.polarcapitalglobalhealthcaretrust.co.uk

During the year the Audit Committee met three times, with all members of the Committee attending each meeting.

Matters Considered during the Financial Year Ended 30 September 2023:

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 material regulations. The Committee continues to follow developments in the relevant regulatory environment to consider any new and ongoing requirements and determine how to apply any relevant best practice to the Company. The Committee continues to review the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with the Auditors.
- As reported last year, the Committee is aware of the extensive proposals outlined by the Department for Business and Trade ("DBT") which seek to strengthen the UK's audit and corporate governance framework. The Committee will continue to monitor the detail of and implement any legislation arising from the reforms and will consider any suggested guidance from the DBT for good practice. The Committee will report on any changes made in future Annual Reports following the introduction of any revised legislation.

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 80 to 84 were applied consistently throughout the year. During the year there were no changes to currently adopted policies and no new UK-adopted international accounting standards ("UK-adopted IAS") or amendments to UK adopted IAS which had any significant impact on the Company's financial Statements.
- the financial disclosures contained in the Annual Report and Half Year Report to shareholders.
- 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 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 11.4x and the highest was 11.8x.

- the Audit Committee has considered the accounting implications of the redemption and cancellation of the Company's ZDP shares which is due to complete in mid-2024. Further information can be found in the Annual Report of the subsidiary company PCGH ZDP Plc.

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. No errors have been reported during the year under review.

Internal Controls and Risk

- the Risk Map covering the identification of new and emerging 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 February 2023 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 2024. 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 shareholders' total return.

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 2022.

Audit Committee Report continued

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 2023

- 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(g). 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 s1158 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.
Repayment of the loan provided by the subsidiary company, PCGH ZDP Plc.	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 the Auditors. Consideration of the redemption and cancellation of the Company's ZDP shares, which are due to be redeemed on 19 June 2024, and assessment of the Company's ability to repay the loan.

There were no adverse matters brought to the Audit Committee's attention in respect of the 2023 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 2023, 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 in 2020, PwC were re-appointed as the Company's auditors. The re-appointment of PwC as Auditors to the Company has been submitted annually for shareholder approval and will be submitted once again at the AGM to be held in February 2024, 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 Auditors are invited to all Committee meetings and receives copies of all relevant papers and meeting minutes. As part of the year end audit, the Committee considered and re-confirmed the level of fees pre-agreed and payable to the Auditor bearing in mind the nature of the audit and the quality of services received. The fees paid to PwC in respect of the audit of the annual Financial Statements of the Company amounted to £51,525 (2022: £41,525). 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 £8,000 (2022: £6,875). The fee represents a further increase on the prior year to reflect the additional work required by the auditors as a result of new auditing standards, specifically IAS 315, inflation and the level of audit work required to perform a robust quality audit.

The year-on-year increase in audit fees continues to be in line with increases experienced across the investment trust sector in the current and recent years. Audit firms generally have increased the fees that they charge to investment trusts in order to reflect the increased level of work that they have been required to perform, and the increased risk that they perceive, in the context of more rigorous and robust levels of audit scrutiny and regulation.

Effectiveness of Audit Process

The Committee, on behalf of the Board, is responsible for overseeing the relationship with the 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 Services

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 (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 36 and 38. 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 the Company. The Committee has met to discuss and assess emerging risks and where appropriate recommends changes to the Risk Map. 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.

Audit Committee Report continued

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, employees of the Manager conducted an onsite due diligence 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 the Investment Manager's 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 2023 and up to the date of this report.

Geopolitical Events

This time last year we were reporting on the impact of the Russian war on Ukraine as well as the effects of inflation and rising interest rates. Whilst we are seeing signs of inflation slowing and energy prices reducing, the continuation of the Russian war on Ukraine, the impact on supply chains and high interest rates continue to be felt by consumers. The Middle East crisis has created further market volatility. Geopolitical events such as these can have a significant impact on global financial markets, and hence on the

Company's portfolio performance. The Committee continues to monitor the impact of these and other events which appear in our assessment of risk and of the ability of the Company to achieve its investment objective.

The Committee regularly reviews the operational resilience of its various service providers in connection with the mitigation of the business risks posed by geopolitical events. Many of the external service providers have continued to utilise the hybrid working model after such a successful business transition to fully remote working during the pandemic. The Committee is pleased to confirm that all service providers have continued to demonstrate their ability to provide services to the expected level, with no breaks in the services provided or significant operational failures.

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;
- in particular, the Company's ability to repay the loan provided by PCGH ZDP Plc, which falls due in June 2024. The Company has no current intention to refinance the loan made by the subsidiary company and remains in a strong position to repay the outstanding amount at the time of the redemption of the ZDP shares;
- the level of budgeted expenses and the exposure to currency and credit risk;
- 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. 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;

Based on the information provided to the Committee and its assessment of the financial position of the Company, and having regard to the continuing impact of geopolitical events on market stability, there are no material uncertainties that call into question the Company's ability to continue to be a going concern. 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 2023.

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 36 to 38 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.

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 98.5% of the portfolio as at 30 September 2023 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, including the repayment of the loan provided by the Company's subsidiary, 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 which assumes continuation of the Company beyond the fixed life expiry as noted below.

The stress tests also used a variety of falling parameters to demonstrate the impact on the Company's share price and NAV. 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 11.6x and at the Company's year-end was 11.6x. 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 when it falls due on 19 June 2024.

In accordance with the Articles of Association of the subsidiary company, PCGH ZDP Plc, and the loan agreement between the Company as parent and subsidiary, the Board intends that the subsidiary company will be put into voluntarily liquidation through a General Meeting on 19 June 2024. The Company has no current intention to refinance the loan made by the subsidiary company and remains in a strong position to repay the outstanding amount at the time of redemption of the ZDP shares.

As mentioned above, 98.5% of the Company's portfolio can be liquidated within seven trading days. The Directors are comfortable that the Company will be able to meet this financial liability and repay the loan to the subsidiary, PCGH ZDP Plc, on the due date.

Audit Committee Report continued

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. Taking into account 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

12 December 2023

Management Engagement Committee Report



Neal Ransome

Chair of the Management Engagement Committee

Report of the Management Engagement Committee

The Management Engagement Committee ("the Committee") comprises all of the directors, all of whom are independent and non-executive, is chaired by Neal Ransome, and meets at least once a year and at such other times as may be necessary. The Committee has written terms of reference, which are available to view on the Company's website, www.polarcapitalglobalhealthcaretrust.co.uk. The terms of reference define the Committee's responsibilities and duties.

The Committee is responsible for reviewing the performance of the Investment Manager along with the Company's other service providers. The Committee is also responsible for keeping under review the terms of the Investment Management Agreement ('IMA') and the Manager's appointment as AIFM, prior to making its recommendation to the Board on whether the retention of the Investment Manager is in the interests of shareholders.

Performance Evaluation Process

Investment Manager

During the year ended 30 September 2023 the Management Engagement Committee met once to carry out the detailed review of the Investment Manager and consider its continued appointment for the next financial year ending 30 September 2024.

In addition, the Committee reviewed the current 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. No change to the fee arrangements were proposed for the year under review or the year ahead.

