POLAR CAPITAL GLOBAL HEALTHCARE TRUST PLC

(formerly Polar Capital Global Healthcare Growth and Income Trust plc)

Half Year Report

for the six months ended 31 March 2018

POLAR CAPITAL

POLAR CAPITAL GLOBAL HEALTHCARE TRUST PLC

Our objective is to generate capital growth by investing in a global portfolio of healthcare stocks across all four healthcare sub-sectors, being pharmaceuticals, biotechnology, medical technology and healthcare services.

The Company seeks to achieve this objective by investing in a diversified global portfolio consisting primarily of listed equities. While the portfolio comprises a single pool of investments diversified by factors such as geography, industry sub-sector and investment size, the Investment Manager will, for operational purposes, maintain a growth and an innovation portfolio.

Who We Are

The Group comprises the Company and the subsidiary undertaking PCGH ZDP Plc. The subsidiary was formed on 30 March 2017 as part of a reconstruction undertaken by the Company which included the change of the name of the Company on 20 June 2017 from Polar Capital Global Healthcare Growth and Income Trust plc.

Management

The Investment Manager is Polar Capital LLP and the Managers are Dr. Daniel Mahony, Mr. Gareth Powell and Dr. James Douglas. Polar Capital LLP is also the Alternative Investment Fund Manager for the purposes of AIFM Regulations.

Life

The Articles of Association of the Company require the Directors to put forward at the first Annual General Meeting to be held after 1 March 2025 a resolution to place the Company into voluntary liquidation.

Benchmark

The Benchmark is the MSCI ACWI/Healthcare Index (total return in Sterling with dividends reinvested).

Capital Structure

At 31 March 2018 the Company had in issue 122,470,000 ordinary shares of 25p each of which 1,679,256 are held in treasury (year end 30 September 2017: 122,750,000 ordinary shares of which 1,399,256 were held in treasury). During the six months ended 31 March 2018 the Company bought back 280,000 ordinary shares which were added to those held in treasury, no ordinary shares were issued.

Gearing

With the exception of structural gearing through the issue of Zero Dividend Preference (ZDP) shares the Company will not utilise borrowings for investment purposes. The Company may incur overdrafts or borrowings in an amount up to 10% of NAV for day to day administration, cash management and operational purposes. The Company will not normally hedge currency exposure but may do so exceptionally for the purposes of efficient portfolio management or when it is otherwise perceived to be in shareholders' interests.

FINANCIAL HIGHLIGHTS

For the six months ended 31 March 2018

Financial Highlights

	(Unaudited) As at 31 March 2018	(Audited) As at 30 September 2017	Change %
Total net assets (Group and Company)	£238,570,000	£250,129,000	(4.6%)
Net asset value per ordinary share	194.80p	203.77p	(4.4%)
Net asset value per ZDP share	102.34p	100.85p	1.5%
Price per ordinary share	183.00p	198.00p	(7.6%)
Price per ZDP share	105.00p	102.75p	2.2%
Discount of ordinary share price to the net asset value per ordinary share	-6.1%	-2.8%	–
Ordinary shares in issue	122,470,000	122,750,000	–
Ordinary shares held in treasury	1,679,256	1,399,256	–
ZDP shares in issue	32,128,437	32,128,437	–

Performance

	For the six months to 31 March 2018	For the year to 30 September 2017
Net asset value per ordinary share (total return) (note 1)	-3.91%	0.60%
Benchmark index – MSCI ACWI/Healthcare Index (total return, in Sterling, with dividends reinvested)	-4.11%	8.60%
Expenses – Ongoing charges (note 2)	1.07%	1.02%

	As at 31 March 2018	As at 30 September 2017
Net asset value per ordinary share (total return) since restructuring (note 3)	-9.30%	-5.60%
Benchmark index total return since restructuring	-7.47%	-3.51%

Dividends paid and declared in the period

	Pay Date	Amount	Record Date	Ex-Date	Declared date
The Company has paid the following dividend relating to the financial year ended 30 September 2017	28 February 2018	1.00p	2 February 2018	1 February 2018	20 December 2017
Total dividend paid for the year ended 30 September 2017	–	3.40p	–	–	–

Dividends for the current financial year ending 30 September 2018 will be paid in August 2018 and February 2019, the first of which shall be declared in July 2018.

All data sourced from Polar Capital LLP/HSBC

Note 1 – The total return NAV performance for the period is calculated by reinvesting the dividends in the assets of the Company from the relevant pay date.

Note 2 – Ongoing charges represent the total expenses of the fund, excluding finance costs, expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012. From 3 January 2018, the research cost borne by the Company is included in the ongoing charge calculation.

Note 3 – 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.

Investment Manager's Report

For the six months to 31 March 2018, the NAV (total return) for the Company fell by 3.9%, slightly less than the benchmark which declined by 4.1% over the same period. The appreciation of sterling against most other major currencies had an adverse impact on the value of the Company's portfolio. The majority of the Company's investments are denominated in U.S. dollars and the pound appreciated by 4.8% against the U.S. dollar during the reporting period.

