Polar Capital Global Healthcare Trust plc

Half-Year Report for the six months ended 31 March 2021

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YOUR COMPANY AT A GLANCE

WHO WE ARE

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

INVESTMENT OBJECTIVE AND POLICY

The Objective of the Company 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 will seek to achieve its objective by investing in a diversified global portfolio consisting primarily of listed equities. The portfolio is diversified by geography, industry sub-sector and investment size. The investment policy is set out in full in the Strategic Report of the Annual Report for the year ended 30 September 2020.

MANAGEMENT STRUCTURE

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 manage the financial, risk and investment structure to enable delivery of the Investment Objective.

The Investment Manager is Polar Capital LLP ("Polar Capital") and, with effect from 1 August 2019, the appointed Co-Managers are Dr James Douglas and Mr Gareth Powell supported by the wider Polar Capital Healthcare Team. Polar Capital LLP is also the Alternative Investment Fund Manager for the purposes of AIFM Regulations.

BENCHMARK

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

LIFE

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

FINANCIAL HIGHLIGHTS

Performance	For the six months to 31 March 2021	For the year to 30 September 2020
Net asset value per ordinary share (total return) (note 1)	+3.57%	14.14%
Benchmark index MSCI ACWI/Healthcare Index (total return in £ sterling with dividends reinvested)	+1.02%	15.95%
Since restructuring on 20 June 2017		
Net asset value per ordinary share (total return) (note 2)	+32.03%	+27.48%
Benchmark index total return	+36.68%	+35.30%
Expenses		
Ongoing charges (note 3)	0.81%	1.01%

Financials	(Unaudited) As at 31 March 2021	(Audited) As at 30 September 2020	Change
Total net assets (Group and Company)	£335,466,000	£325,133,000	+3.2%
Net asset value per ordinary share	276.63p	268.11p	+3.2%
Net asset value per ZDP share	111.83p	110.20p	+1.5%
Price per ordinary share	242.00p	233.00p	+3.9%
Discount per ordinary share	12.5%	13.1%	
Price per ZDP share	112.50p	107.50p	+4.7%
Net gearing	2.87%	5.28%	
Ordinary shares in issue (excluding those held in treasury)	121,270,000	121,270,000	-
Ordinary shares held in treasury	2,879,256	2,879,256	-
ZDP shares in issue	32,128,437	32,128,437	-

Dividends paid and declared in the period:	Pay Date	Amount per Ordinary share	Record Date	Ex-Dividend Date	Declared date
The Company has paid the following dividend relating to the financial year ended 30 September 2020:	26 February 2021	1.00p	5 February 2021	4 February 2021	15 December 2020
Dividends for the current financial year ending 30 September 2021, if declared, will be paid in August 2021 and February 2022. *All data sourced from Polar Capital LLP/HSBC.*					

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

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

Note 3 Ongoing charges represents the total expenses of the Company, excluding finance costs, transaction costs, tax and non-recurring expenses 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 charges calculation.

CHAIR'S STATEMENT

On behalf of the Board, I am pleased to provide you with the Company's Half Year Report for the six-months to 31 March 2021.

PERFORMANCE

I am pleased to report that this has been a positive period for the Company. Over the period, net assets of the Group, which includes the subsidiary PCGH ZDP Plc, rose by 3.2% and the corresponding net asset value (NAV) per share (total return) by 3.57%. In the same period the Company's benchmark index (the MSCI AC World Daily Total Return Net Health Care Index in sterling with dividends reinvested) rose by 1.02%, resulting in an outperformance by the Company of 2.55%. Net gearing decreased to 2.87% from 5.28% at the start of the period.

We continue to believe healthcare provides very attractive growth opportunities for investors. Within the Investment Manager's Review, the team outline a reminder of the Company's investment strategy and provide some insight into the stocks held, along with the winners and losers over the six-month period. There is an update on the underlying themes that influence stock selection, and why the COVID-19 crisis has been a catalyst for positive change in the healthcare sector.

Healthcare is a diverse sector, and there can be a lot of newsflow, sometimes causing extreme volatility in share price movements. The Investment Manager's Review reminds us not to divorce valuation from growth prospects, so individual stock selection is still key. Towards the end of the period under review, there was a shift in the market away from the smaller, more speculative part of the healthcare universe. The Managers see this continuing and believe the Company is well positioned to benefit from such a move.

THE BOARD

There have been no changes to the membership of the Board in the six months to 31 March 2021 following the completion of the Board refreshment in December 2019. The directors' biographical details are available on the Company's website and are provided in the Annual Report.

As reported in our Annual Report for the year ended 30 September 2020, the Board continues to meet regularly utilising videoconferencing facilities as a result of COVID-19. We are hopeful that the Board will be able to meet in person once again later in the year when lockdown restrictions have been lifted.

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 IAS 34, in conformity with the requirements of the Companies Act 2006 and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 31 March 2021; and
- The Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

The half year financial report for the six-month period to 31 March 2021 has not been audited or reviewed by the Auditors. The half year financial report was approved by the Board on 11 May 2021.

On behalf of the Board

Lisa Arnold
Chair

INVESTMENT MANAGER'S REPORT

Executive summary

The first half of 2021 has been a period of positive performance for the Company, outperforming the benchmark (MSCI AC World Daily Total Return Net Health Care Index in sterling) by 2.55%. Importantly, with relative valuations attractive and absolute valuations supportive, the outlook for the healthcare sector remains compelling, offering growth opportunities regardless of the economic, political and regulatory landscape. Areas of particular excitement are the highly innovative biotechnology sub-sector and the managed healthcare and facilities sub-sectors, with the latter two investing in technologies designed to drive efficiencies. Life sciences tools and services continue to be an integral part of the healthcare ecosystem, with the COVID-19 crisis really shining a light on their undoubted value. It is worth noting that the pharmaceuticals sub-sector is also committed to R&D, and is successfully innovating, but is perhaps not in a position to offer the same growth opportunities as other areas of healthcare.

Reflecting on performance, stock selection was a key driver but we would also note that some of the growth themes highlighted in the 2020 annual report are becoming more and more evident. Innovation, the life-blood of the healthcare industry, appears to be gaining momentum plus there is clear evidence that companies are investing in products and services that are designed to disrupt the delivery of healthcare, whilst improving outcomes for patients. More importantly, perhaps, the COVID-19 crisis has been a significant catalyst for positive change with healthcare systems globally investing in critical care and preventative measures such as diagnostics, investments that provide a platform for sustained growth. After all, an ounce of prevention is worth a pound of cure.

Polar Capital Global Healthcare Trust; Structure and objectives

The objective of the Company is to generate long-term capital appreciation by investing in a globally diversified portfolio of healthcare companies, to include, but not limited to, pharmaceutical, biotechnology, medical device and healthcare services companies. Stock selection is central to the process, looking to identify companies where there is a disconnect between valuations and the near and medium-term growth drivers. Whilst the Company primarily focusses on leading healthcare companies with resilient, medium-term growth profiles, it also has the opportunity to invest in earlier-stage, more innovative and disruptive companies. Structural debt, in the form of Zero Dividend Preference shares with a repayment date of 19th June 2024, offers access to additional liquidity and the opportunity to enhance returns through gearing.

In terms of structure, the majority of the assets (calculated on a gross basis and referred to as the Growth Portfolio) will be invested in companies with a market capitalisation of more than US$5 billion at the time of investment, with the balance invested in companies with a market capitalisation of less than US$5 billion at the time of investment (a maximum of 20% of gross assets and referred to as the Innovation Portfolio). At the end of the reporting period, 34 investments were in the Growth Portfolio comprising 88.08% of net assets and 12 investments were in the Innovation Portfolio, comprising 14.64% of net assets.