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, company secretarial, accounting and administration. Following review, the Committee concluded that it is in the best interests of shareholders that the appointment of Polar Capital LLP as Investment Manager is continued.

Other Suppliers

The Board also monitors directly or through the Investment Manager the performance of its other key service providers and whether they continue to provide value for money.

- The Board has directly appointed HSBC Bank Plc as Depositary and Panmure Gordon & Co 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 to discuss markets and other issues.
- The Registrar, Equiniti Limited, is directly appointed by the Board and the performance of its duties is monitored by the Company Secretary.
- Other suppliers such as printers, website designers and PR agents are monitored by the Company Secretary and each supplier reports to the Board as and when deemed necessary.

Committee Evaluation

The activities of the Management Engagement Committee were considered as part of the annual Board evaluation process. This year, an internal evaluation was completed and the findings of the evaluation processes were positive with no matters of concern or requirements for change needed.

Neal Ransome

Chair of the Management Engagement Committee

12 December 2023

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 2023. 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 9 February 2023. Such policy came into effect on 1 October 2023 and shall remain in force until 30 September 2026 unless amended during any earlier proposed reconstruction following the end of the fixed life:

Company’s Policy on Directors’ Remuneration effective until 30 September 2026

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.	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.
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.	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.
The Company’s policy in relation to fees is to offer only 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.	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.
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.	There are no performance conditions relating to non-executive Directors fees.

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 2023.

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 2022 Approved at AGM on 9 February 2023	Remuneration Policy for the three years ended 30 September 2023 Approved at AGM on 9 February 2023
Votes for	99.98%	99.98%
Votes against	0.02%	0.02%
Votes abstained	0.00%	0.00%

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 2023

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 relevant 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.

In October 2023, the Committee carried out a review of Directors' remuneration which included a selection of peer comparisons and external reports including the Trust Associates NED Remuneration Report and the Nurole Compensation Report. Consideration was also given to the rise in inflation and the Consumer Price Index (CPI) which had increased by 6.7% in the twelve months to September 2023. As a result, the Committee resolved to implement the following annual fee increases with effect from 1 October 2023:

- Chair: £43,000pa to £45,000pa (4.7% increase).
- NED: £31,000pa to £32,500 (4.8% increase).
- Chair of the Audit Committee supplement: £5,750 to £6,000 (4.3% increase).

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 2018	30 Sept 2019	30 Sept 2020	30 Sept 2021	30 Sept 2022	30 Sept 2023	Year to 30 Sept 2024
Chair	5.7%	0%	5.4%	0%	5.1%	4.9%	4.7%
Non-Executive Director	6%	0%	5.7%	0%	5.4%	5.1%	4.8%
Chair of the Audit Committee	0%	0%	10.0%	0%	0%	4.5%	4.3%

Directors' Remuneration Report continued

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. The taxable expenses comprise of expenses incurred by the Directors attending Board and other meetings held in London. Such expenses are paid to the Directors grossed up for taxation and shown in the taxable column of the Directors remuneration table.

Letters of Appointment

In accordance with recommended practice, the Directors do not have service agreements but instead each Director has received a letter setting out the terms of their appointment under which they provide their services to the Company. A Director may resign by giving one month's 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.

Remuneration (Audited)

In the year under review the Directors' fees were paid at the following annual rates, the Chair £43,000; other Directors £31,000 with the Chair of the Audit Committee receiving an extra £5,750 supplement for performing that additional role.

Director	Year ended 30 September 2023			Year ended 30 September 2022		
	Fixed fee	Taxable expenses ¹	Total remuneration	Fixed fee	Taxable expenses ¹	Total remuneration
Lisa Arnold (Chair)	£43,000	–	£43,000	£41,000	–	£41,000
Neal Ransome (Chair of the Audit and Management Engagement Committees)	£36,750	–	£36,750	£35,000	–	£35,000
Andrew Fleming	£31,000	–	£31,000	£29,500	–	£29,500
Jeremy Whitley	£31,000	£1,642	£32,642	£29,500	£795	£30,295
TOTAL*	£141,750	£1,642	£143,392	£135,000	£795	£135,795

* See note 8 on page 86

¹ Taxable travel and subsistence expenses incurred in attending Board and Committee meetings. The amounts disclosed are the grossed figures.

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 2023 (and 2022) are as follows:

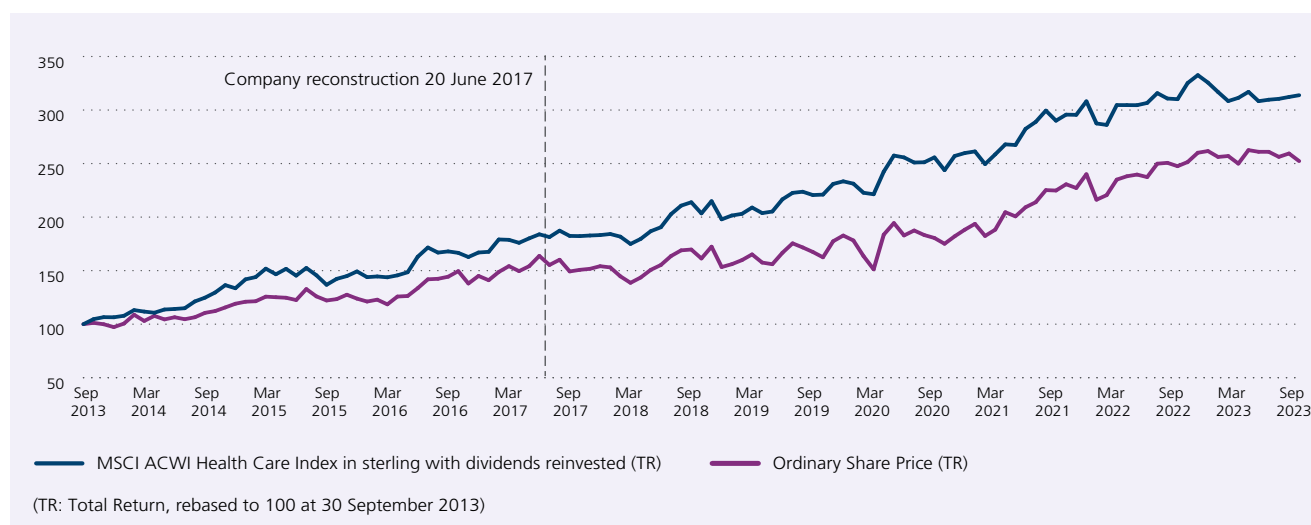
	2023	2022
Lisa Arnold	20,000	20,000
Andrew Fleming	10,000	10,000
Neil Ransome	10,073	10,073
Jeremy Whitley	20,000	20,000

There have been no changes in these interests between the end of the financial year and 12 December 2023. 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 2013 to 30 September 2023.

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.

Directors' Remuneration Report continued

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.

	2023 £'000	2022 £'000	Change	
			£'000	%
Directors' total remuneration	143	136	7	5%
Dividends paid or declared in respect of the financial year	2,547	2,426	121	5%
Profit on ordinary activities after tax	16,896	21,531	(4,635)	(22%)

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 12 December 2023.

Lisa Arnold

Chair

12 December 2023

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's Financial Statements in accordance with UK-adopted IAS and applicable law. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Financial Statements in accordance with UK-adopted IAS.