The performance of global markets was quite volatile over the six months to the end of March with both economic and geopolitical factors playing a role in moving market sentiment. From an economic perspective, the most significant event during the reporting period was President Trump signing the Tax Cuts and Jobs Act into law in December. The reduction in the corporate tax rate led to a significant increase in earnings estimates for most companies in the United States during January and expectations that the U.S. economy is now positioned for a period of strong growth.

Over the last two months of the reporting period, geopolitical risks have begun to concern investors especially as events unfold in North Korea, the Middle East and Russia. In addition, the prospect of the U.S. economy over-heating creates the potential for inflationary pressure and the prospect of faster than expected interest rate rises. This has helped to dampen enthusiasm and investor risk appetite.

The healthcare sector has been a relative under-performer during the reporting period. With the prospect of a reflating economy, not just in the United States but globally, investors have been favouring more cyclical sectors. In addition, there continues to be uncertainty around U.S. health policy. The best performing healthcare sub-sectors have been healthcare equipment and healthcare facilities with pharmaceuticals and biotechnology significantly under-performing.

Commentary

A key concern for governments and health insurers around the world is how to manage the cost impact of an ageing population. On the one hand this creates potential demand for healthcare products and services, but on the other hand raises the spectre of government intervention and pricing pressure.

Over the last few months, investor concerns regarding the latter have prevailed – not least because of the uncertainty related to healthcare policy in the United States and, in particular, President Trump's comments about drug pricing. At the same time, with economic growth projected to accelerate, other parts of the market have looked more attractive. These factors have led to generalist investors reducing their exposure to healthcare and this leads us to believe that the sector is under-owned and under-appreciated.

We believe that investors are too focused on the negatives and are over-looking the growth opportunities within the healthcare sector. As a result, the healthcare sector looks cheap and is close to 30-year lows when compared to the broader market when evaluated on a relative price to earnings (P/E) ratio. Moreover, on an absolute basis, healthcare is slightly below its long-term average P/E.

On a historical basis, the global healthcare sector has delivered a superior earnings growth rate over the last ten years – growing at a compound annual growth rate of 7.0% compared to 4.4% per annum for the broader market over the same period. Moreover,

Citigroup estimates that the global healthcare sector will grow earnings at 10% per annum for the next two years.

In our view, the investment opportunities in healthcare arise from understanding the current dynamics of the industry and identifying those sub-sectors and companies with the best growth prospects over the long-term.

Structural change of the healthcare industry is our key investment thesis

While we recognise the perceived headwinds – that current government spending is unsustainable and healthcare systems are at breaking point – we think these issues could be the biggest catalysts for change.

As we have discussed previously, we believe that healthcare has already begun a period of major structural change with the industry finally being disrupted by information technology. Governments around the world realise that they need to look to the healthcare industry for new technologies and modes of delivery that can reduce costs and improve the efficiency of healthcare systems.

The ongoing disruption has two important implications for healthcare investors. We believe that many of the large, incumbent companies are now facing significant headwinds, competitive pressures or permanent changes in their core businesses. Unless these companies adapt or respond to the underlying changes they may find these issues difficult to address or circumvent – ploughing on with a "business as usual" mind-set is unlikely to be a successful long-term strategy.

At the same time, the companies who are able to adapt and exploit the opportunities of structural change may enjoy multi-year revenue and earnings growth – this is an opportunity for both large and small companies.

This is the basis of our investment thesis and is how we have constructed the portfolio to deliver on the Company's investment mandate that is now focused purely on growth.

M&A activity looks set to continue across the sector

M&A has always been an important element of strategy within healthcare – especially for large companies that have historically looked to acquire innovative products by acquiring smaller companies. However, the pace of M&A seems to be picking up in healthcare and this trend looks set to continue. While the need for innovation is one driver, especially in the pharmaceutical industry, we think companies are using M&A to effect strategies that enable them to adapt to structural change.

For example, in the medical device industry we have seen a trend for companies to use consolidation as a route to improving efficiency. In this way, companies can create economies of scale, broaden product portfolios, standardise products and processes, lower cost of goods, take market share and, most importantly, deliver cheaper solutions to their customers.

In general, most M&A transactions are strategically positioned to enhance the competitive position in a certain therapeutic or business area. However, we are now beginning to see transactions that simply build scale – to create a larger entity with more diversified cash flows or one that may have a stronger hand in any pricing negotiations.

Perhaps the best evidence of structural change, though, is some of the proposed vertical integration. In December one of America's largest pharmacy store chains, CVS Health, announced that it was acquiring Aetna, one of the largest US health insurance companies – a transaction that would have been unimaginable five years ago. CVS Health's CEO described the deal as a means to transform healthcare delivery (especially in primary care) and to make broader use of data and analytics to improve healthcare decision making. We see the potential for significant efficiency gains by delivering basic primary care in the pharmacy rather than in the physician's office. Telehealth companies such as Teladoc, one of the holdings in the innovation portfolio, could be major beneficiaries of this move.

