

Investment Objective

To invest in the global healthcare sector with the objective of achieving a high level of capital growth. In order to achieve its investment objective, the Company invests worldwide in a diversified portfolio of shares in pharmaceutical and biotechnology companies and related securities in the healthcare sector. It uses gearing, and derivative transactions to enhance returns and mitigate risk. Performance is measured against the MSCI World Health Care Index (net total return, sterling adjusted).



Portfolio Manager

Trevor Polischuk

Portfolio Manager

Sven H. Borho



OrbiMed
Healthcare Fund Management

Fast Facts

As at 31 August 2022

| | |
|---|---|
| AIC Sector | Biotechnology & Healthcare |
| Launch Date & appointment of Portfolio Manager | April 1995 |
| Annual Management Fee (payable by the Company): | 0.65% of net assets plus 0.30% of market cap. up to £150m; in the range £150m to £500m 0.2%; in the range £500m to £1bn 0.15%; in the range £1bn to £1.5bn 0.125%; over £1.5bn 0.075% plus £57,500. |
| Performance Fee | See Annual Report for details |
| Ongoing Charges Ratio (OCR)* | 0.9% |
| Continuation Vote | 2024 AGM and every 5 th AGM thereafter |
| Year / Half Year | 31 March / 30 September |
| Capital Structure | 64,857,753 shares 201,025 (treasury) |

*Calculated at the financial year end, includes management fees and all other operating expenses, and excludes performance fees.

Ten Largest Holdings as at 31 August 2022

| Name | Region | Sector | Total |
|----------------------------|---------------|----------------------------------|-------------|
| AstraZeneca | Europe | Pharmaceuticals | 5.4 |
| Bristol-Myers Squibb | North America | Pharmaceuticals | 4.5 |
| Healthcare M&A Target Swap | North America | Swap Baskets | 4.3 |
| Humana | North America | Health Care Providers & Services | 4.2 |
| UnitedHealth | North America | Health Care Providers & Services | 3.8 |
| Boston Scientific | North America | Health Care Equipment & Supplies | 3.7 |
| AbbVie | North America | Pharmaceuticals | 3.5 |
| BioMarin Pharmaceutical | North America | Biotechnology | 3.1 |
| Intuitive Surgical | North America | Health Care Equipment & Supplies | 3.1 |
| Pfizer | North America | Pharmaceuticals | 2.9 |
| Total | | | 38.5 |

Trust Characteristics

| | |
|--------------------------------|--|
| Number of Holdings | 76 |
| Net Assets (£m) | 2,324.1 |
| Market Capitalisation (£m) | 2,107.9 |
| Dividends | Provisional payment dates: January & July |
| Indicative Yield | 0.8% |
| Gearing | 3.5% |
| Leverage** | Gross 116.3% Commitment 112.8% |
| Share Price (p) | 3250.00 |
| NAV per share (p) (cum income) | 3583.33 |
| (Discount) / Premium | (9.3%) |
| Portfolio Turnover p.a. | 75.9% |
| Active Share*** | 68.0% |

Sector, Region & Asset Class*** Breakdown at 31 August 2022* (%)**

| | | | | | |
|---------------------------------|--------------|-------------------|--------------|-----------------|--------------|
| Pharmaceutical | 29.0 | North America | 67.7 | Listed Equities | 85.3 |
| Biotechnology | 21.5 | Europe | 13.6 | Unquoteds | 7.4 |
| Healthcare Providers / Services | 18.6 | China / Hong Kong | 12.9 | Equity Swaps | 7.3 |
| Healthcare Equipment / Supplies | 17.3 | Japan | 3.2 | Total | 100.0 |
| Life Sciences Tools & Services | 9.1 | India | 2.6 | | |
| Swap Baskets | 4.3 | Total | 100.0 | | |
| Variable Interest | 0.2 | | | | |
| Total | 100.0 | | | | |

*Calculation based on economic exposure and expressed as a % of the total economic exposure. This includes all derivatives as an economically equivalent position in the underlying holding.

**Geographical analysis based on country of primary listing.

***Unquoted securities will not exceed 10% of the portfolio at the time of acquisition.

Source: All portfolio information sourced from Frostrow Capital LLP. Analysis excludes cash and cash equivalents, including liquidity funds.

Discrete Performance – Calendar Years (%)

| Percentage Growth 12 Month Return | 2017 | 2018 | 2019 | 2020 | 2021 | YTD |
|-----------------------------------|------|------|------|------|------|------|
| NAV | 16.5 | -3.8 | 31.9 | 20.0 | -0.4 | -0.9 |
| Share Price | 20.7 | -5.0 | 32.3 | 19.9 | -2.6 | -9.3 |
| Index | 9.4 | 8.8 | 18.4 | 10.3 | 20.8 | 1.3 |

Standardised Discrete Performance (%)

| Percentage Growth 12 Month Return | Aug 17-Aug 18 | Aug 18-Aug 19 | Aug 19-Aug 20 | Aug 20-Aug 21 | Aug 21-Aug 22 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| NAV | 11.3 | -1.5 | 24.5 | 10.5 | -4.4 |
| Share Price | 12.2 | -3.3 | 25.3 | 11.0 | -13.3 |
| Index | 12.8 | 6.8 | 11.3 | 20.1 | 5.4 |

Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may receive back less than the original amount invested.

Source: NAV (total return; fully diluted) & share price (total return) – Morningstar. Benchmark - Bloomberg.

** The Board has set the maximum leverage limit for both the Gross and the Commitment basis at 140% of the Company's Net Asset Value.