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 they have been prepared in accordance with UK-adopted IAS, 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 and the Directors' Remuneration Report 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 complies 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, is fair, balanced and understandable and provides 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

12 December 2023

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 company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2023 and of the group's and company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company Balance Sheets as at 30 September 2023; the Group Statement of Comprehensive Income, the Group and Company Cash flow 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.

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 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 and to manage its day to day operations.
- 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: £4,190,000 (2022: £4,040,000) based on approximately 1% of net assets.
- Overall company materiality: £3,980,000 (2022: £4,040,000) based on approximately 1% of net assets, capped at 95%.
- Performance materiality: £3,142,000 (2022: £3,030,000) (group) and £2,985,000 (2022: £3,030,000) (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.

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
<p>Valuation and existence of investments (group and parent) <i>Refer to Note 2 Accounting Policies (g) Investments held at fair value through profit and loss and Note 13 Investments held at fair value.</i></p> <p>The investment portfolio at the year-end comprised listed equity investments valued at £458.3m</p> <p>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.</p> <p>We also focused 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.</p>	<p>We tested the valuation of the listed equity investments by agreeing the 100% of the prices used in the valuation to independent third party sources.</p> <p>We tested the existence of the investment portfolio by agreeing 100% of investment holdings to an independent confirmation obtained from the custodian, HSBC Bank plc.</p> <p>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.</p> <p>We did not identify any material matters to report.</p>
<p>Income from investments (group and parent) <i>Refer to the Note 2 Accounting Policies (c) Income, (g) Investments held at fair value through profit and loss, Note 3 Investment income and Note 5 Gains on investments held at fair value.</i></p> <p>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.</p> <p>We also focused 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.</p>	<p>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.</p> <p>We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent third-party data.</p> <p>We tested occurrence by testing that 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.</p> <p>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 dividends during the year.</p> <p>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.</p> <p>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 and 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 and losses.</p> <p>We did not identify any material misstatements as a result of our testing.</p>

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 company, the accounting processes and controls, and the industry in which they operate.

The Group and Company's accounting is delegated to the Administrator who maintains the Group and Company's accounting records and who has implemented controls over those accounting records. We obtained our audit evidence from substantive tests. However, as per 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.

The impact of climate risk on our audit

In conducting our audit, we made enquiries of the Directors and the Investment Manager to understand the extent of the potential impact of climate change risk on the company's financial statements. The Directors and Investment Manager concluded that the impact on the measurement and disclosures within the financial statements is not material because the company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the company's investment activities. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

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 – company
Overall materiality	£4,190,000 (2022: £4,040,000).	£3,980,000 (2022: £4,040,000).
How we determined it	approximately 1% of net assets	approximately 1% of net assets , capped at 95%
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit. While performing our work, we applied the lower threshold of £3,980,000 being the component materiality level allocated to the Company for the purposes of the audit of the Group financial statements.

Independent Auditors' Report continued

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 £387,000 and £3,980,000. 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% (2022: 75%) of overall materiality, amounting to £3,142,000 (2022: £3,030,000) for the group financial statements and £2,985,000 (2022: £3,030,000) for the company financial statements.

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 £209,000 (group audit) (2022: £202,000) and £199,000 (company audit) (2022: £202,000) 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 company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats;
- 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;
- assessing the premium/discount at which the Company's share price trades compared to the net asset value per share; 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.
- reviewing the directors' plans to repay the loan and the subsidiary's preference shares in addition to assessing the ability of the Company to do so.

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 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 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 2023 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 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 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 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 company's prospects, the period this assessment covers and why the period is appropriate; and

Independent Auditors' Report continued

- The directors' statement as to whether 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 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 and company 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 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 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.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the 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 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 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 where applicable;
- 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 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 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 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 13 years, covering the years ended 30 September 2011 to 30 September 2023.

Independent Auditors' Report continued

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Kevin Rollo (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12 December 2023



Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2023

	Note	Group			Group		
		Year ended 30 September 2023			Year ended 30 September 2022		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	4,804	–	4,804	4,427	–	4,427
Other operating income	4	104	–	104	26	–	26
Gains on investments held at fair value	5	–	19,574	19,574	–	22,985	22,985
Other currency losses	6	–	(1,130)	(1,130)	–	(610)	(610)
Total income		4,908	18,444	23,352	4,453	22,375	26,828
Expenses							
Investment management fee	7	(650)	(2,598)	(3,248)	(602)	(2,406)	(3,008)
Other administrative expenses	8	(712)	(13)	(725)	(599)	(59)	(658)
Total expenses		(1,362)	(2,611)	(3,973)	(1,201)	(2,465)	(3,666)
Profit before finance costs and tax		3,546	15,833	19,379	3,252	19,910	23,162
Finance costs	9	(9)	(1,161)	(1,170)	–	(1,096)	(1,096)
Profit before tax		3,537	14,672	18,209	3,252	18,814	22,066
Tax	10	(598)	(715)	(1,313)	(535)	–	(535)
Net profit for the year and total comprehensive income		2,939	13,957	16,896	2,717	18,814	21,531
Earnings per Ordinary share (pence)	12	2.42	11.51	13.93	2.24	15.51	17.75

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

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

The Group does not have any other income or expense that is not included in net profit for the 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 80 to 99 form part of these financial statements.

Statements of Changes in Equity

For the year ended 30 September 2023

		Group and Company						
		Year ended 30 September 2023						
	Note	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 October 2022		31,037	6,575	80,685	3,672	280,791	2,073	404,833
Total comprehensive income:								
Profit for the year ended 30 September 2023		–	–	–	–	13,957	2,939	16,896
Transactions with owners, recorded directly to equity:								
Equity dividends paid	11	–	–	–	–	–	(2,547)	(2,547)
Total equity at 30 September 2023		31,037	6,575	80,685	3,672	294,748	2,465	419,182

		Group and Company						
		Year ended 30 September 2022						
	Note	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 October 2021		31,037	6,575	80,685	3,672	261,977	1,782	385,728
Total comprehensive income:								
Profit for the year ended 30 September 2022		–	–	–	–	18,814	2,717	21,531
Transactions with owners, recorded directly to equity:								
Equity dividends paid	11	–	–	–	–	–	(2,426)	(2,426)
Total equity at 30 September 2022		31,037	6,575	80,685	3,672	280,791	2,073	404,833

The notes on pages 80 to 99 form part of these financial statements.