We are also aware that some of the big technology players – such as Amazon, Apple, IBM and Google – are also evaluating opportunities in the healthcare industry. In January, Amazon announced a partnership with JP Morgan and Berkshire Hathaway with a plan for a new company focused on managing the healthcare costs for the three organisations. This caused weakness in the stocks of the "supply chain" companies (pharmacies, distributors and pharmacy benefit managers). Amazon has recently suggested that it is still evaluating whether it will enter the drug supply chain, suggesting that initial competition fears were overblown. However, we would not be surprised to see one of the large technology companies using M&A as a way of entering the healthcare sector.

Portfolio Review

The portfolio was restructured last June following shareholders' approval for a change in the investment mandate, which is now focussed on capital growth by investing in a diversified global portfolio of investments in healthcare companies with no restriction on sub-sector weighting.

Investment Manager's Report continued

The Company's portfolio comprises a single pool of investments but for operational purposes we have divided these investments into a growth portfolio and an innovation portfolio.

All investments in the growth portfolio have a market capitalisation greater than $5 billion at the time of investment. The majority of the Company's assets are allocated to the growth portfolio and it is expected to comprise investments in 25-30 large cap healthcare companies – at the end of the reporting period there were 26 investments in large cap healthcare companies in the portfolio.

The innovation portfolio provides exposure to healthcare companies with a market capitalisation less than $5 billion and is invested across a range of biotechnology, medical device, healthcare services and healthcare IT companies. At the end of the reporting period, the innovation portfolio comprised 22 company investments.

Following the restructuring, the Company's portfolio continues to have a heavy weighting towards large capitalisation companies but there has been a significant reduction in the weighting to pharmaceutical companies. The portfolio is now more diversified across the different healthcare sub-sectors. Compared to the benchmark, the portfolio is significantly underweight in pharmaceuticals and the largest overweight sub-sectors are life sciences tools, healthcare equipment and managed healthcare.

Growth portfolio

Our investment strategy for the growth portfolio has been to identify the large companies that we believe are adapting to or driving structural change within healthcare. Over the course of the reporting period, there has been a wide dispersion of returns between the different healthcare sub-sectors. Pharmaceutical and biotechnology stocks performed particularly poorly in the six months to the end of March. The best performing sub-sectors were healthcare equipment and healthcare facilities. However, even within sub-sectors, we are seeing quite high dispersion of returns – companies delivering strong growth have performed well and, in some cases, are trading at significant premiums to the peer group based on the price to earnings (P/E) ratio.

On an absolute basis, the most significant contributor was Aetna – one of the larger U.S. health insurance companies. At the beginning of December, CVS Health announced its plan to acquire Aetna which boosted the share price significantly. We have now sold the position from the portfolio. Managed care has performed strongly over the six months to the end of March and other positive contributors were Anthem and UnitedHealth. The other significant contributor was Varian Medical Systems. Varian is in the early stages of the launch of a new instrument, called Halcyon, for radiation oncology. The Halcyon system simplifies and enhances the processes behind image-guided radiotherapy – importantly it should improve clinical workflows, reduce treatment times and so improve efficiency by enabling a hospital to treat more patients. The company has announced better than expected order growth and the shares have responded positively with the potential for earnings upside driven by this new product cycle.

The largest negative contributors were Celgene, Bayer and Takeda. Celgene has underperformed significantly since September – the failure of a drug candidate for ulcerative colitis, for which we had low expectations, proved to be the catalyst for investors to question the long-term growth profile of Celgene. The company downgraded its long-term revenue outlook and is now under pressure to re-invigorate the growth story, either through M&A or from internal development. We have sold the stock at a loss and are waiting for further clarity on the company's strategy.

Bayer announced its intention to acquire Monsanto last year but the stock has been under pressure as there have been concerns regarding the approval of the deal by competition regulators around the world. Takeda had performed well over the course of calendar 2017 but the stock sold off towards the end of the reporting period on the announcement that it was considering, and subsequently made, a bid for Shire Pharmaceuticals. Investor concerns over the potential bid price and the amount of debt that would be required for such a deal led to a sharp decline in the shares in March.

Innovation portfolio

The innovation portfolio has been invested across a number of companies in different sub-sectors of healthcare. The performance of these smaller stocks is often driven in part by investor appetite for risk but also by stock-specific news-flow. These two factors can cause individual share price performance to be quite volatile.

The most significant absolute contributor to the portfolio over the reporting period was Nektar Therapeutics – the share price at the start of the reporting period was $24 and it had increased to $106 by the end of March. We added Nektar to the portfolio in October ahead of the presentation of early-stage clinical data from an immuno-oncology drug candidate, NKTR-214. NKTR-214 has been designed to stimulate a patient's own inflammatory T cells so that they can fight a tumour.