Performance review

Over the six-month period to the end of March 2021, the healthcare sector, whilst producing a small positive return, lagged broader markets as the upturn in cyclical sectors accelerated following positive newsflow on COVID-19 vaccine development. The Company outperformed over the period versus its benchmark index, with further details provided below.

Performance – 30 September 2020 to 31 March 2021

From the 30th of September 2020 to the end of March 2021, the Company returned 3.57% versus 1.02% for the benchmark (MSCI AC World Daily Total Return Net Health Care Index in sterling). The outperformance was driven by stock selection, with positive effects across the market capitalisation spectrum, but particularly in large and mid-capitalisation stocks. Over the period, market price moves across the healthcare sector have been quite extreme. In the 4th quarter of 2020, small capitalisation healthcare, including biotech which would be regarded as the most speculative sub-sector, enjoyed a significant rally which is typical in the early phase following a recession when lower quality stocks tend to rally the most. Since the beginning of 2021, this exuberance has moderated and since early February, there has been significant weakness in small capitalisation healthcare, but better performance from higher quality large capitalisation companies. This benefitted the performance of the Company over the period under review.

From a geographical perspective, the US was the most positive region, mainly through stock selection, although the small overweight exposure was always a bonus. Japanese exposure was also a positive through both stock selection and asset allocation, with the latter being an underweight position on a relative basis. The main other notable impact over the period was the negative contribution from Europe with the overweight being a negative. The impact of gearing in terms of performance attribution was negligible over the six months. The level of gearing was steadily reduced over the period under review as concern over speculative activity in markets increased. Net gearing at the end of September 2020 was 5.3% and this was reduced to 2.9% by the end of March 2021.

In terms of sub-sectors, outperformance was split between allocation and stock selection. Most positive impact came from life sciences tools and services, healthcare equipment and pharmaceuticals with stock selection being the most significant driver for these sub-sectors. Negative contributors were biotech, healthcare services and managed care, with stock selection again being the main driver of relative performance.

Positive individual stocks over the period included Syneos Health, PRA Health Sciences, Align Technology, Chugai Pharmaceutical and adapthealth. Syneos Health and PRA Health Sciences are both clinical research organisations (CROs) which have benefitted from encouraging business trends over the last year and seen their share prices rise accordingly. PRA Health Sciences was further bolstered by the announcement of an offer to buy the company from ICON, another large CRO. Align Technology positively surprised with stronger growth than expected as the shift to clear aligners accelerated over the last two quarters. Chugai Pharmaceutical was purchased after a period of weakness and enjoyed a very strong rally which peaked following positive data for one of their drugs used to treat patients suffering with COVID-19. Lastly, adapthealth moved higher following positive financial results and the announcement of its intent to acquire another company as part of its consolidation strategy.

Negative stocks over the period were Exelixis, Quotient, Humana, Incyte and Vertex Pharmaceuticals. Exelixis and Incyte lagged due to concerns over the intellectual property protection for the companies' main products, and whether their respective pipelines were likely to generate new drugs of sufficient promise in future years. Quotient suffered due to the effects of another round of financing and development delays driven by the pandemic. Humana was weak on concerns that a successful COVID-19 vaccine roll-out would lead to improved consumer confidence in the healthcare system, putting upwards pressure on utilisation and medical costs. Lastly, Vertex Pharmaceuticals suffered due to a pipeline set-back which caused a significant pull-back in the stock.

Relative Contributors (%) – 30 September 2020 – 31 March 2021

Top 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attrib
Syneos Health	2.86	2.86	33.49	32.47	0.82
PRA Health Sciences	0.91	0.91	41.42	40.39	0.69
Align Technology	1.47	0.92	54.77	53.74	0.68
Chugai Pharmaceutical Co	1.23	0.78	-14.62	-15.65	0.64
AdaptHealth Corp	1.11	1.11	57.69	56.66	0.60
Avantor	2.66	2.46	20.35	19.32	0.56
Renalytix AI	0.54	0.54	121.18	120.15	0.54
Amerisourcebergen	2.44	2.21	13.97	12.95	0.46
Hill-Rom Holdings	2.53	2.53	23.77	22.75	0.42
Merck & Co	0.00	-2.90	-13.05	-14.08	0.42

Bottom 10	Average Stock Weight	Active Weight	Stock Return	Stock Return vs BM	Total Attrib
Exelixis	0.91	0.91	-13.56	-14.58	-0.53
Quotient	1.48	1.48	-33.02	-34.04	-0.52
Humana	2.38	1.59	-5.23	-6.26	-0.50
Incyte Corp	2.50	2.27	-15.27	-16.30	-0.50
Vertex Pharmaceuticals	0.68	-0.18	-26.12	-27.14	-0.47
Fresenius Medical Care AG & Co	1.95	1.71	-18.31	-19.34	-0.47
Swedish Orphan Biovitrum AB	1.08	1.08	-38.07	-39.10	-0.44
Medley	1.74	1.74	-21.72	-22.74	-0.41
AbbVie	0.00	-2.60	15.59	14.57	-0.40
Zealand Pharma A/S	1.33	1.33	-22.07	-23.10	-0.34

Source: Polar Capital as at 31 March 2021. Past performance is not indicative or a guarantee of future results.

Underlying investment themes are becoming more visible

Clearly we never divorce valuation or opportunity cost from our investment process, but we are focussed on six underlying investment themes that we believe will drive growth and returns over the medium term. Importantly, those investment themes should yield some exciting investment opportunities, some of which are really starting to accelerate. In no particular order, those underlying themes are;

- Healthcare Delivery Disruption
- Innovation
- Consolidation
- Emerging Markets
- Outsourcing
- Prevention

Healthcare Delivery Disruption

The disruption of delivery is critical given there is an acute need globally to generate greater efficiencies and deliver more healthcare to more people for less money. Investment in products and services that drive efficiencies has been evident for some time, but the COVID-19 crisis has brought a greater level of focus and has really accelerated momentum in certain areas. Telemedicine is a good example of a service that was steadily gaining traction but really inflected through 2020 as more and more consumers tried to gain access to healthcare services remotely. As an example of the growing importance of telemedicine, US-based healthcare services organisation, Cigna, recently announced its intention to acquire MDLive, one of the largest telehealth vendors in the US with expertise in the fields of behavioural care and dermatology.

Another part of the healthcare ecosystem that could see a permanent shift in trajectory is the use of Ambulatory Surgery Centres (ASCs) to perform surgeries that might traditionally have been performed in a hospital setting (often referred to as the "in-patient" setting). Cataract surgeries, endoscopies and colonoscopies have been performed in ASCs for some time, but there is a rational school of thought that argues that more and more procedures should be performed in settings that carry the potential benefits of same-day discharge, reduced costs and a narrowly focussed healthcare team.

We would also highlight home health as an area that should see considerable growth over the medium-term as the system looks to shift patient volumes to lower-cost and more convenient settings such as the home. It is interesting to note that in February, Brookdale Senior Living agreed to sell 80% of the equity in its hospice, home health and outpatient business to US hospital operator, HCA Holdings.

This is an intriguing investment by HCA in a business that operates 84 outpatient centres, 57 home health agencies and 22 hospices – all locations that could offer lower-cost settings to deliver care.

As at 31st March 2021, the portfolio has numerous examples of investments that are a direct play on the theme of delivery disruption. For example, Medley is a Japanese-based healthcare technology company that started out by disrupting healthcare recruitment to become the dominant on-line participant with approximately 30% market share. The management team then used the cash flows to fund a telehealth platform where they have become the most favoured local provider based on consumer preference. Japan has been slow to adopt digital health leading us to believe the opportunity ahead is significant. Philips, more traditionally associated with domestic appliances and light bulbs, is becoming a leader in diagnostics, imaging and connected care. And in a post-COVID-19 world there is expectation that healthcare systems globally will invest in analytics and digital technologies to drive cost-efficiencies that should allow for greater provision of healthcare services and improve operating efficiencies within hospitals. If correct, then Philips should be very well positioned to capitalise on this global mega-trend.