Balance Sheets

As at 30 September 2023

		Group		Company	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Investments held at fair value	13	458,255	434,419	458,255	434,419
Investment in subsidiary	13	–	–	50	50
Current assets					
Cash and cash equivalents	24	4,680	7,546	4,630	7,496
Receivables	14	505	233	505	233
Overseas tax recoverable		678	666	678	666
		5,863	8,445	5,813	8,395
Total assets		464,118	442,864	464,118	442,864
Current liabilities					
Bank overdraft	24	(2,014)	–	(2,014)	–
Payables	15	(3,981)	(470)	(3,981)	(470)
Zero dividend preference shares	16	(38,687)	–	–	–
Loan from subsidiary		–	–	(38,687)	–
		(44,682)	(470)	(44,682)	(470)
Non-current liabilities					
Zero dividend preference shares	16	–	(37,561)	–	–
Loan from subsidiary		–	–	–	(37,561)
Indian capital gains tax provision		(254)	–	(254)	–
Total liabilities		(44,936)	(38,031)	(44,936)	(38,031)
Net assets		419,182	404,833	419,182	404,833
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	294,748	280,791	294,748	280,791
Revenue reserve	22	2,465	2,073	2,465	2,073
Total equity		419,182	404,833	419,182	404,833
Net asset value per Ordinary share (pence)	23	345.66	333.83	345.66	333.83
Net asset value per ZDP share (pence)	23	120.41	116.91	–	–

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The parent company's profit for the year was £16,896,000 (2022 : £21,531,000).

The financial statements on pages 76 to 99 were approved and authorised for issue by the Board of Directors on 12 December 2023 and signed on its behalf by

Lisa Arnold

Chair

The notes on pages 80 to 99 form part of these financial statements.

Registered number 7251471

Cash Flow Statement

For the year ended 30 September 2023

	Note	Group and Company	
		Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Cash flows from operating activities			
Profit before finance costs and tax		19,379	23,162
Adjustment for non-cash items:			
Gains on investments held at fair value through profit or loss		(19,574)	(22,985)
Adjusted (profit)/loss before tax		(195)	177
Adjustments for:			
Purchases of investments, including transaction costs		(503,002)	(480,136)
Sales of investments, including transaction costs		501,992	476,716
(Increase)/decrease in receivables		(272)	27
Increase in payables		259	101
Indian capital gains tax		(461)	–
Overseas tax deducted at source		(610)	(629)
Net cash used in operating activities		(2,289)	(3,744)
Cash flows from financing activities			
Interest paid		(44)	(2)
Equity dividends paid	11	(2,547)	(2,426)
Net cash used in financing activities		(2,591)	(2,428)
Net decrease in cash and cash equivalents		(4,880)	(6,172)
Cash and cash equivalents at the beginning of the year		7,546	13,718
Cash and cash equivalents at the end of the year	24	2,666	7,546

The notes on pages 80 to 99 form part of these financial statements

Notes to the Financial Statements

For the year ended 30 September 2023

1 GENERAL INFORMATION

The consolidated Financial Statements for the year ended 30 September 2023 comprise the Financial Statements of the Company and its wholly-owned subsidiary PCGH ZDP plc (together referred to as the 'Group').

The principal activity of the Group is that of an investment trust company within the meaning of Section 1158/1159 of the Corporation Tax Act 2010 and its investment approach is detailed in the Strategic Report.

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's Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("UK-adopted IAS") and with the requirements of the Companies Act 2006.

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 July 2022 is consistent with the requirements of UK-adopted IAS, 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 2023 are shown in the balance sheet on page 78. As at 30 September 2023 the Group and Company's total assets exceeded its total liabilities by a multiple of over 9. The assets of the Group and Company consist mainly of securities that are held in accordance with the Group and Company's Investment Policy, as set out on page 32 and these securities are readily realisable. The Directors have considered a detailed assessment of the Group and Company's ability to meet 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 and the loan due for repayment to PCGH ZDP plc in June 2024. In addition to the assessment, the Group and Company carried out stress testing 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 have 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.

(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 July 2022).

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.

Notes to the Financial Statements continued

For the year ended 30 September 2023

2 ACCOUNTING POLICIES continued

(e) EXPENSES continued

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 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 2023. 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 company is liable to Indian capital gains tax under Section 115 AD of the Indian Income Tax Act 1961. The Indian capital gains tax provision represents an estimate of the amount of tax payable by the Company. Tax amounts payable may differ from this provision depending on when the Company disposes of its investments. The current provision for Indian capital gains tax is calculated based on the long term (securities held more than one year) or short term (securities held less than one year) nature of the investments and the applicable tax rate at the year end. Currently, the short-term tax rate is 15% and the long-term tax rate is 10%. The estimated tax charge is subject to regular review including a consideration of the likely period of ownership, tax rates and market valuation movements. The provision at the year end is recognised in the Balance Sheet and the year-on-year movement in the provision is recognised in the Statement of Comprehensive Income.

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 UK-adopted IAS. 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.

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.

Notes to the Financial Statements continued

For the year ended 30 September 2023

2 ACCOUNTING POLICIES continued

(m) CAPITAL RESERVES continued

When making a distribution to shareholders, the Directors determining 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 of England & 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 UK-adopted IAS or amendments to UK-adopted IAS applicable to the current year which had any significant impact on the Group and Company's Financial Statements.

- i) There were no relevant standards effective for the current annual reporting period that potentially impact the Group and Company in issue.
- ii) At the date of authorisation of the Group and Company's Financial Statements, the following relevant standards that potentially impact the Group and 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
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Requirement amended to disclose material accounting policies instead of significant accounting policies and provided guidance in making materiality judgements to accounting policy disclosure.	1 January 2023
Definition of Accounting Estimates (amendments to IAS 8)	The amendment introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policy	1 January 2023

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 Group and Company in future periods.

3 INVESTMENT INCOME

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Revenue:		
UK Dividend income	591	472
Overseas Dividend income	4,213	3,955
Total investment income allocated to revenue	4,804	4,427

All investment income is derived from listed investments.

4 OTHER OPERATING INCOME

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Bank interest	104	26
Total other operating income	104	26

5 GAINS ON INVESTMENTS HELD AT FAIR VALUE

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Net gains on disposal of investments at historic cost	33,182	18,524
Less fair value adjustments in earlier years	(14,297)	(11,626)
Gains based on carrying value at previous balance sheet date	18,885	6,898
Valuation gains on investments held during the year	689	16,087
	19,574	22,985

6 OTHER CURRENCY LOSSES

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Exchange losses on currency balances	(1,130)	(610)

7 INVESTMENT MANAGEMENT FEE

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Management fee		
– charged to revenue	650	602
– charged to capital	2,598	2,406
Investment management fee payable to Polar Capital LLP.	3,248	3,008

Management fees are allocated 20% to revenue and 80% to capital. Details of the fee arrangements are given in the Strategic Report in page 34.

Notes to the Financial Statements continued

For the year ended 30 September 2023

8 OTHER ADMINISTRATIVE EXPENSES (INCLUDING VAT WHERE APPROPRIATE)

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Directors' fees and expenses ¹	143	136
Directors' NIC	14	14
Auditors' remuneration ² : For audit of the Group and Company Financial Statements	60	48
Depository fee	30	23
Registrar fee	37	30
Custody and other bank charges	42	37
UKLA and LSE listing fees ³	40	3
Legal & professional fees	5	6
AIC fees	21	21
Directors' and officers liability insurance	18	16
Corporate brokers fee	25	25
Marketing expenses ⁴	47	43
Research costs - allocated to revenue ⁵	3	15
Shareholder communications	17	22
HSBC administration fee	208	158
Other expenses	2	2
Total other administrative expenses allocated to revenue	712	599
Research cost - allocated to capital ⁵	13	59
Total other administrative expenses	725	658

1 Full disclosure is given in the Directors' Remuneration Report on page 62.

2 2023 includes £8,000 (2022: £6,875) paid to the Auditors for the audit of PCGH ZDP Plc.