The early data looked very impressive and the company subsequently signed a significant licensing agreement with Bristol-Myers Squibb. We believed that the shares looked more than fully valued in late February and we have now sold the stock from the portfolio. Other positive contributors in the innovation portfolio were Wilson Therapeutics, a Swedish biotechnology company, and Teladoc, the leading telehealth provider in the United States.

The biggest detractors in the portfolio were Newron, Horizon Discovery and Oxford Immunotec. Newron is an Italian biotechnology company with a novel drug candidate for Rett's syndrome, a rare neurological disorder that affects young girls, as well as a drug candidate for chronic schizophrenia. However, with clinical data not expected until the end of the year the stock has "fallen off the radar"– we think the risk/reward looks attractive at this point. Horizon Discovery is a UK-based life sciences tools company that declined following the announcement of disappointing results and the departure of the CEO. We think there is long-term value in the company and have decided to hold the shares pending the arrival of a new CEO. Oxford Immunotec has been in the portfolio for the last three years – the company has reported disappointing results during the reporting period and the shares have fallen out of favour. We continue to have confidence in the management team and believe that the growth opportunities for the company are under-appreciated.

Outlook

We had expected last year's failed efforts by the Republican Party to repeal Obamacare to be a clearing event but the healthcare sector has remained out of favour with generalist investors. The political outlook in the US remains unpredictable, not least because of the prospect of intervention by President Trump's administration on certain aspects of drug pricing. The upcoming mid-term elections also create uncertainty about the balance of power in the U.S. Congress.

Within the large cap pharmaceutical sub-sector, and we include many of the large biotechnology companies in this group, we think it is important to focus on company fundamentals. While many of these companies have a lot of cash we struggle to identify many companies with strong underlying growth drivers. In many cases, legacy portfolios are either coming under pricing pressure from health insurers or are close to loss of patent exclusivity.

As a result, we expect to see further M&A over the course of the year with large companies looking to buy innovation. In addition, we would not be surprised to see another large pharmaceutical deal announced – Takeda's recommended offer for Shire, should it prove to be successful, may not be the largest deal announcement we see this year.

The healthcare sector, however, is more than just large drug companies. Within the biotechnology sector we continue to see a lot of cutting-edge innovation and note that a number of European companies currently have attractive risk/reward profiles for investors.

Our preferred sub-sectors are life sciences tools, healthcare equipment and managed healthcare. Our recent meetings with companies in the life sciences tools sector suggest that business is improving across all customer segments. This is a sub-sector that is more exposed to the cyclicality of the broader economy and an improving economic environment bodes well for revenue growth this year.

There is currently a strong new product cycle in healthcare equipment – a number of large companies are delivering strong top-line growth, and we see the potential for upgrades to earnings expectations. Within managed healthcare, concerns that a bad flu season would have a negative impact on results in the first quarter are beginning to dissipate. The revenue growth outlook remains positive for companies in this sub-sector while the use of technology improves their ability to manage costs and risks.

Despite the headwinds for the pharmaceutical industry, healthcare continues to be a growth sector. The sector looks undervalued, on a relative and absolute basis, and the ongoing structural change continues to create a number of opportunities across all sub-sectors of healthcare.

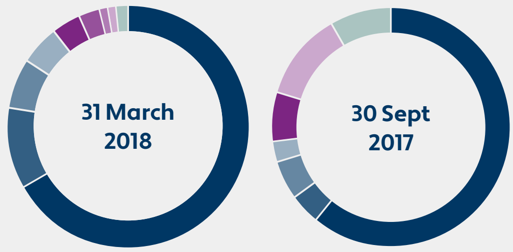
Daniel Mahony, Gareth Powell and James Douglas
29 May 2018

Portfolio Review

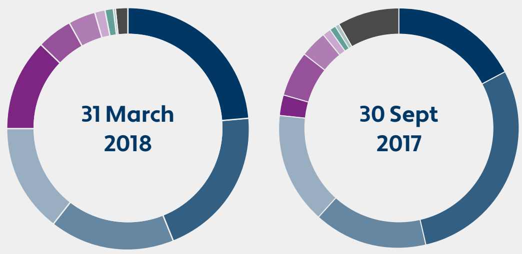
at 31 March 2018

(Figures in brackets denote the comparative ranking as at 30 September 2017)