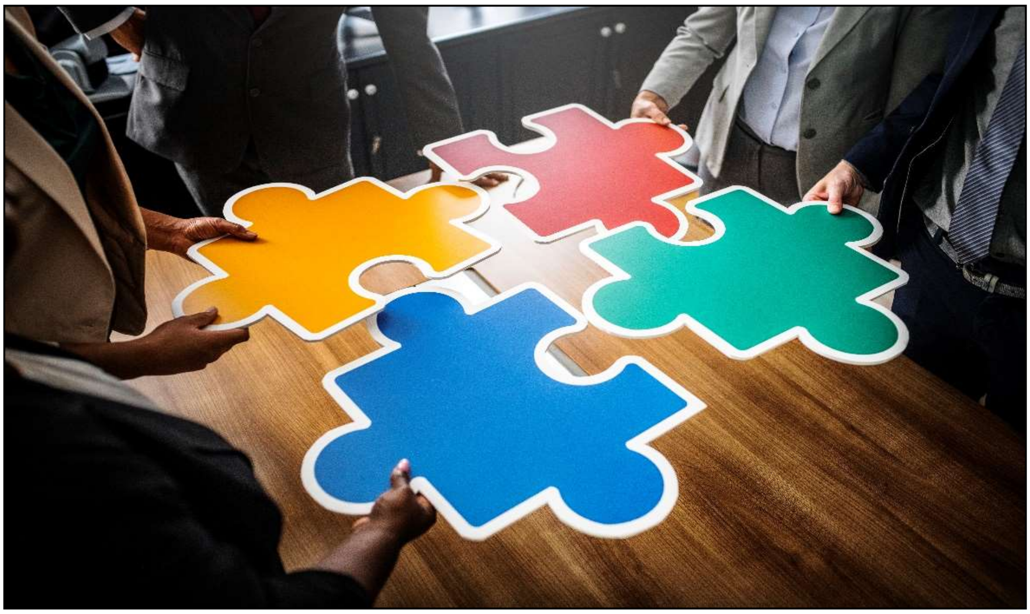
Innovation: The lifeblood of the healthcare industry

It is not too controversial to argue that the healthcare industry is highly innovative, with no better example than the remarkable development timetable of the novel mRNA-based COVID-19 vaccines. US-based Moderna received the genetic sequence of the novel coronavirus from the Chinese government on the 11th January 2020 and the first clinical batch of vaccine, referred to as mRNA-1273, was completed just 27 days later on the 7th February 2020. The first patient was dosed on the 16th March 2020, followed by the pivotal Phase III study which started on the 27th July 2020. With positive data released at the first interim analysis in November 2020, mRNA-1273 received emergency use authorisation on the 18th December 2020. With Pfizer/BioNTech following a not too dissimilar path, this is a hugely impressive example of innovation, resource mobilisation and coordination with the regulators to try to tackle a global healthcare crisis.

Whilst there has rightly been a great deal of focus on the ground-breaking progress made with COVID-19 vaccines in the last year, there remains very high levels of innovation across the broader healthcare industry. Alnylam, for example, is a company that uses a technology called RNA interference (RNAi) which is a natural process of gene silencing that regulates gene expression. “Silencing” genes that drive disease allows for highly targeted therapeutics in areas that hitherto have been untreatable. Progress has been made with rare genetic disorders but there is hope that the technology can also be used in more common diseases such as hypertension. The industry also continues to make progress in areas such as cell and gene therapy, with US-based Bristol Myers Squibb recently receiving FDA approvals for cell therapies that target cancers such as lymphoma and melanoma.

Consolidation: Likely to be an on-going theme

The healthcare industry is highly fragmented, but is generally characterised by companies with strong balance sheets and cashflows and will, therefore, likely continue to consolidate. Whilst predicting the precise timing and nature of the participants is impossible, it is perfectly reasonable to argue that companies will continue to look for external sources of growth and will also look to acquire potentially disruptive technologies. Already in 2021, we have witnessed a number of deals within the managed care organisations (MCOs), bio-pharmaceuticals and CRO spheres. Clearly highly speculative, but perhaps the rising interest rate environment, coupled with Joe Biden's desire to raise corporate taxes, could be a near-term catalyst for further consolidation as management teams look to maximise their returns.



Whilst not an exhaustive list, some of the activity during the reporting period that involved stocks in the portfolio included Philips' acquisition of Biotelemetry, United Healthcare's acquisition of Change Healthcare and ICON's acquisition of PRA Health Sciences. With an implied enterprise value of $2.8 billion, Biotelemetry is a leading US-based provider of remote cardiac diagnostics and monitoring. A strong fit with Philips' strategy to transform the delivery of healthcare, Biotelemetry is expected to deliver double-digit growth and improve its adjusted EBITA margin to over 20% by 2025. Prima facie, the acquisition looks like a financially and strategically sound use of Philips' capital. Also designed to generate efficiencies, US-based Change Healthcare provides data and analytics-driven solutions to improve clinical, financial, administrative and patient engagement outcomes. The ICON plus PRA Health Sciences deal is more of a horizontal integration but does highlight the attractiveness of clinical trial outsourcing. It is the outsourcing theme that was central to the decision to own PRA Health Sciences in the portfolio.

Emerging markets: An important source for growth

Emerging markets are an important source of growth for the healthcare industry, driven not just by generally ageing populations with greater financial resources, but by governments and regulators that are investing in infrastructure, opening their doors to best-in-class medicines and accelerating reimbursement processes. Crucially, however, sustained commercial success will only be enjoyed by those with differentiated assets and the infrastructure to capitalise on the volume uplift that comes with broadening access. The biopharmaceutical industry has an established footprint in emerging markets, but it is imperative that their products are differentiated, and that they have the reach to access volume upside when the inevitable prices concessions arise. In much the same vein, the medical device industry has exposure to fast-growing emerging markets but companies must remain committed to innovating and refreshing their portfolios, especially when governments go down the price-sensitive route of national tenders.

Last, and certainly not least, the life sciences tools and services sub-sector is very well positioned in emerging markets, especially in China where the government's latest Five-Year Plan has plenty to offer the industry. Programs prioritised by the government include disease prevention, diagnosis and treatment, a comprehensive reform of public hospitals and medical centres and increased support for science and technology innovation. All of which can feed in the capital equipment and consumable offerings of the life sciences tools and services sub-sector.

Outsourcing: A durable trend

Outsourcing is a high-growth area with strong fundamentals as corporates look to scale back on non-core activities such as running clinical trials and manufacturing. Rationalising costs is a key driver but there are also obvious benefits of going to a "one-stop-shop" that can provide a simple and efficient solution to your drug development or manufacturing needs. It is not just human capital and expertise but also technology and data sources that can yield much-needed efficiencies in the drug development process. The CROs are enjoying a healthy market backdrop, with well-capitalised biotechnology companies looking to develop their assets as quickly and as efficiently as possible.

It is our view that ICON's decision to acquire PRA Health Sciences on the 26th February 2021 and Thermo Fisher Scientific's decision to acquire PPD on the 15th April 2021 are clear signals that the growth runway is not only highly attractive but also durable. Contract Development and Manufacturing Organisations (CDMOs) like Catalent and Lonza have also shown their undoubted value during the COVID-19 crisis, working closely with the vaccine companies to manufacture hundreds of millions of doses in a timely manner.

The portfolio's exposure to the outsourcing theme can be found with CRO Syneos Health and with CDMO AptarGroup. Syneos Health's vision is to "shorten the distance from lab to life" as they look not just to accelerate clinical trials but also to collect real-world data and offer commercial solutions to clients. AptarGroup generates roughly two-thirds of its profits from its pharmaceuticals division with expertise in inhalers, elastomers and dispensing systems. With the balance of profits coming from beauty & home and from food & beverage, we believe the equity story should benefit not just from the attractive, high single-digit growth out of the pharmaceuticals division but also from a post-COVID-19 recovery in the other two divisions.