3 Prior year reflects write off of PCCH ZDP FCA fee accrual which no longer applies.

4 Includes marketing expenses payable to Polar Capital LLP of £15,500 (2022: £22,500).

5 Research costs payable by the Company amounted to £16,000, and cover the 3 months to 31 December 2022. (£74,000 - full year). These costs are allocated 20% to revenue and 80% to capital and are included in the ongoing charges calculation. With effect from 1 January 2023, specialist research costs are absorbed by Polar Capital.

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 2023 was 0.87% (2022: 0.84%). See Alternative Performance Measures on page 102.

9 FINANCE COSTS

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Interest on overdrafts	9	35	44	–	2	2
Appropriation to ZDP shares	–	1,126	1,126	–	1,094	1,094
Total finance costs	9	1,161	1,170	–	1,096	1,096

10 TAXATION

	Year ended 30 September 2023			Year ended 30 September 2022		
	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	598	–	598	535	–	535
Indian capital gains tax	–	715	715	–	–	–
Total tax for the year (see note 10b)	598	715	1,313	535	–	535

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	3,537	14,672	18,209	3,252	18,814	22,066
Tax at the UK corporation effective tax rate of 22% (2022: 19%)	778	3,228	4,006	617	3,575	4,192
Tax effect of non-taxable dividends	(1,057)	–	(1,057)	(841)	–	(841)
Gains on investments that are not taxable	–	(4,058)	(4,058)	–	(4,251)	(4,251)
Non taxable expenses not utilised in the year	279	582	861	224	468	692
Overseas tax suffered	598	–	598	535	–	535
Indian capital gains tax	–	715	715	–	–	–
Expenses not allowable	–	248	248	–	208	208
Total tax for the year (see note 10a)	598	715	1,313	535	–	535

c) Factors that may affect future tax charges:

The Company has an unrecognised deferred tax asset of £7,312,000 (2022: £6,334,000). The deferred tax asset is based on the current corporation tax rate of 25% (2022: 25%).

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.

The Company is liable to Indian capital gains tax under Section 115 AD of the Indian Income Tax Act 1961. A tax provision on Indian capital gains is calculated based on the long term (securities held more than one year) or short term (securities held less than one year) nature of the investments and the applicable tax rate at the year end. The current rates of short-term tax rates are 15% and the long term tax rates are 10% respectively. At the year ended 30 September 2023, the Company has a deferred tax liability of £254,000 (2022: £nil) on capital gains which may arise if Indian investments are sold.

Notes to the Financial Statements continued

For the year ended 30 September 2023

11 AMOUNTS RECOGNISED AS DISTRIBUTIONS TO ORDINARY SHAREHOLDERS IN THE YEAR

Dividends paid in the year ended 30 September 2023

Payment date	No of shares	Pence per share	Year ended 30 September 2023 £'000
28 February 2023	121,270,000	1.10p	1,334
31 August 2023	121,270,000	1.00p	1,213
			2,547

The revenue available for distribution by way of dividend for the year is £2,939,000 (2022: £2,717,000).

The total dividends payable in respect of the financial year ended 30 September 2023 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 2023 £'000
31 August 2023	121,270,000	1.00p	1,213
29 February 2024	121,270,000	1.20p	1,455
			2,668

Dividends paid in the year ended 30 September 2022

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

The total dividends payable in respect of the financial year ended 30 September 2022, 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 2022 £'000
31 August 2022	121,270,000	1.00p	1,213
28 February 2023	121,270,000	1.10p	1,334
			2,547

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.

12 EARNINGS PER ORDINARY SHARE

	Year ended 30 September 2023			Year ended 30 September 2022		
	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)	2,939	13,957	16,896	2,717	18,814	21,531
Weighted average Ordinary shares in issue during the year	121,270,000	121,270,000	121,270,000	121,270,000	121,270,000	121,270,000
Basic - Ordinary shares (pence)	2.42	11.51	13.93	2.24	15.51	17.75

As at 30 September 2023 there were no potentially dilutive shares in issue.

13 INVESTMENTS HELD AT FAIR VALUE

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

	30 September 2023 £'000	30 September 2022 £'000
Opening book cost	401,521	380,123
Opening investment holding gains	32,898	28,438
Opening fair value	434,419	408,561
Analysis of transactions made during the year		
Purchases at cost	506,254	477,549
Sales proceeds received	(501,992)	(474,676)
Gains on investments held at fair value	19,574	22,985
Closing fair value	458,255	434,419
Closing book cost	438,965	401,521
Closing investment holding gains	19,290	32,898
Closing fair value	458,255	434,419

The Company received £501,992,000 (2022: £474,676,000) from disposal of investments in the year. The book cost of these investments when they were purchased were £468,810,000 (2022: £456,152,000). 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 2023 £'000	30 September 2022 £'000
On acquisition	481	310
On disposal	257	224
	738	534

(b) Fair value hierarchy

	30 September 2023 £'000	30 September 2022 £'000
Level 1 assets	458,255	434,419
Valuation at the end of the year	458,255	434,419

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

Notes to the Financial Statements continued

For the year ended 30 September 2023

13 INVESTMENTS HELD AT FAIR VALUE continued

(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 2023 £'000	30 September 2022 £'000
Accrued income	472	205
VAT recoverable	10	8
Prepayments	23	20
	505	233

15 PAYABLES

	30 September 2023 £'000	30 September 2022 £'000
Purchases for future settlement	3,252	–
Accruals	729	470
	3,981	470

16 ZERO DIVIDEND PREFERENCE SHARES ('ZDP SHARES')

	30 September 2023 £'000	30 September 2022 £'000
At 1 October 2022	37,561	36,467
Capital growth of ZDP shares	1,126	1,094
At 30 September 2023	38,687	37,561

Further details on the ZDP shares are set out in the Additional Information on page 107.

17 CALLED UP SHARE CAPITAL

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

	30 September 2023 £'000	30 September 2022 £'000
Ordinary shares of nominal value 25p each:		
Opening balance of 121,270,000 (2022: 121,270,000)	30,317	30,317
Allotted, Called up and Fully paid: 121,270,000 (2022: 121,270,000) ordinary shares of 25p	30,317	30,317
2,879,256 (2022: 2,879,256) Ordinary shares, held in treasury	720	720
At 30 September 2023	31,037	31,037

No Ordinary shares were repurchased or issued during the year (2022: nil).

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

(ii) Subsidiary company (for information purposes)

	30 September 2023 £'000	30 September 2022 £'000
ZDP shares - Allotted, Called up and Fully paid:		
ZDP shares of nominal value 1p each:		
Opening balance of 32,128,437 ZDP shares (2022: 32,128,437)	32,128	32,128
Allotted, Called up and Fully paid: 32,128,437 (2022: 32,128,437) ZDP shares of 1p	32,128	32,128
At 30 September 2023	32,128	32,128

18 CAPITAL REDEMPTION RESERVE

	30 September 2023 £'000	30 September 2022 £'000
At 1 October 2022	6,575	6,575
At 30 September 2023	6,575	6,575

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

19 SHARE PREMIUM RESERVE

	30 September 2023 £'000	30 September 2022 £'000
At 1 October 2022	80,685	80,685
At 30 September 2023	80,685	80,685

This reserve is not distributable.