			Market Value £'000		% of total net assets	
	Stock	**Country**	**31 March 2018**	**30 September 2017**	**31 March 2018**	**30 September 2017**
1 (2)	Novartis	Switzerland	14,954	14,040	6.3%	5.6%
2 (7)	UnitedHealth	United States	11,751	10,945	4.9%	4.4%
3 (16)	Abbott	United States	10,679	8,352	4.5%	3.3%
4 (11)	Danaher	United States	10,465	9,590	4.4%	3.8%
5 (6)	Becton Dickinson	United States	9,732	10,953	4.1%	4.4%
6 (10)	Fresenius Medical Care	Germany	9,610	9,626	4.0%	3.8%
7 (27)	Vertex Pharmaceuticals	United States	9,585	3,626	4.0%	1.4%
8 (12)	HCA	United States	8,985	9,490	3.8%	3.8%
9 (–)	AstraZeneca	United Kingdom	8,762	–	3.7%	–
10 (19)	Humana	United States	8,622	8,170	3.6%	3.2%
	Top 10 investments		**103,145**		**43.3%**	
11 (15)	Anthem	United States	8,616	8,772	3.6%	3.5%
12 (–)	Eli Lilly	United States	8,495	–	3.6%	–
13 (18)	Takeda Pharmaceutical	Japan	8,407	8,225	3.5%	3.3%
14 (–)	Bio-Rad Laboratories	United States	7,666	–	3.2%	–
15 (–)	Stryker	United States	7,399	–	3.1%	–
16 (17)	Biomarin Pharmaceutical	United States	6,933	8,322	2.9%	3.3%
17 (–)	Novo Nordisk	Denmark	6,788	–	2.8%	–
18 (22)	Centene	United States	6,662	7,213	2.8%	2.8%
19 (23)	PerkinElmer	United States	6,246	5,949	2.6%	2.4%
20 (–)	Alnylam Pharmaceuticals	United States	6,198	–	2.6%	–
	Top 20 investments		**176,555**		**74.0%**	
21 (–)	PRA Health Sciences	United States	5,558	–	2.3%	–
22 (25)	Consort Medical	United Kingdom	5,290	5,143	2.2%	2.1%
23 (–)	Agilent Technologies	United States	5,248	–	2.2%	–
24 (–)	Varian Medical Systems	United States	5,246	–	2.2%	–
25 (–)	Terumo	Japan	4,730	–	2.0%	–
26 (–)	Thermo Fisher Scientific	United States	3,827	–	1.6%	–
27 (–)	Exelixis	United States	3,029	–	1.3%	–
28 (40)	Teladoc	United States	2,295	988	1.0%	0.4%
29 (28)	HMS	United States	2,221	2,220	0.9%	0.9%
30 (37)	Quotient	United Kingdom	2,169	1,434	0.9%	0.6%
	Top 30 investments		**216,168**		**90.6%**	
31-50	20 other investments	–	26,516		11.1%	
	Total Investments		**242,684**		**101.7%**	
	Other Net Liabilities		(4,114)		(1.7%)	
	Total Net Assets		**238,570**		**100.0%**	



Geographical Exposure at	31 March 2018 %	30 Sept 2017 %
United States	69.2%	72.8%
United Kingdom	11.2%	5.1%
Switzerland	6.7%	6.3%
Japan	5.5%	3.3%
Gemrnay	4.0%	7.9%
Denmark	2.8%	–
Sweden	1.4%	–
Other	0.9%	14.3%
Other net liabilities	(1.7%)	(9.7)%
Total	**100.0%**	100.0%



Sector Exposure at	31 March 2018 %	30 Sept 2017 %
Healthcare Equipment	24.5%	20.7%
Pharmaceuticals	21.1%	35.0%
Biotechnology	17.1%	18.2%
Managed Healthcare	14.9%	17.8%
Life Sciences Tools & Services	12.6%	3.2%
Healthcare Services	5.0%	7.4%
Healthcare Facilities	3.8%	4.3%
Healthcare Supplies	1.5%	1.3%
Healthcare Technology	0.9%	0.9%
Education Services	0.3%	–
Life & Health Insurance	–	0.7%
Specialised Healthcare REITs	–	0.2%
Other net (liabilities)	(1.7%)	(9.7)%
Total	**100.0%**	100.0%

Market Cap at	31 March 2018	30 September 2017
Large (>US$5bn)	85.6%	98.0%
Medium (US$1bn – US$5bn)	4.9%	3.0%
Small (<US$1bn)	11.2%	8.7%
Other net liabilities	(1.7%)	(9.7%)
	100%	100.0%

Corporate Matters

The Board

In the period under review, John Aston and Antony Milford retired from the Board at the conclusion of the Annual General Meeting held on 28 February 2018. Neal Ransome and Lisa Arnold joined the Board with effect from 13 December 2017 and 1 February 2018 respectively.

Principal Risks and Uncertainties

The Directors consider that the principal risks and uncertainties faced by the Company for the remaining six months of the financial year, which could have a material impact on performance, remain consistent with those outlined in the Annual Report for the year ended 30 September 2017.

These principal risks can be summarised as business risks, including the investment decisions of the Investment Manager and the performance of the operational and accounting systems and processes provided by the Investment Manager, and market-related risks. Market-related risks encompass factors such as market volatility, stock pricing and liquidity risk, currency and interest rate risk, counterparty risk and differing economic cycles between different markets. The investment manager's report comments on the outlook for market-related risks, including the increased volatility in share prices and economic cycles and the unpredictable political situation in the US.

The Company's risk management framework is a structured process for identifying, assessing and managing the risks associated with the Company's business. The investment portfolio is diversified by holding stocks across all four healthcare sectors; pharmaceuticals, biotechnology, medical technology and healthcare services. The portfolio is further diversified by geographic location, industry sub-sector and investment size. The portfolio comprises a single pool of investments but for operational purposes the Investment Manager will maintain both a growth and an innovation portfolio.