Prevention: The cornerstone of public health systems

Effective prevention is the cornerstone of public health systems, not just vaccinations but early and accurate diagnoses to set patients on to optimal treatment pathways. The COVID-19 crisis has offered a timely reminder of the value of safe and effective vaccines, but also the need for effective diagnostics infrastructure. Early intervention coupled with effective disease management should drive better outcomes for patients and, ultimately, generate much-needed cost savings. Genetic testing to help greater understanding of underlying disease biology will only accelerate from here, as will the use of biomarkers to enhance therapeutic accuracy and reduce waste.

Preventative medicine and preventative measures come in a very wide range of guises, but we feel it appropriate to focus on diagnostics and vaccines. In a post-COVID-19 world there is hope that the much-needed investment in diagnostics infrastructure will be put to good use as testing menus expand. As such, companies like Siemens Healthineers and Philips should be well-positioned to capitalise. Definitive diagnosis, coupled with guided therapies, are foundational to precision medicine with the goal of driving better outcomes for patients. Safe and effective vaccines will also continue to be a critical part of the healthcare eco-system, with French pharmaceuticals giant Sanofi one of the world's leading vaccine manufacturers. Sanofi manufactures not just seasonal vaccines like influenza, but also travel and paediatric vaccines.

US political environment supportive, with drug-pricing the biggest wrinkle

Late in March President Joe Biden released an outline for Part I of his multi-US$ trillion stimulus package, a package that still needs to navigate through a split Congress. Part I, pegged at US$2.25 trillion, focusses on transportation, renewable energy, manufacturing and efforts to combat climate change. To cover the costs of the 8-year proposal, President Biden wants to raise corporate taxes to 28% from 21% plus the plan also seeks a minimum tax on profits that US corporations earn overseas, increasing the rate to 21% from roughly 13%.

With regards to healthcare, President Biden also proposed a US$400 billion plan designed to significantly bolster Medicaid coverage of long-term care outside of institutional settings. The funds would go towards providing wider access to home and community-based services, while also bolstering the largely underpaid frontline caregiving workforce. To be clear, the proposed increase in funding resides within Medicaid (an assistance program for low-income US citizens) and will have a limited near term impact on traditional home health companies given the majority of their revenues come from Medicare (an insurance program that serves the over 65s). However, the proposal itself is a clear signal of intent in terms of expanding access to home-based care, one of our key investment themes.

Part II of the stimulus package could be more meaningful for the healthcare industry with many stakeholders expecting drug pricing reform. There is a school of thought that the package will include proposed legislation akin to the Democrat-sponsored HR3 Bill. As a reminder, the HR3 Bill contains quite draconian measures such as direct drug price negotiations, price controls and international reference pricing for Government programs and commercial markets. The US Congressional Budget Office estimates that HR3 could generate US$456 billion in savings over 10 years, equivalent to c13% of US prescription drug spending on an annual basis. The chances of the Bill passing through the Senate, however, are low given the Democrats thin majority (assuming Vice-President Kamala Harris' casting vote) and the influence of conservative-leaning Democrats. Instead, we believe that a more moderate bill is likely to pass through Congress, a proposal that might include capping patient out-of-pocket expenses for US seniors and putting inflationary price caps on drugs.

With drug pricing and the affordability of healthcare likely to occupy near-term headlines, we feel it prudent to highlight the potential risks which are heightened further for those biotechnology and pharmaceutical companies with portfolios that lack differentiation and do not address high unmet medical needs. Importantly, however, we are reminded of healthcare's diverse opportunity set: a characteristic that we believe adds to the sector's appeal.

Strategy and positioning

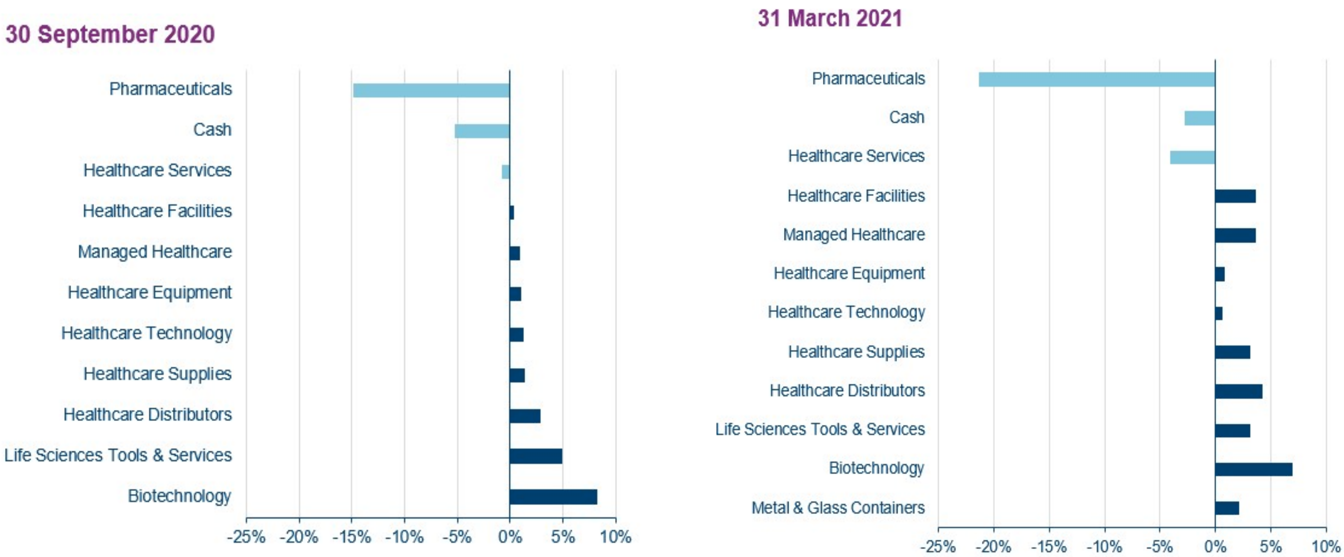
As a reminder, the objective of the Company is to achieve long-term capital appreciation by investing in a portfolio of global healthcare companies, to include, but not limited to, pharmaceutical, biotechnology, medical device and healthcare services companies. The aim is to identify companies where there is a disconnect between valuations and intrinsic value. The Company is a high conviction (82.0% active share as at 31st March 2021), actively managed investment vehicle that gives investors exposure to the global healthcare universe. Stock-picking remains critical to the process, but it is worth noting there will be a continued focus on the previously discussed investment themes, which appear to be accelerating in the near-term but also have medium-term durability.

The Company attempts to combine a Growth At a Reasonable price (GARP) approach with the opportunity to invest in earlier-stage, more disruptive companies. The Growth portfolio dominates the portfolio with exposure to companies that sit further up the market capitalisation scale. This part of the portfolio consists of non-consensus holdings which, in part but not exclusively, reflect the investment themes where we have the highest conviction. This part of the portfolio drives the lower volatility of the Company relative to other, more volatile areas of healthcare. The innovation portfolio provides optionality through investments in the most exciting small capitalisation stocks we can find.

Source: Polar Capital as at 31 March 2021. 1. Denotes market capitalisation at the time of investment.