20 SPECIAL DISTRIBUTABLE RESERVE

	30 September 2023 £'000	30 September 2022 £'000
At 1 October 2022	3,672	3,672
At 30 September 2023	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.

Notes to the Financial Statements continued

For the year ended 30 September 2023

21 CAPITAL RESERVES

	30 September 2023 £'000	30 September 2022 £'000
At 1 October 2022	280,791	261,977
Net gains on disposal of investments	18,885	6,898
Valuation gains on investments held during the year	689	16,087
Exchange losses on currency balances	(1,130)	(610)
Overdraft interest allocated to capital	(35)	(2)
Research costs allocated to capital	(13)	(59)
Investment management fee allocated to capital	(2,598)	(2,406)
Indian capital gains tax	(715)	–
Capital contribution to ZDP entitlement	(211)	(201)
ZDP appropriation	(915)	(893)
At 30 September 2023	294,748	280,791

The balance on the capital reserve represents a profit of £19,033,000 (2022: £32,898,000) on investments held and a profit of £275,715,000 (2022: £247,893,000) 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 2023 £'000	30 September 2022 £'000
At 1 October 2022	2,073	1,782
Revenue profit	2,939	2,717
Interim dividends paid	(2,547)	(2,426)
At 30 September 2023	2,465	2,073

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 2023	30 September 2022
Net assets attributable to Ordinary shareholders (£'000)	419,182	404,833
Ordinary shares in issue at end of year	121,270,000	121,270,000
Net asset value per Ordinary share (pence)	345.66	333.83
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 2023 there were no potentially dilutive shares in issue.

(ii) Subsidiary company (for information purposes)

ZDP shares	30 September 2023	30 September 2022
Calculated entitlement of ZDP shareholders (£)	£38,686,917	£37,560,975
ZDP shares in issue at the end of the year	32,128,437	32,128,437
Net asset value per ZDP share (pence)	120.41	116.91

24 CASH AND CASH EQUIVALENTS

	30 September 2023 £'000	30 September 2022 £'000
Cash at bank	4,630	7,496
Bank overdraft	(2,014)	–
Company cash and cash equivalents	2,616	7,496
Cash held at subsidiary	50	50
Group cash and cash equivalents	2,666	7,546

25 TRANSACTIONS WITH THE INVESTMENT MANAGER 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 2023 were £3,248,000 (2022: £3,008,000) of which £537,000 (2022: £259,000) was outstanding at the year-end.

In addition, the total research cost in respect of the year ended 30 September 2023 was £16,000 (2022: £74,000). As at the year end, £nil (2022: £54,800) was outstanding. From 1 January 2023 all research costs are payable by Polar Capital. Refer to note 8 on page 86 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 £143,000 (2022: £136,000) to the Directors and the Remuneration Report including Directors’ shareholdings and movements within the year is set out on pages 62 and 63.

Refer to note 13(c) for details of the subsidiary undertaking.

26 DERIVATIVES AND OTHER 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 32. 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.

Notes to the Financial Statements continued

For the year ended 30 September 2023

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

RISK MANAGEMENT POLICIES AND PROCEDURES FOR THE GROUP AND COMPANY continued

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 23. 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 (2022: 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 subsector. 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:

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Non-current asset investments at fair value through profit or loss	458,255	434,419
	458,255	434,419

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% (2022: 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.

	30 September 2023		30 September 2022	
	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	(102)	102	(97)	97
Capital return	68,326	(68,326)	64,772	(64,772)
Change to the profit after tax for the year	68,224	(68,224)	64,675	(64,675)
Change to equity attributable to shareholders	68,224	(68,224)	64,675	(64,675)

(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 2023 £'000	Year ended 30 September 2022 £'000
Monetary Assets:		
Cash and short term receivables		
Indian rupee	4,636	–
Japanese yen	415	172
Swiss francs	465	460
Euros	114	241
Danish krone	100	101
US dollars	47	129
Monetary Liabilities:		
Other payables		
US dollars	(3,634)	–
Swiss francs	(466)	–
Indian rupee	(254)	–
Danish krone	(126)	–
Euros	(105)	–
Foreign currency exposure on net monetary items	1,192	1,103
Non-Monetary Items:		
Investments at fair value through profit or loss that are equities		
US dollars	280,907	295,559
Danish krone	34,858	17,635
Japanese yen	31,949	27,564
Euros	29,177	32,964
Swiss francs	24,755	26,130
Swedish krona	11,671	11,758
Indian rupee	3,562	–
Total net foreign currency exposure	418,071	412,713

Notes to the Financial Statements continued

For the year ended 30 September 2023

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(a) Market Risk continued

Foreign currency exposure continued

During the financial year, movements against sterling in the five major currencies in foreign currency exposure were:

- US dollar depreciated by 9.3% (2022: appreciated by 17.2%),
- Danish krone depreciated by 1.5% (2022: appreciated by 2.0%),
- Japanese yen depreciated by 12.7% (2022: depreciated by 7.4%).
- Euro depreciated by 1.2% (2022: appreciated by 2.1%),
- Swiss franc depreciated by 1.6% (2022: appreciated by 12.7%),

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, £/Japanese yen, £/Danish krone, £/Swiss francs and £/Australian dollar.

Based on the year end position, if sterling had depreciated by a further 20% (2022: 20%) against the currencies shown, this would have the following effect:

	Year ended 30 September 2023 £'000				
	US dollars	Euro	Japanese yen	Swiss francs	Danish krone
Statement of Comprehensive Income - profit after tax					
Revenue return	12	29	104	116	25
Capital return	69,319	7,268	7,987	6,072	8,683
Change to the profit after tax for the year and to equity attributable to shareholders	69,331	7,297	8,091	6,188	8,708

	Year ended 30 September 2022 £'000				
	US dollars	Euro	Japanese yen	Swiss francs	Danish krone
Statement of Comprehensive Income - profit after tax					
Revenue return	32	60	43	115	25
Capital return	73,890	8,241	6,891	6,533	4,409
Change to the profit after tax for the year and to equity attributable to shareholders	73,922	8,301	6,934	6,648	4,434

Based on the year end position, if sterling had appreciated by a further 20% (2022: 20%) against the currencies shown, this would have the following effect:

	Year ended 30 September 2023 £'000				
	US dollars	Euro	Japanese yen	Swiss francs	Danish krone
Statement of Comprehensive Income - profit after tax					
Revenue return	(8)	(19)	(69)	(78)	(17)
Capital return	(46,212)	(4,845)	(5,325)	(4,049)	(5,789)
Change to the profit after tax for the year and to equity attributable to shareholders	(46,220)	(4,864)	(5,394)	(4,127)	(5,806)

	Year ended 30 September 2022				
	£'000				
	US dollars	Euro	Japanese yen	Swiss francs	Danish krone
Statement of Comprehensive Income - profit after tax					
Revenue return	(22)	(40)	(29)	(77)	(17)
Capital return	(49,260)	(5,494)	(4,594)	(4,355)	(2,939)
Change to the profit after tax for the year and to equity attributable to shareholders	(49,282)	(5,534)	(4,623)	(4,432)	(2,956)

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.