Going Concern

The Board monitors the financial position of the Group and Company and confirms that there continues to be a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial results of the Group and Company.

Related Party Transactions

In accordance with DTR 4.2.8R there have been no new related party transactions during the six-month period to 31 March 2018 and therefore nothing to report on any material effect by such transactions on the financial position or performance of the Group or Company during that period.

There have therefore been no changes in any related party transaction described in the last Annual Report that could have a material effect on the financial position or performance of the Group or Company in the first six months of the current financial year or to the date of this report.

MiFID II

As detailed in the Chairman's Statement in the Annual Report 2017 we have been in discussions with Polar Capital, our Investment Manager, and have agreed a budget for research in line with the MiFID II regulatory reform which came into force from 3 January 2018. This reform aims to 'unbundle' commission payments in order that all trading is dealt at 'execution only rates'. Payments for research provided by brokers will therefore be transparent and are expected to reduce significantly.

Polar Capital Global Healthcare Trust plc is a specialist trust, competing in a global environment where a number of competitors are not subject to the MiFID II regime. External research is however of considerable value to the team and will continue to be utilised. By agreeing a mutual budget arrangement with Polar Capital, we believe we have achieved a fair and reasonable resolution to the cost of research.

We have agreed with Polar Capital that the Company will absorb the cost of specialist and bespoke research while Polar Capital will be responsible for the cost of written research otherwise termed 'Waterfront' research. We believe that this is a fair and equitable approach which will be monitored through the 2018 transitional year and will be considered again before the budget is re-set for 2019.

We have received confirmation from the Company's corporate adviser that contributing to the cost of research is not a new related party transaction and that no further approval stage is required.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Polar Capital Global Healthcare Trust plc, who are listed in the Shareholder Information Section, confirm to the best of their knowledge that:

- The condensed set of financial statements has been prepared in accordance with IAS34 as adopted by the European Union and gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2018 and the results for the six months ended 31 March 2018 as required by the Disclosure and Transparency Rules 4.2.4R;
- The Interim Management Report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R and 4.2.8R;

The half year financial report for the six-month period to 31 March 2018 has not been audited or reviewed by the Auditors. The half year financial report for the six-month period to 31 March 2018 was approved by the Board on 29 May 2018.

On behalf of the Board

James Robinson
Chairman

Statements of Comprehensive Income

For the half year ended 31 March 2018

		Group (Unaudited)			Company (Unaudited)			Group (Audited)		
		Half year ended 31 March 2018			Half year ended 31 March 2017			Year ended 30 September 2017		
	Notes	Revenue return £'000	Capital Return £'000	Total Return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue Return £'000	Capital return £'000	Total Return £'000
Investment income	2	1,938	103	2,041	3,311	813	4,124	5,796	813	6,609
Other operating income	2	208	–	208	1	–	1	3	–	3
(Losses)/gains on investments held at fair value		–	(9,381)	(9,381)	–	7,347	7,347	–	1,030	1,030
Other movements on written options			(204)	(204)	–	–	–	–	–	–
Other currency losses		–	(243)	(243)	–	(196)	(196)	–	(1,192)	(1,192)
Total income		2,146	(9,725)	(7,579)	3,312	7,964	11,276	5,799	651	6,450
Expenses										
Investment management fee		(235)	(942)	(1,177)	(199)	(798)	(997)	(428)	(1,713)	(2,141)
Other administrative expenses		(286)	(57)	(343)	(235)	–	(235)	(1,351)	–	(1,351)
Total expenses		(521)	(999)	(1,520)	(434)	(798)	(1,232)	(1,779)	(1,713)	(3,492)
Profit/(loss) before finance costs and tax		1,625	(10,724)	(9,099)	2,878	7,166	10,044	4,020	(1,062)	2,958
Finance costs		–	(483)	(483)	(1)	(2)	(3)	(1)	(277)	(278)
Profit/(loss) before tax		1,625	(11,207)	(9,582)	2,877	7,164	10,041	4,019	(1,339)	2,680
Tax		(217)	(3)	(220)	(372)	(7)	(379)	(709)	(7)	(716)
Net profit/(loss) for the period and total comprehensive income		1,408	(11,210)	(9,802)	2,505	7,157	9,662	3,310	(1,346)	1,964
Earnings/(losses) per ordinary share (basic) (pence)	3	1.15	(9.14)	(7.99)	2.08	5.94	8.02	2.74	(1.11)	1.63

The total column of this statement represents the Group and Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