Period end positioning; Diverse but with high conviction

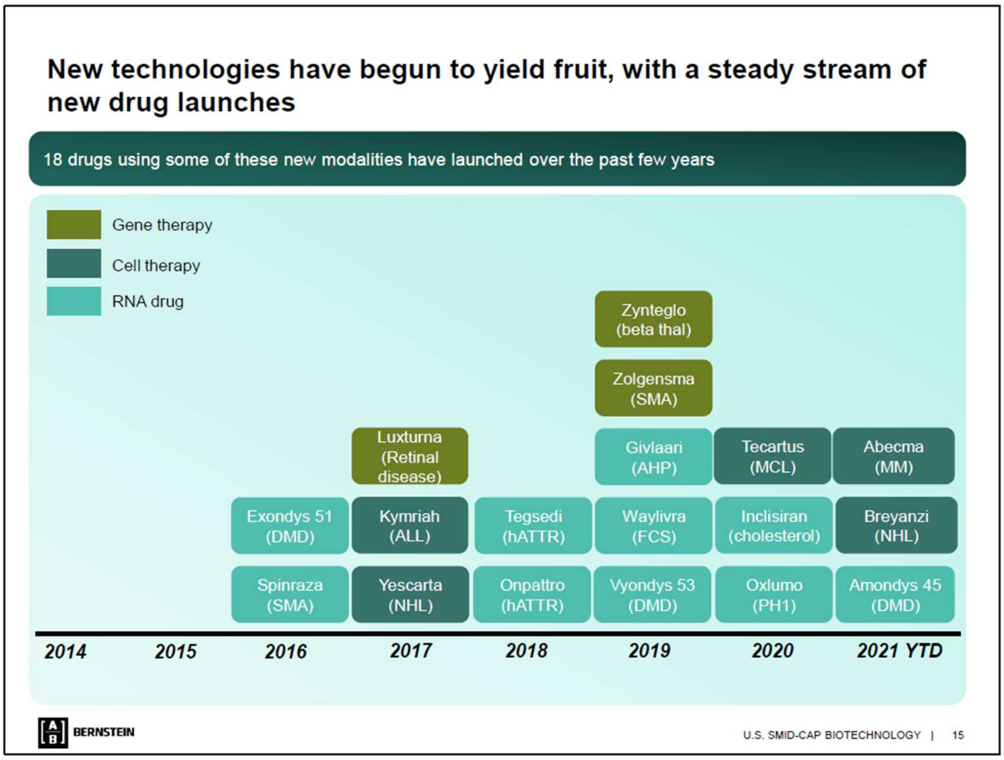
The Company's sub-sector exposures have been fairly consistent throughout the reporting period. The highest conviction stance, relative to the benchmark, is the material underweight in pharmaceuticals (-21.3% as at 31 March 2021) given the growth challenges that face the sub-sector. By contrast, the biggest overweight is in the biotechnology sub-sector (6.9% as at 31 March 2021), a sub-sector where we believe accelerating innovation should reap commercial rewards. The managed healthcare and facilities sub-sectors, the vast majority of which are based in the US, are attractive given their growth outlook relative to their valuations. We also continue to be constructive on the distributors and the life sciences tools and services companies, both areas where we believe we can find interesting opportunities.



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 AC World Daily Total Return Net Health Care Index).

We continue to be underweight in pharmaceuticals relative to the benchmark. Whilst we acknowledge the sub-sector's valuation offers downside protection, plus the defensive profiles of component companies could have appeal in a more cautious market back-drop, we do have near and medium-term concerns. Drug pricing pressure in the US is a near-term overhang but our underweight stance is more a reflection of the industry's anaemic growth profile and mature operating margins. To be clear, we do see high levels of innovation and we can find attractive investment opportunities within pharmaceuticals, we just feel that we can find more upside in other areas of the healthcare universe.

The biotechnology sub-sector has been under pressure of late, reflecting a number of factors that may well prove to be either transient or possibly mis-guided. Concerns that the FDA is getting more stringent is understandable given some high-profile setbacks, but it is possibly unfair on those that have differentiated assets and are submitting high-quality dossiers to the agency. Drug pricing, as discussed previously, is also a near-term overhang but we would once again highlight that healthcare systems will pay for differentiated assets that target high, unmet medical needs. Perhaps more relevant is the macro pressure as financial markets digest the implications of rising interest rates on a biotechnology sub-sector that can carry a relatively high degree of terminal value. That observation leads us to focus on more mature companies with under-appreciated commercialised products and/or overly discounted, late-stage pipeline assets. More importantly, however, we believe the positive drivers that have been responsible for shareholder value-creation remain firmly intact. These positive drivers include ever-improving understanding of human biology and the ability to take that knowledge into the clinic, and ultimately onto the market to help patients. Further, with the generous capital markets environment, the biotechnology sub-sector is well capitalised and has the opportunity to maximise the returns it can generate from its internal assets. Years of investment are starting to pay dividends as more and more novel technologies are reaching the market, and more importantly, reaching patients.



Source: Company disclosures; Bernstein analysis, 09 April 2021.

The managed healthcare sub-sector has been one of the biggest beneficiaries of the new political landscape in the US as President Joe Biden looks to invest in, and expand, the infrastructure put in place by President Barack Obama. As a reminder, President Obama introduced the Affordable Care Act (ACA) in March 2010 which had three primary objectives; 1) To make health insurance more affordable to more people, 2) To expand the Medicaid program, and 3) To support innovative delivery models to lower the cost of healthcare. President Biden will look to build on the ACA by offering more choice, lowering premiums and expanding coverage to more low-income US citizens. Those policies bring a potential volume tailwind to the insurance industry, especially to those companies with relatively high levels of exposure to government run programs like Medicaid. In that context, Centene and Molina Healthcare would be good examples. The rising interest rate environment is also a potential positive for the MCOs because as insurance companies they have large investment portfolios that benefit from rising rates, creating a potential tailwind to EPS growth that will phase in over the next few years.

Our positive stance on healthcare facilities in part reflects the opportunity that we believe lies in the desire to shift patient volumes to low-cost settings like the home. Encompass Health, for example, offers a wide range of home health care including skilled nursing, rehabilitation and assistive care services to help consumers manage their health needs in the home. It is also worth noting that hospitals and providers are a direct beneficiary of the post-COVID-19 “opening up” trade as patients re-enter the system to access the care that has been denied them during the height of the coronavirus crisis. Australian-based private hospital operator Ramsay Healthcare, a new holding, is an excellent example with operations in 10 countries including Australia, France and the UK.

Life sciences tools and services continues to be an area of the market that has attractive fundamentals given the demand for their capital equipment and consumables remains strong, especially in areas such as biopharmaceuticals and bioprocessing. Concerns of a decline in momentum following the COVID-19 testing tailwinds are understandable but there should also be a post-COVID-19 recovery in the more cyclical parts of the market such as chemicals and energy. It is perfectly reasonable to argue that the recovering oil price and accelerating economic expansion in regions like China are positives for the sub-sector. Furthermore, the sub-sector has exposure to academic institutes which are re-opening and returning to pre-COVID-19 levels of activity. Whilst valuations for the broader group offer pause for thought, we believe that we can still find interesting, under-valued opportunities.

Stock-selection is a key driver

The table below displays the Company’s top 10 relative overweight and underweights at the end of the reporting period, highlighting the highest conviction ideas in the portfolio. Whilst conviction is the appropriate term to use when discussing positioning versus the benchmark, it is important to stress that valuation inefficiencies can be relatively short-lived, especially amongst well-covered large capitalisation stocks. With opportunity cost also a key decision driver as we look to maximise returns, the Company’s top 10 relative overweights are subject to change.