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:

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Cash at bank	4,630	7,496
Cash held at subsidiary	50	50
Bank overdraft	(2,014)	–
	2,666	7,546

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.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 150 (2022: 150) basis points in interest rates in regard to the Company's monetary financial assets, which are subject to interest rate risk. This level of change is considered to be reasonably possible based on observation of current market conditions.

Notes to the Financial Statements continued

For the year ended 30 September 2023

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(a) Market Risk continued

Interest rate sensitivity continued

The sensitivity analysis is based on the Company's monetary financial instruments held at each balance sheet date, with all other variables held constant.

	30 September 2023		30 September 2022	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Statement of Comprehensive Income - profit after tax				
Revenue return	64	(64)	113	(113)
Capital return	(24)	24	–	–
Change to the profit after tax for the year	40	(40)	113	(113)
Change to equity attributable to shareholders	40	(40)	113	(113)

In the opinion of the Directors, the above sensitivity analysis may not be representative of the year as a whole, since the level of exposure may change.

(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 2023 £'000	30 September 2022 £'000
3 months or less:		
Other creditors and accruals	3,981	470
Bank overdraft	2,014	–
3 to 12 months:		
ZDP's entitlement	38,687	–
More than 12 months:		
ZDP's entitlement	–	37,561
	44,682	38,031

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 2023 was £5,152,000 (2022: £7,751,000) comprising:

	30 September 2023 £'000	30 September 2022 £'000
Accrued Income	472	205
Cash at bank	4,680	7,546
	5,152	7,751

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.

(d) Capital Management Policies and Procedures

The Group and Company's capital, or equity, is represented by its net assets which amounted to £419,182,000 as at 30 September 2023 (2022: £404,833,000), which are managed to achieve the Group's and Company's investment objective set out on page 32.

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 the 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.



Shareholder Information

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:

NAV Total Return

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 2023	Year ended 30 September 2022
Opening NAV per share	a	333.83p	318.07p
Closing NAV per share	b	345.66p	333.83p
Dividend reinvestment factor	c	1.006471	1.006090
Adjusted closing NAV per share	d = b*c	347.90p	335.86p
NAV total return for the year	(d / a)-1	4.21%	5.59%

NAV Total Return Since Restructuring

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 2023	Year ended 30 September 2022
NAV per share at reconstruction	a	215.85p	215.85p
Closing NAV per share	b	345.66p	333.83p
Dividend reinvestment factor	c	1.046341	1.039646
Adjusted closing NAV per share	d = b*c	361.68p	347.07p
NAV total return since reconstruction	(d / a)-1	67.56%	60.79%

Share Price Total Return

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 2023	Year ended 30 September 2022
Opening share price	a	315.00p	288.00p
Closing share price	b	319.00p	315.00p
Dividend reinvestment factor	c	1.006418	1.006720
Adjusted closing share price	d = b*c	321.05p	317.12p
Share price total return for the year	(d / a)-1	1.92%	10.11%

(Discount)/Premium

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.

		30 September 2023	30 September 2022
Closing share price	a	319.00p	315.00p
Closing NAV per share	b	345.66p	333.83p
Discount per Ordinary share	(a / b)-1	(7.71%)	(5.64%)

Alternative Performance Measures (APMs) continued

Ongoing Charges

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 2023	Year ended 30 September 2022
Investment Management (Note 7)		£3,248,000	£3,008,000
Other Administrative Expenses (Note 8)		£725,000	£658,000
	a	£3,973,000	£3,666,000
Average daily net asset value	b	£459,212,414	£433,884,000
Ongoing Charges	a / b x 100	0.87%	0.84%
Performance fee (Note 7)	c	–	–
	d = a+c	£3,973,000	£3,666,000
Ongoing charges including performance fee	d / b x 100	0.87%	0.84%

Net Gearing

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.

		30 September 2023	30 September 2022
Net assets	a	£419,182,000	£404,833,000
ZDP loan value (Note 16)	b	£38,687,000	£37,561,000
Total assets	c = (a+b)	£457,869,000	£442,394,000
Cash and cash equivalents (including amounts awaiting settlement)	d	(£586,000)	£7,546,000
Net gearing	(c-d)/a - 1	9.37%	7.41%

Glossary of Terms

AAF Report	A report prepared in accordance with the Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales. Utilised within the review of internal controls.
Administrator	The Company's Administrator is HSBC Securities Services (HSS) who are contracted through Polar Capital LLP to provide accounting and administrative services under the terms of the Investment Management Agreement ("IMA").
AGM	Annual General Meeting – a meeting required to be held in accordance with the Companies Act 2006, within six months of the Company's financial year end. The AGM of the Company, to be held at 2.30pm on Thursday, 8 February 2024 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.
AIF	Alternative Investment Fund – the Company is an investment trust which is a collective investment undertaking which raises capital from a number of investors (in the case of the Company, by selling shares in the open market on the London Stock Exchange) with a view to investing the capital in accordance with the investment policy (see page 32).
AIFM	Alternative Investment Fund Manager, a body appointed in accordance with the AIFMD (see below). Polar Capital LLP is the appointed AIFM to the Company.
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 UK and European Union, must appoint a Depositary and an Alternative Investment Fund Manager ('AIFM').
Benchmark	The Benchmark is the MSCI ACWI/Healthcare Index (total return in sterling with dividends reinvested).
Closed-ended Investment Company	An Investment Company whose shares are traded in the open market, e.g., on the London Stock Exchange.
Custodian	HSBC Bank plc is the Custodian of the Company's assets. The Custodian is a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.
Depositary	The Company's Depositary is also HSBC Bank plc. Under AIFMD (see above) 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 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.
Discount/premium	See Alternative Performance Measure (APM) on page 101.

Glossary of Terms continued

Earnings per Share ("EPS")	A company's profitability expressed on a per share basis and calculated by dividing the company's annual earnings after tax by the weighted average number of shares in issue.
ESEF	European Single Electronic Format (ESEF) is the requirement whereby reports are prepared and filed in XHTML format. The requirement applied with effect from 1 January 2021 to all issuers in UK (or EU) regulated markets. In addition, for issuers preparing consolidated annual accounts in accordance with IFRS, the XHTML file requires tagging under the IFRS taxonomy.
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 Financial Reporting Standards (IFRS) are accounting standards which are developed by the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The IASB sets IFRS Accounting Standards and the ISSB sets IFRS Sustainability Disclosure Standards.
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 Mr James Douglas together 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 Strategic Report and 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.
Market capitalisation	Also sometimes referred to as 'market cap', this is a measure which describes the size of a Company or an Investment Trust. It is calculated by multiplying the number of shares in issue by the price of the shares.
Net Asset Value (NAV)	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 value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'Shareholders' funds' per share. 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. The NAV per ordinary share is published daily.
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.
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 (SORP) for investment trust is issued by the AIC and it provides recommendations on financial reporting that supplement official accounting standards. The financial statements of the Company are prepared in accordance with the Investment Trust SORP.
Treasury shares	Treasury shares are the Company's own shares that have been bought back from shareholders and not cancelled but held in Treasury. Such shares may be reissued into the market at a premium to NAV. Treasury shares do not attract the right to receive dividends or have any other voting rights.
UK-adopted IAS	The international accounting standards adopted by the UK Endorsement Board after delegation of adoption powers. These include International Accounting Standards (IAS), IFRS and related interpretations, subsequent amendments to those standards and related interpretations, issued or adopted by the IASB.
ZDP	Zero Dividend Preference 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.