*** Active Share is expressed as a percentage and shows the extent to which a fund's holdings and their weightings differ from those of the fund's benchmark index. A fund that closely tracks its index might have a low Active Share of less than 20% and be considered passive, while a fund with an Active Share of 60% or higher is generally considered to be actively managed.

Codes

| | |
|---|----------------------|
| Sedol | 0338530 |
| ISIN | GB0003385308 |
| Legal Entity Identifier (LEI) | 5493003YBCY4W1IMJU04 |
| Global Intermediary Identification Number (GIIN) | FIZWRN.99999.SL.826 |
| Bloomberg | WWH LN |
| EPIC | WWH |

Investment Policy

The healthcare sector is global and accessing this market as a UK investor can be difficult. The Company offers an opportunity to gain exposure to pharmaceutical, biotechnology and related companies in the healthcare sector on a global scale. The Company invests in large companies with market capitalisations of over U.S.\$10bn, smaller companies below that size, as well as unquoted companies. The portfolio ranges from large multinational pharmaceutical companies with multiple products to unquoted emerging biotechnology companies. The Company's investment policy allows gearing, through borrowing, of up to 20% of net assets and a net exposure to derivative investments (excluding swaps) of up to 5% of the portfolio. Equity swaps may also be used, counterparty exposure here is limited to 12% of the portfolio at the time of acquisition. Unquoted securities will not exceed 10% of the portfolio at the time of acquisition.

Return vs Volatility (5 Years Annualised) – Chart (%)



Commentary

In August, the NAV per share total return was 2.0%, the share price total return was -4.7% and the MSCI World Health Care Index was -1.6%, on a net total return, sterling adjusted basis.

Global equity markets continued their volatile ways again in August, with share prices rising in the first half of the month only to rapidly decline in the second half of the month, ending down over 400 basis points in the period (total return, sterling adjusted). This snapped some investor optimism over a new bull market trend.

Healthcare stocks also declined in the period, but individual sub-sector contribution was mixed, resulting in some outperformance for healthcare compared to broader markets. Of note was the continued reversal of share price declines for Emerging Biotechnology stocks, after a 16-month fall, advancing 8.0% in the month (as measured by the XBI, total return, sterling adjusted). The XBI has now risen nearly 40% since the June 2022 low, stemming primarily from an inflection of M&A activity in the space.

We are pleased to report – for the third consecutive month now – both positive absolute and relative returns for the Trust. The main driver was our cumulative exposure to biotechnology stocks, which averaged double-digit returns in August. The largest single contributor was Global Blood Therapeutics after Pfizer announced its intent to acquire the company for \$5.4 billion, representing a >100% premium to the unaffected share price. Other important sources of relative attribution included large cap pharmaceuticals (allocation), life science tools (stock picking), and medical technology (stock picking).

There were two detractors of import in the month. First, Horizon Therapeutics reported below-consensus quarterly sales and lowered full-year guidance for their blockbuster eye drug, Tepezza (teprotumumab). Visibility on future growth prospects for Tepezza has blurred, and we reduced exposure. Second, the share price for Sanofi gapped lower after rumors circulated through the investment community about the company's pending product liability for their previous marketing of over-the-counter heart burn medication, Zantac (ranitidine). We believe the sell-off to be excessive.

Looking ahead, once again our optimism for healthcare equities remains high. M&A activity in the biopharma space has clearly accelerated and remains elevated after three months of increased activity. Importantly, it is very evident that investors are taking fresh looks at the fundamentals of healthcare, especially in the therapeutics space as clinical catalysts are robust into the year end and are moving stocks accordingly. We do note that large cap pharmaceutical stocks have been recent laggards. This is due to a litany of things, including the passage of drug pricing reforms in the U.S., a rotation into biotechnology stocks, negative headlines on product liability, and a steep rise in interest rates. This choppiness may continue, and we remain strategically underweight this sub-sector.

Discount / Premium Control Mechanism

The Directors have adopted an active discount management policy through the use of share buybacks, with a view to limiting the discount to the cum income NAV per share at which the shares trade to no more than 6%. It should be noted, however, that it remains possible for the share price discount to the cum income NAV per share to be greater than 6% on any day. Shares bought back may be held in treasury for reissue at later dates at a premium to the prevailing cum income net asset value per share. Any shares left in treasury are cancelled around the time of the AGM. In order to help prevent the share price trading at a significant premium to the NAV per share, the Company has the ability to issue new shares at a 0.7% premium to the cum income NAV per share.

How to Contact Us

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Risk Warnings

This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Before investing in the Company, or any other investment product, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

Any return you receive depends on future market performance and is uncertain. The Company does not seek any protection from future market performance so you could lose some or all of your investment. For information on the principal risks the Company is exposed to please refer to the Company's Annual Report or Investor Disclosure Document available at www.worldwidewh.com.

Shares in the Company are bought and sold on the London Stock Exchange. The price you pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company. Usually, at any given time, the price you pay for a share will be higher than the price you could sell it.

The Company has increased its exposure to investments via the use of an overdraft facility and derivatives, and this could potentially magnify any losses or gains made by the Company. The Annual Report and Investor Disclosure Document, available on the Company's website, include further details on the use of, and exposure to, derivatives.

Important Information

Worldwide Healthcare Trust PLC (the Company) is a public limited company whose shares are premium listed on the London Stock Exchange (LSE) and is registered with HMRC as an investment trust.

The Company has an indeterminate life, although shareholders consider and vote on the continuation of the Company every five years (the next such vote will be held in 2024).

This financial promotion is issued by Frostrow Capital LLP which is authorised and regulated by the Financial Conduct Authority ("FCA").

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