Top 10 Overweight’s Relative to Benchmark

	Active (%)
Bio-Rad Laboratories	4.08%
Baxter International	2.96%
Hill-Rom Holdings	2.93%
Koninklijke Philips	2.87%
Syneos Health	2.87%
Medtronic	2.76%
AstraZeneca	2.63%
Align Technology	2.58%
Horizon Pharma	2.54%
Zimmer Biomet Holdings	2.53%
Overweight	**28.74%**

Top 10 Underweights Relative to Benchmark

	Active (%)
Johnson & Johnson	-6.15%
Roche	-3.40%
Abbott Laboratories	-3.02%
Pfizer	-2.86%
Merck & Co	-2.77%
AbbVie	-2.71%
Novartis	-2.71%
Thermo Fisher Scientific	-2.57%
Eli Lilly & Co	-2.29%
Danaher	-2.04%
Underweight	**-30.52%**

Source: Polar Capital, as at 31 March 2021

The majority of the Top 10 overweights relative to the benchmark have been in the portfolio for some time, with the exception of AstraZeneca and Hill-Rom Holdings, both of which were added during the reporting period. COVID-19 vaccine headlines aside, the last few months have been an extremely frustrating time for AstraZeneca, with the proposed US$39 billion acquisition of US biotechnology company, Alexion Pharmaceuticals, the most noticeable update. On closing, the acquisition will be highly accretive to earnings, will allow AstraZeneca to invest in its rich pipeline of mid and late-stage assets and will also yield greater financial flexibility when it comes to shareholder returns. Other potential positives from the proposed deal could come in the form of revenue diversification and sales synergies given Alexion's modest exposure to emerging markets. To offer balance, there do remain question marks regarding the long-term sustainability of the Alexion franchises plus the impact of the acquisition on AstraZeneca's medium-term growth profile.

US medical device company Hill-Rom Holdings was also added during the reporting period. Geographically diverse, with multiple product offerings, Hill-Rom offers products and services that support patients in hospitals, in long-term care facilities and in the home. The demand for a number of Hill-Rom's products has accelerated due to COVID-19 but it is the sustained opportunities beyond COVID-19 that are central to the thesis. Hill-Rom has the ability not only to effectively compete in its existing markets, but also the ability to innovate and to launch new products that could accelerate top-line growth. In addition it has an established emerging markets infrastructure, an area of its operations that is targeted to grow in double-digits over the medium-term.

There were few changes in the Innovation Portfolio during the reporting period, as one would expect given the long-dated nature of the investment's return profiles. We did, however, add two US biotechnology companies to the portfolio via Arcutis Biotherapeutics and Cytokinetics. Arcutis Biotherapeutics' leading asset, roflumilast, is in late-stage development for a number of skin diseases such as plaque psoriasis, atopic dermatitis and scalp psoriasis. The company also has two earlier-stage assets, also being developed for dermatology indications. Cytokinetics' leading asset, referred to as CK-274, is indicated for the treatment of a cardiac disorder known as obstructive Hypertrophic Cardiomyopathy (oHCM). oHCM is a disease in which the heart muscle becomes abnormally thick, making it harder for the heart to pump blood. A biologically de-risked asset, positive late-stage data could put upwards pressure on the company's valuation.

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

The outlook for healthcare is compelling

Recent corporate actions and operational performances have underpinned our view that the global healthcare industry should offer some very interesting, medium-term investment opportunities. With relative valuations attractive and absolute valuations supportive, that conviction is heightened further. There is clear evidence that the industry is investing in products, technologies and services that are designed to generate efficiencies. without compromising quality of care. The momentum and investment dollars behind innovation is accelerating, a necessity given the need to produce differentiated medicines and devices to target high unmet medical needs. Consolidation will continue to be an important theme, as will the growth opportunities that exist in emerging markets. We also believe the healthcare industry will continue to outsource non-core activities, maximising cost-base flexibility whilst also looking to enhance return profiles on internal assets. Last, but not least, one of the biggest, post-COVID-19 silver linings could be greater investment in, and respect for, an effective preventative healthcare strategy.

James Douglas and Gareth Powell

Co-Managers

11 May 2021

CORPORATE MATTERS
FOR THE SIX MONTHS TO 31 MARCH 2021

PRINCIPAL RISKS AND UNCERTAINTIES

A detailed explanation of the Company's principal risks and uncertainties, and how they are managed through mitigation and controls, can be found on pages 28 to 31 of the Annual Report for the year ended 30 September 2020. The principal risks and uncertainties are categorised into four main areas: Portfolio Management, Operational Risk, Regulatory Risk and Economic/Market Risk. The Directors consider that, overall, the principal risks and uncertainties faced by the Company for the remaining six months of the financial year have not changed from those outlined within the Annual Report.

The Board continues to consider and monitor the risks and uncertainties relating to COVID-19 and the impact on the Company which has been reflected in the Company's risk register.

Further detail on the Company's performance and portfolio can be found in the Investment Managers' Review.

GOING CONCERN

As detailed in the notes to the financial statements, the Board continually monitors the financial position of the Group and Company and, in connection with COVID-19 we have undertaken additional stress-testing and analysis and have engaged with our auditors to review the results. Having carried out the additional testing, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Group and Company. In reaching this conclusion, the Board also considered the Company's performance and its assessment of any material uncertainties and events that might cast significant doubt upon the Group and Company's ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

In accordance with DTR 4.2.8R, there have been no new related party transactions during the six-month period to 31 March 2021. There have been no changes in any related party transaction described in the last Annual Report that could have a material effect on the financial position or performance of the Group or Company in the first six months of the current financial year or to the date of this report.

On behalf of the Board

Lisa Arnold
Chair

PORTFOLIO AS AT 31 MARCH 2021

(Figures in brackets denote the comparative ranking as at 30 September 2020)

Ranking		Stock	Sector	Country	Market Value £'000		% of total net assets	
2021	2020				**31 March 2021**	30 September 2020	**31 March 2021**	30 September 2020
1	(31)	UnitedHealth	Managed Healthcare	United States	21,306	5,898	6.4%	1.8%
2	(1)	Medtronic	Healthcare Equipment	Ireland	16,847	16,519	5.0%	5.1%
3	(-)	AstraZeneca	Pharmaceuticals	United Kingdom	15,059	-	4.5%	-
4	(13)	Bio-Rad Laboratories	Life Sciences Tools & Services	United States	14,292	9,867	4.3%	3.0%
5	(5)	Sanofi	Pharmaceuticals	France	13,697	12,825	4.1%	3.9%
6	(4)	Bristol Myers Squibb	Pharmaceuticals	United States	13,185	14,393	3.9%	4.4%
7	(12)	Koninklijke Philips	Healthcare Equipment	Netherlands	12,102	10,071	3.6%	3.1%
8	(15)	Baxter International	Healthcare Equipment	United States	11,967	9,696	3.6%	3.0%
9	(24)	Align Technology	Healthcare Supplies	United States	10,597	7,615	3.2%	2.3%
10	(2)	Amgen	Biotechnology	United States	10,226	15,815	3.0%	4.9%
Top 10 investments					**139,278**		**41.6%**	
11	(20)	Zimmer Biomet	Healthcare Equipment	United States	10,073	8,631	3.0%	2.6%
12	(-)	Hill-Rom	Healthcare Equipment	United States	9,815	-	2.9%	-
13	(18)	Syneos Health	Life Sciences Tools & Services	United States	9,611	8,948	2.9%	2.8%
14	(17)	Horizon Pharma	Pharmaceuticals	United States	9,499	9,335	2.8%	2.9%
15	(22)	Centene	Managed Healthcare	United States	8,873	8,526	2.6%	2.6%
16	(-)	Ramsay Health Care	Healthcare Facilities	Australia	8,837	-	2.6%	-
17	(-)	Siemens Healthineers	Healthcare Equipment	Germany	8,663	-	2.6%	-
18	(-)	Molina Healthcare	Managed Healthcare	United States	8,556	-	2.6%	-
19	(-)	Alnylam Pharmaceuticals	Biotechnology	United States	8,340	-	2.5%	-
20	(-)	Encompass Health	Healthcare Facilities	United States	8,179	-	2.4%	-
Top 20 investments					**229,724**		**68.5%**	
21	(-)	Genmab	Biotechnology	Denmark	7,930	-	2.4%	-
22	(21)	AmerisourceBergen	Healthcare Distributors	United States	7,558	8,545	2.3%	2.6%
23	(26)	Neurocrine Biosciences	Biotechnology	United States	7,533	7,076	2.2%	2.2%
24	(16)	Incyte	Biotechnology	United States	7,454	9,431	2.2%	2.9%
25	(-)	PPD	Life Sciences Tools & Services	United States	7,260	-	2.2%	-
26	(38)	AdaptHealth	Healthcare Distributors	United States	7,232	2,804	2.2%	0.9%
27	(9)	Avantor	Life Sciences Tools & Services	United States	7,210	10,948	2.1%	3.4%
28	(-)	Aptar	Metal & Glass Containers	United States	6,989	-	2.1%	-
29	(25)	ArgenX	Biotechnology	Netherlands	6,683	7,216	2.0%	2.2%
30	(37)	Biohaven Pharmaceutical	Biotechnology	United States	5,880	3,821	1.8%	1.2%