Corporate Information - AGM

2024 Annual General Meeting ("AGM")

The Company's AGM will be held at 2:30pm on Thursday 8 February 2024 at 16 Palace Street, London, SW1E 5JD.

Further information including the full text of the resolutions to be proposed at the AGM and an explanation of each resolution is contained in the Notice of AGM which has been posted to shareholders and is available on the Company's website.

Shareholders will have the option to ask questions at the meeting but are also 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**. We will endeavour to answer relevant questions at the meeting or on the Company's website as appropriate.

For ease of reference and understanding a brief explanation of the resolutions.

Resolution 1 relates to the statutory requirement of every company to lay before shareholders the Annual Report and Financial Statements, i.e. this document in full. The Annual Report has been prepared and approved by the Board of Directors and audited by the externally appointed auditors. The document will be filed at Companies House once published to shareholders. The Annual Report sets out the Company's business strategy, governance structure and procedures as well as the financial accounts for the financial year under review.

Resolutions 2, in compliance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013 (the 'Regulations'), The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Listing Rules of the Financial Conduct Authority, the Company is required on a three-yearly basis to provide shareholders with the opportunity to vote on the Company's Directors' Remuneration Policy. In addition to this, on an annual basis, shareholders are presented with the Directors' Remuneration Implementation Report which looks back at the year under review and advises how the Remuneration Policy was applied. Shareholders last voted on the Remuneration Policy at the AGM in 2023 and the policy came into effect from 1 October 2023, the current policy will remain in force until 30 September 2026 unless amended during any earlier proposed reconstruction following the end of the fixed life. **Resolution 2** therefore, is the annual advisory vote of shareholders on the Remuneration Implementation Report. The Directors' Remuneration Report is presented on pages 60 to 64.

Resolutions 3 to 6 relate to the annual re-election of directors. In line with good corporate governance the tenure policy of directors is 9-years, with the exception of the Board's

Chair tenure policy which allows the Chair to remain in role for up to 12-years in certain circumstances. It is recommended that directors stand for re-election on an annual basis in order to give shareholders the opportunity to vote on each Director. Having undergone a Board Evaluation process, as described on page 49, the Directors have provided a rationale for their support for the reappointment of each director on pages 7 and 8 and within the Notice of AGM.

Resolutions 7 and 8 relate to the statutory appointment or reappointment of the Company's external auditors and the Directors' authority to determine their remuneration. Further information is provided in the Audit Committee Report on page 55.

Resolution 9 relates to the Company's dividend policy. Following the Company's reconstruction in 2017, which included a change to the Company's strategy from income and growth to growth alone, the adopted dividend policy has been and remains that dividends will be paid bi-annually in February and August.

Resolutions 10 to 12 relate to potential changes in the share capital. **Resolution 10** authorises the Directors to allot (i.e. sell) ordinary shares, whether these be newly created shares or shares held in the Company's treasury account which have been previously bought back in the market. Once allotted the shares are listed on the London Stock Exchange and have the same rights as any other ordinary shares of the Company.

Resolution 11 is proposed in connection with 10 and allows the Directors to allot the shares without pre-emption rights. Under the Companies Act, all shareholders have the right of pre-emption which means that the Company must offer existing shareholders an opportunity to buy the company's shares before they are offered to third parties; being a listed company with many shareholders, the Directors ask to disapply the pre-emption rights which means they are able to offer and allot the shares to specific shareholders or in specific ways to the market, noting that such allotments would be at a premium to the net asset value (NAV) per share and therefore accretive (i.e. positive) to overall shareholder value. While all shareholders can trade the ordinary shares of the Company on the open market there are times when a shareholder would like to acquire greater amounts of shares than are available in the market and might approach the Company through the corporate broker to obtain shares. In a similar but opposite scenario, **resolution 12** provides the Directors' the ability to buy back (i.e. purchase) shares of the Company in the market. Depending on the market environment, and various other factors, the shares of the Company may trade at a discount to NAV, when this is the case the Company may step in and buy back shares in an effort to reduce the discount. Each of these authorities require shareholder approval and are regular resolutions proposed to each AGM; each authority remains in place for 12 months or until the limits have been reached.

Corporate Information - Other

History, Structure and Fees

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.

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.

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 2023.

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.

Share Capital, Voting Rights and Transferability

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 (2022: 124,149,256 ordinary shares), of which 2,879,256 (2022: 2,879,256) were held in treasury by the Company. During the year to 30 September 2023, no new shares were issued from or bought back into treasury.

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.

Corporate Information - Other continued

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.

The Company is not aware of arrangements to restrict the votes or transferability of its shares.

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.

Capital Gains Tax

Information on Capital Gains Tax ('CGT') 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 sold and any other allowable deductions such as share dealing costs. The exercise of subscription shares into ordinary shares should not have given 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 above. 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).

Company Website

<http://www.polarcapitalglobalhealthcaretrust.co.uk>

The Investment Manager maintains a website on behalf of the Company 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 other sources including:

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

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 2023 is 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 2023 is available on the Company's website.

Share Price 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 cost, 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. 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.

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.

Investing

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

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.

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.

Investing Risks

Investors should be aware of the following risks when considering investing in the shares of Polar Capital Global Healthcare Trust plc:

Past performance is not a guide to future performance.

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.

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.

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.

If you are investing through a savings plan, ISA or other investment arrangement it is important that you read the key features documents and understand the risks associated with investing in the shares of the Company. If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Tax rates and reliefs change from time to time and may affect the value of your investment.

Corporate Information - Other continued

For those investors who would like advice:

Private Client Stockbrokers – generally for investors with a large lump sum to invest, a private client stockbroker 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 – carry out the share transactions for their clients, they can do this directly but also via a growing number of platforms that offer investment trusts including AJ Bell, Interactive Investor, 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 and Hargreaves Lansdown.

As an investor holding shares through one of these platforms, you are entitled to attend and vote at company general meetings. For example, interactive investor allow you to vote your shares at no extra cost through your account and new customers are automatically signed up to the voting and information service, which enables you to receive shareholder materials and vote on decisions directly affecting your UK registered shareholdings.

Please visit the AIC's pages below for further information:

<https://www.theaic.co.uk/how-to-attend-an-AGM>

<https://www.theaic.co.uk/availability-on-platforms/how-to-vote-your-shares>

Share Dealing Services

The Company has also made arrangements with its share registrars, Equiniti Limited, for investors to buy and sell shares through the Shareview.co.uk service.

For telephone sales call 0345 603 7037 between 8.00am and 5.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday. For Internet sales log on to www.shareview.co.uk/dealing

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 this Annual Report 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.

Boiler Room Scams

Shareholders of 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 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

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

Mr. James Douglas
Mr. Gareth Powell

Company Secretary

Polar Capital Secretarial Services Limited

Represented by Tracey Lago, FCG

Depository, 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: +44 (0) 800 313 4922



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