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

Balance Sheets

For the half year ended 31 March 2018

		Group		Company		
		(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	Notes	31 March 2018 £'000	30 September 2017 £'000	31 March 2018 £'000	31 March 2017 £'000	30 September 2017 £'000
Non current assets						
Investments held at fair value		242,684	274,516	242,684	242,088	274,516
Investment in subsidiary		–	–	50	–	50
Current assets						
Receivables		504	8,967	504	1,540	8,967
Overseas tax recoverable		515	433	515	415	433
Cash and cash equivalents		30,545	856	30,495	11,912	806
		31,564	10,256	31,514	13,867	10,206
Total assets		274,248	284,772	274,248	255,955	284,772
Current liabilities						
Fair value of open derivative contracts		(284)	–	(284)	–	–
Payables		(2,488)	(2,218)	(2,488)	(249)	(2,218)
Bank overdraft		(25)	(25)	(25)	(27)	(25)
		(2,797)	(2,243)	(2,797)	(276)	(2,243)
Non current liabilities						
Zero dividend preference shares		(32,881)	(32,400)	–	–	–
Loan from subsidiary		–	–	(32,881)	–	(32,400)
Total liabilities		(35,678)	(34,643)	(35,678)	(276)	(34,643)
Net assets		238,570	250,129	238,570	255,679	250,129
Equity attributable to equity shareholders						
Called up share capital		31,037	31,037	31,037	30,663	31,037
Share premium reserve		80,685	80,685	80,685	28,916	80,685
Capital redemption reserve		6,575	6,575	6,575	–	6,575
Special distributable reserve		6,225	6,754	6,225	61,337	6,754
Capital reserves		111,544	122,754	111,544	131,257	122,754
Revenue reserve		2,504	2,324	2,504	3,506	2,324
Total equity		238,570	250,129	238,570	255,679	250,129
Net asset value per ordinary share (pence)	4	194.80	203.77	194.80	212.23	203.77
Net asset value per ZDP share (pence)	4	102.34	100.85	–	–	–

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The parent company's profit for the half year was £1,408k (31 March 2017: £2,505k and 30 September 2017: £3,310k).

Statement of Changes in Equity

For the half year ended 31 March 2018

	Group and Company Half year ended 31 March 2018 (Unaudited)						
	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 October 2017	31,037	6,575	80,685	6,754	122,754	2,324	250,129
Total comprehensive (expense)/income:							
(Loss)/profit for the half year ended 31 March 2018	–	–	–	–	(11,210)	1,408	(9,802)
Transactions with owners, recorded directly to equity:							
Cost of shares repurchased	–	–	–	(529)	–	–	(529)
Equity dividends paid	–	–	–	–	–	(1,228)	(1,228)
Total equity at 31 March 2018	31,037	6,575	80,685	6,225	111,544	2,504	238,570

	Company Half year ended 31 March 2017 (Unaudited)					
	Called up share capital £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 October 2016	30,663	28,916	61,337	124,100	2,809	247,825
Total comprehensive income:						
Profit for the half year ended 31 March 2017	–	–	–	7,157	2,505	9,662
Transactions with owners, recorded directly to equity:						
Equity dividends paid	–	–	–	–	(1,808)	(1,808)
Total equity at 31 March 2017	30,663	28,916	61,337	131,257	3,506	255,679

	Group and Company Year ended 30 September 2017 (Audited)						
	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 October 2016	30,663	–	28,916	61,337	124,100	2,809	247,825
Total comprehensive (expense)/income:							
(Loss)/profit for the year ended 30 September 2017	–		–	–	(1,346)	3,310	1,964
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares	6,949	–	51,769	1,229	–	–	59,947
Shares bought back from tender offer	(6,575)	6,575	–	(55,812)	–	–	(55,812)
Equity dividends paid	–	–	–	–	–	(3,795)	(3,795)
Total equity at 30 September 2017	31,037	6,575	80,685	6,754	122,754	2,324	250,129

Cash Flow Statement

For the half year ended 31 March 2018

	Group and Company (Unaudited) Half year ended 31 March 2018 £'000	Company (Unaudited) Half year ended 31 March 2017 £'000	Group and Company (Audited) Year ended 30 September 2017 £'000
Cash flows from operating activities			
(Loss)/profit before finance costs and tax	(9,099)	10,041	2,958
Adjustment for non-cash items:			
Losses/(gains) on investments held at fair value through profit or loss	9,381	(7,347)	(1,030)
Adjusted profit before tax	282	2,694	1,928
Adjustments for:			
Purchases of investments, including transaction costs	(147,923)	(37,453)	(226,076)
Sales of investments, including transaction costs	178,898	41,682	185,763
Movement of open derivative contracts	284	–	–
Decrease/(increase) in receivables	185	(77)	210
Increase in payables	24	10	62
Overseas tax deducted at source	(302)	(520)	(875)
Net cash generated from/(used in) operating activities	31,448	6,336	(38,988)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)	–	–	59,947
Proceeds from ZDP share issue*	–	–	32,128
Shares bought back from tender offer	–	–	(55,812)
Cost of shares repurchased	(529)	–	–
Interest paid	(2)	–	(6)
Equity dividends paid	(1,228)	(1,808)	(3,795)
Net cash (used in)/generated from financing activities	(1,759)	(1,808)	32,462
Net increase/(decrease) in cash and cash equivalents	29,689	4,528	(6,526)
Cash and cash equivalents at the beginning of the period	831	7,357	7,357
Cash and cash equivalents at the end of the period	30,520	11,885	831

* Within the Company accounts this balance represents proceeds from the loan from its subsidiary

Notes to the Financial Statements

For the half year ended 31 March 2018

1. GENERAL INFORMATION

The consolidated financial statements comprise the unaudited results of the Company and its wholly-owned subsidiary PCGH ZDP plc (together referred to as the Group) for the six-month period to 31 March 2018.