Top 30 investments					**301,453**		**90.00%**	
31	(-)	Cooper	Healthcare Supplies	United States	4,946	-	1.5%	-
32	(-)	Swedish Orphan Biovitrum	Biotechnology	Sweden	4,858	-	1.4%	-
33	(30)	Medley	Healthcare Technology	Japan	4,629	5,905	1.3%	1.8%
34	(33)	Zealand Pharma	Biotechnology	Denmark	4,105	4,742	1.2%	1.5%
35	(35)	Intelligent Ultrasound	Healthcare Technology	United Kingdom	3,800	4,062	1.1%	1.2%
36	(-)	Cytokinetics	Biotechnology	United States	3,630	-	1.1%	-
37	(32)	Quotient	Healthcare Supplies	Switzerland	3,255	4,874	1.0%	1.5%
38	(43)	Uniphar	Healthcare Distributors	Ireland	2,445	193	0.7%	0.1%
39	(-)	Kyowa Hakko Kirin	Pharmaceuticals	Japan	2,183	-	0.7%	-
40	(39)	Ship Healthcare	Healthcare Distributors	Japan	2,008	1,850	0.6%	0.6%
Top 40 investments					**337,312**		**100.6%**	
41	(36)	Axonics Modulation Technologies	Healthcare Equipment	United States	1,961	3,896	0.6%	1.2%
42	(42)	Avadel Pharmaceuticals	Pharmaceuticals	Ireland	1,825	1,105	0.5%	0.3%
43	(-)	Arcutis Biotherapeutics	Biotechnology	United States	1,375	-	0.4%	-
44	(41)	Renalytix AI	Healthcare Technology	United States	1,121	1,523	0.3%	0.4%
45	(28)	Acadia Pharmaceuticals	Biotechnology	United States	787	6,581	0.2%	2.0%
46	(-)	Verici Dx	Healthcare Technology	United Kingdom	216	-	0.1%	-
Total Equities					**344,597**		**102.7%**	
Other Net Liabilities					(9,131)		(2.7%)	
Net Assets					**335,466**		**100.0%**	

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

PORTFOLIO REVIEW AS AT 31 MARCH 2021

Geographical Exposure at:	31 March 2021	30 September 2020
United States	67.3%	68.0%
Ireland	6.2%	5.5%
United Kingdom	5.7%	3.7%
Netherlands	5.6%	5.3%
France	4.1%	3.9%
Denmark	3.6%	6.5%
Japan	2.6%	2.4%
Australia	2.6%	-
Germany	2.6%	5.2%
Sweden	1.4%	-
Switzerland	1.0%	4.8%
Other net liabilities	(2.7%)	(5.3%)
Total	100.0%	100.0%

Sector Exposure at:	31 March 2021	30 September 2020
Healthcare Equipment	21.3%	21.3%
Biotechnology	20.4%	22.6%
Pharmaceuticals	16.5%	25.1%
Managed Healthcare	11.6%	8.2%
Life Sciences Tools & Services	11.5%	12.5%
Healthcare Distributors	5.8%	4.2%
Healthcare Supplies	5.7%	3.8%
Healthcare Facilities	5.0%	1.5%
Healthcare Technology	2.8%	3.4%
Metal & Glass Containers	2.1%	-
Healthcare Services	-	2.7%
Other net liabilities	(2.7%)	(5.3%)
Total	100.0%	100.0%

Market Capitalisation breakdown at:	31 March 2021	30 September 2020
Large (>US$10bn)	75.5%	83.0%
Medium (US$5bn – US$10bn)	12.6%	11.1%
Small (<US$5bn)	14.6%	11.2%
Other net liabilities	(2.7%)	(5.3%)
	100.0%	100.0%

STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 March 2021

		Group			Group			Group		
		(Unaudited) Half year ended 31 March 2021			(Unaudited) Half year ended 31 March 2020			(Audited) Year ended 30 September 2020		
	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	**1,595**	**-**	**1,595**	1,883	-	1,883	3,446	-	3,446
Other operating income	2	**-**	**-**	**-**	16	-	16	17	-	17
Gains/(losses) on investments held at fair value		**-**	**12,287**	**12,287**	-	(15,921)	(15,921)	-	42,435	42,435
Other currency losses		**-**	**(151)**	**(151)**	-	(704)	(704)	-	(647)	(647)
Total income		**1,595**	**12,136**	**13,731**	1,899	(16,625)	(14,726)	3,463	41,788	45,251
Expenses										
Investment management fee		**(245)**	**(982)**	**(1,227)**	(259)	(1,037)	(1,296)	(535)	(2,140)	(2,675)
Other administrative expenses		**(247)**	**(15)**	**(262)**	(337)	(37)	(374)	(685)	(107)	(792)
Total expenses		**(492)**	**(997)**	**(1,489)**	(596)	(1,074)	(1,670)	(1,220)	(2,247)	(3,467)
Profit/(loss) before finance costs and tax		**1,103**	**11,139**	**12,242**	1,303	(17,699)	(16,396)	2,243	39,541	41,784
Finance costs		**-**	**(526)**	**(526)**	-	(513)	(513)	(1)	(1,038)	(1,039)
Profit/(loss) before tax		**1,103**	**10,613**	**11,716**	1,303	(18,212)	(16,909)	2,242	38,503	40,745
Tax		**(170)**	**-**	**(170)**	(266)	-	(266)	(472)	-	(472)
Net profit/(loss) for the period and total comprehensive income		**933**	**10,613**	**11,546**	1,037	(18,212)	(17,175)	1,770	38,503	40,273
Earnings/(losses) per ordinary share (pence)	3	**0.77**	**8.75**	**9.52**	0.85	(15.01)	(14.16)	1.46	31.74	33.20

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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/(loss) for the period/year. The net profit/(loss) for the period/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 period/year.

BALANCE SHEETS

For the half year ended 31 March 2021

		Group			Company		
	Note	(Unaudited) 31 March 2021 £'000	(Unaudited) 31 March 2020 £'000	(Audited) 30 September 2020 £'000	(Unaudited) 31 March 2021 £'000	(Unaudited) 31 March 2020 £'000	(Audited) 30 September 2020 £'000
Non-current assets							
Investments held at fair value		**344,597**	295,831	342,404	**344,597**	295,831	342,404
Investment in subsidiary		**-**	-	-	**50**	50	50
Current assets							
Receivables		**285**	4,189	3,082	**285**	4,189	3,082
Overseas tax recoverable		**547**	848	589	**547**	848	589
Cash and cash equivalents		**26,306**	7,139	17,845	**26,256**	7,089	17,795
		27,138	12,176	21,516	**27,088**	12,126	21,466
Total assets		**371,735**	308,007	363,920	**371,735**	308,007	363,920
Current liabilities							
Payables		**(339)**	(4,221)	(3,382)	**(339)**	(4,221)	(3,382)
Bank overdraft		**-**	(4)	-	**-**	(4)	-
		(339)	(4,225)	(3,382)	**(339)**	(4,225)	(3,382)
Non-current liabilities							
Zero dividend preference shares		**(35,930)**	(34,884)	(35,405)	-	-	-
Loan from subsidiary		**-**	-	-	**(35,930)**	(34,884)	(35,405)
Total liabilities		**(36,269)**	(39,109)	(38,787)	**(36,269)**	(39,109)	(38,787)
Net assets		**335,466**	268,898	325,133	**335,466**	268,898	325,133
Equity attributable to equity shareholders							
Called up share capital		**31,037**	31,037	31,037	**31,037**	31,037	31,037
Share premium reserve		**80,685**	80,685	80,685	**80,685**	80,685	80,685
Capital redemption reserve		**6,575**	6,575	6,575	**6,575**	6,575	6,575
Special distributable reserve		**3,672**	3,672	3,672	**3,672**	3,672	3,672
Capital reserves		**211,762**	144,434	201,149	**211,762**	144,434	201,149
Revenue reserve		**1,735**	2,495	2,015	**1,735**	2,495	2,015
Total equity		**335,466**	268,898	325,133	**335,466**	268,898	325,133
Net asset value per ordinary share (pence)	4	**276.63**	221.73	268.11	**276.63**	221.73	268.11
Net asset value per ZDP share (pence)	4	**111.83**	108.58	110.20	**-**	-	-

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The parent company's profit for the half year was £11,546,000 (31 March 2020: loss of £17,175,000 and 30 September 2020: profit of £40,273,000).

STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 March 2021

	Group and Company Half year ended 31 March 2021 (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 2020	31,037	6,575	80,685	3,672	201,149	2,015	325,133
Total comprehensive income:							
Profit for the half year ended 31 March 2021	-	-	-	-	10,613	933	11,546
Transactions with owners, recorded directly to equity:							
Equity dividends paid	-	-	-	-	-	(1,213)	(1,213)
Total equity at 31 March 2021	**31,037**	**6,575**	**80,685**	**3,672**	**211,762**	**1,735**	**335,466**

	Group and Company Half year ended 31 March 2020 (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 2019	31,037	6,575	80,685	4,712	162,646	2,792	288,447
Total comprehensive (expense)/income:							
(Loss)/profit for the half year ended 31 March 2020	-	-	-	-	(18,212)	1,037	(17,175)
Transactions with owners, recorded directly to equity:							
Shares bought back and held in treasury	-	-	-	(1,040)	-	-	(1,040)
Equity dividends paid	-	-	-	-	-	(1,334)	(1,334)
Total equity at 31 March 2020	**31,037**	**6,575**	**80,685**	**3,672**	**144,434**	**2,495**	**268,898**

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

CASH FLOW STATEMENT
For the half year ended 31 March 2021

	Group and Company		
	(Unaudited) Half year ended 31 March 2021 £'000	(Unaudited) Half year ended 31 March 2020 £'000	(Audited) Year ended 30 September 2020 £'000
Cash flows from operating activities			
Profit/(loss) before finance costs and tax	**12,242**	(16,396)	41,784
Adjustment for non-cash items:			
(Gains)/losses on investments held at fair value through profit or loss	**(12,287)**	15,921	(42,435)
Scrip dividend received	**-**	-	(204)
Adjusted loss before tax	**(45)**	(475)	(855)
Adjustments for:			
Purchases of investments, including transaction costs	**(329,996)**	(449,722)	(952,341)
Sales of investments, including transaction costs	**340,486**	453,244	967,884
(Increase)/decrease in receivables	**(133)**	134	85
(Decrease)/increase in payables	**(509)**	(107)	176
Overseas tax deducted at source	**(128)**	(421)	(368)
Net cash generated from operating activities	**9,675**	2,653	14,581
Cash flows from financing activities			
Cost of shares repurchased	**-**	(1,040)	(1,040)
Interest paid	**(1)**	(2)	(7)
Equity dividends paid	**(1,213)**	(1,334)	(2,547)
Net cash used in from financing activities	**(1,214)**	(2,376)	(3,594)
Net increase in cash and cash equivalents	**8,461**	277	10,987
Cash and cash equivalents at the beginning of the period	**17,845**	6,858	6,858
Cash and cash equivalents at the end of the period	**26,306**	7,135	17,845

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2021

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 2021.

The Group and Company unaudited financial statements to 31 March 2021 have been prepared using the accounting policies used in the Group and Company's financial statements to 30 September 2020. 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"), in conformity with the requirements of the Companies Act 2006.

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 2021 and 31 March 2020 have not been audited. The figures and financial information for the year ended 30 September 2020 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 2020, 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 2020.

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

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

2. DIVIDENDS AND OTHER INCOME	**(Unaudited) For the half year ended 31 March 2021 £'000**	(Unaudited) For the half year ended 31 March 2020 £'000	(Audited) For the year ended 30 September 2020 £'000
Investment income			
Revenue:			
Franked: listed investments			
Dividend income	**286**	64	63
Unfranked: listed investments			
Dividend income	**1,309**	1,819	3,179
Scrip dividends	**-**	-	204
Total investment income allocated to revenue	**1,595**	1,883	3,446
Other operating income			
Bank interest	**-**	16	17
Total other operating income	**-**	16	17

There were no dividends allocated to capital as at 31 March 2021

3. EARNING/(LOSS) PER ORDINARY SHARE	**(Unaudited) For the half year ended 31 March 2021 £'000**	(Unaudited) For the half year ended 31 March 2020 £'000	(Audited) For the year ended 30 September 2020 £'000
Net profit/(loss) for the period:			
Revenue	**933**	1,037	1,770
Capital	**10,613**	(18,212)	38,503
Total	**11,546**	(17,175)	40,273
Weighted average number of shares in issue during the period	**121,270,000**	121,313,716	121,291,858
Revenue	**0.77p**	0.85p	1.46p
Capital	**8.75p**	(15.01p)	31.74p
Total	**9.52p**	(14.16p)	33.20p

As at 31 March 2021 there were no potentially dilutive shares in issue (31 March 2020 and 30 September 2020: nil).

4. NET ASSET VALUE PER SHARE	**(Unaudited) For the half year ended 31 March 2021**	(Unaudited) For the half year ended 31 March 2020	(Audited) For the year ended 30 September 2020
(i) Ordinary shares			
Net assets attributable to ordinary shareholders (£'000)	**335,466**	268,898	325,133
Ordinary shares in issue at end of period (excluding those held in treasury)	**121,270,000**	121,270,000	121,270,000
Net asset value per ordinary share (pence)	**276.63**	221.73	268.11

As at 31 March 2021 there were no potentially dilutive shares in issue (31 March 2020 and 30 September 2020: nil).

(ii) ZDP shares			
Calculated entitlement of ZDP shareholders (£'000)	**35,930**	34,884	35,405
ZDP shares in issue at the end of the year	**32,128,437**	32,128,437	32,128,437
Net asset value per ZDP share (pence)	**111.83**	108.58	110.20

5. DIVIDENDS

Dividends for the current financial year ending 30 September 2021, if declared, will be paid in August 2021 and February 2022.

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 2021.

7. POST BALANCE SHEET EVENTS

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

DIRECTORS AND CONTACTS

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

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

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

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

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

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

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

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

FORWARD LOOKING STATEMENTS
Certain statements included in this half-year financial report incorporating the interim management report contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Strategic Report section on pages 28 to 31 of the Annual Report for the year ended 30 September 2020. These risks and uncertainties are currently compounded by the impact of the COVID-19 pandemic. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Healthcare Trust plc or any other entity and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

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

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

FINANCIAL CALENDAR

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

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

Images sourced from: www.freepik.com and www.Pixabay.com