The Group and Company unaudited financial statements to 31 March 2018 have been prepared using the accounting policies used in the Group and Company's financial statements to 30 September 2017. These accounting policies are based on International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Accounting Standards Committee ("IASC"), as adopted by the European Union.

The financial information in this half year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The financial information for the periods ended 31 March 2018 and 31 March 2017 have not been audited. The figures and financial information for the year ended 30 September 2017 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 September 2017, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Group and Company's accounting policies have not varied from those described in the financial statements for the year ended 30 September 2017.

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

2. DIVIDENDS AND OTHER INCOME

	(Unaudited) For the half year ended 31 March 2018 £'000	(Unaudited) For the half year ended 31 March 2017 £'000	(Audited) For the year ended 30 September 2017 £'000
Investment income			
Revenue:			
Franked: listed investments			
Dividend income	274	540	750
Unfranked: listed investments			
Dividend income	1,664	2,771	5,046
Total investment income allocated to revenue	1,938	3,311	5,796
Capital:			
Special dividends allocated to capital	–	509	509
Dividends from REITs allocated to capital	103	304	304
Total investment income allocated to capital	103	813	813
Other operating income			
Option premium income	201	–	–
Bank interest	7	1	3
Total other operating income	208	1	3

3. EARNINGS/(LOSS) PER SHARE

	(Unaudited) For the half year ended 31 March 2018 £'000	(Unaudited) For the half year ended 31 March 2017 £'000	(Audited) For the year ended 30 September 2017 £'000
Net profit/(loss) for the period:			
Revenue	1,408	2,505	3,310
Capital	(11,210)	7,157	(1,346)
Total	(9,802)	9,662	1,964
Weighted average number of shares in issue during the period	122,602,712	120,475,000	120,996,259
Revenue	1.15p	2.08p	2.74p
Capital	(9.14)p	5.94p	(1.11)p
Total	(7.99)p	8.02p	1.63p

As at 31 March 2018 there were no potentially dilutive shares in issue (31 March 2017 and 30 September 2017: same).

4. NET ASSET VALUE PER SHARE

	(Unaudited) For the half year ended 31 March 2018 £'000	(Unaudited) For the half year ended 31 March 2017 £'000	(Audited) For the year ended 30 September 2017 £'000
(i) Ordinary shares			
Net assets attributable to ordinary shareholders (£'000)	238,570	255,679	250,129
Ordinary shares in issue at end of period	122,470,000	120,475,000	122,750,000
Net asset value per ordinary share (pence)	194.80	212.23	203.77

As at 31 March 2018 there were no potentially dilutive shares in issue (31 March 2017 and 30 September 2017: same).

(ii) ZDP shares			
Calculated entitlement of ZDP shareholders (£'000)	32,881	–	32,400
ZDP shares in issue at the end of the year	32,128,437	–	32,128,437
Net asset value per ZDP share (pence)	102.34	–	100.85

5. DIVIDENDS

The first interim dividend for the year ending 30 September 2018 will be declared in July 2018 and will be paid on 31 August 2018; it is anticipated that the second and final interim dividend for the year ending 30 September 2018 will be declared in or around December 2018 and will be paid on 28 February 2019.

6. RELATED PARTY TRANSACTIONS

There have been no related party transactions that have materially affected the financial position or the performance of the Company during the six-month period to 31 March 2018.

Shareholder Information Section

Directors and Contacts

Directors
James Robinson (Chairman)
Lisa Arnold
Anthony Brampton
Neal Ransome (Audit Chairman)

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

Portfolio Managers
Dr. Daniel Mahony, Mr. Gareth Powell, Dr. James Douglas

Secretary
Polar Capital Secretarial Services Limited represented by Tracey Lago, ACIS

Registered Office and address for contacting the Directors
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020 7227 2700

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

Company Website
www.polarcapitalhealthcaretrust.co.uk

Forward Looking Statements

Certain statements included in this half-year financial report incorporating the interim management report contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Strategic Report section on pages 22 to 31 of the Annual Report for the year ended 30 September 2017. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Healthcare Trust plc or any other entity and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

Half Year Report

The Company has for the first time opted not to post half year reports to shareholders. Copies of the Stock Exchange Announcement and this web-only report are available from the Secretary at the Registered Office, 16 Palace Street, London SW1E 5JD and from the Company's website at www.polarcapitalhealthcaretrust.co.uk.

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