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This document is issued by Worldwide Healthcare Trust PLC solely in order to make certain particular information available to investors in Worldwide Healthcare Trust PLC ('the Company') before they invest, in accordance with the requirements of the Financial Conduct Authority ('FCA') Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the 'AIFM Directive' or 'AIFMD') in the United Kingdom. It is made available to investors ('investors' or 'shareholders') in the Company by being made available at [www.worldwidewh.com](http://www.worldwidewh.com).

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

**Worldwide Healthcare Trust PLC**  
**INVESTOR DISCLOSURE DOCUMENT**

**IMPORTANT INFORMATION**

<b>Name of Alternative Investment Fund ('AIF'):</b>	<b>Worldwide Healthcare Trust PLC</b>
<b>Name of Alternative Investment Fund Manager ('AIFM'):</b>	<b>Frostrow Capital LLP</b>
<b>Name of Portfolio Manager:</b>	<b>OrbiMed Capital LLP</b>
<b>Name of Depository:</b>	<b>J.P Morgan Europe Limited</b>
<b>Name of Custodian and Prime Broker:</b>	<b>J.P Morgan Securities LLC</b>
<b>Name of Auditor:</b>	<b>PricewaterhouseCoopers LLP</b>
<b>Date of disclosure:</b>	<b>August 2019</b>
<b>Latest share price &amp; net asset value per share of the AIF:</b>	This can be found on the AIF's website: <a href="http://www.worldwidewh.com">www.worldwidewh.com</a>

**Regulatory and legal status of the Company**

Worldwide Healthcare Trust PLC is an 'alternative investment fund' ("AIF") for the purposes of the AIFM Directive which has appointed Frostrow Capital LLP ("Frostrow") as its Alternative Investment Fund Manager ("AIFM"). Frostrow is authorised and regulated by the FCA as a "full scope UK AIFM" for the purposes of the AIFM Directive.

The Company is an investment trust and is incorporated as a public limited company in England and Wales. The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The operation of the Company is subject to its Articles of Association, the Alternative Investment Fund Managers Directive, the FCA Listing Rules, the FCA Disclosure and Transparency Rules, the UK Corporate Governance Code issued by the Financial Reporting Council and the UK Companies Act 2006.

The provisions of the Company's Articles of Association, which are binding on the Company and all of its shareholders, set out the respective rights and restrictions attaching to the Company's shares. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles of Association.

### **Limited purpose of this document**

This document, which is made available to investors in the Company by being made available at [www.worldwidewh.com](http://www.worldwidewh.com), is not a prospectus. It is issued for the sole purpose of making certain regulatory disclosures to investors in accordance with the requirements of the AIFM Directive. The Company, its Directors and Frostrow as its AIFM will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in or disposal of the Company's shares.**

### **No advice**

The Company, its Directors and Frostrow as its AIFM are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, the AIFM or any of their respective affiliates, officers, directors, partners or employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment and any other related matters concerning the Company and an investment in the Company's shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

### **Overseas investors**

The distribution of this document in certain jurisdictions will be restricted and accordingly any persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. In particular, the shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer and other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

## THE COMPANY

### Investment Objective

The Company's Investment Objective is 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.

### Investment Strategy

The implementation of the Company's Investment Objective has been delegated to OrbiMed Capital LLP ("OrbiMed") the Company's Portfolio Manager by Frostrow (as AIFM) under the Board's and Frostrow's supervision and guidance.

While the Board's strategy is to allow flexibility in managing the investments, in order to manage investment risk it has imposed various investment, gearing and derivative guidelines and limits, within which Frostrow and OrbiMed are required to manage the investments, as set out below.

Any material changes to the Investment Objective, Policy and Benchmark or the investment, gearing and derivative guidelines and limits require approval from shareholders (by means of an ordinary resolution). The Company will announce any such change through a Regulatory Information Service.

#### Investment limits and guidelines

- The Company will not invest more than 10% of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, where such investments shall be limited to 15% of the Company's gross assets at the time of acquisition.
- The Company will not invest more than 15% of the portfolio in any one individual stock at the time of acquisition;
- At least 50% of the portfolio will normally be invested in larger companies (i.e. with a market capitalisation of at least U.S.\$10bn);
- At least 20% of the portfolio will normally be invested in smaller companies (i.e. with a market capitalisation of less than U.S.\$10bn);
- Investment in unquoted securities will not exceed 10% of the portfolio at the time of acquisition;
- A maximum of 5% of the portfolio, at the time of acquisition, may be invested in each of debt instruments, convertibles and royalty bonds issued by pharmaceutical and biotechnology companies;
- A maximum of 30% of the portfolio, at the time of acquisition, may be invested in companies in each of the following sectors:
  - healthcare equipment and supplies
  - healthcare providers and services.

#### Derivative strategy and limits

In line with the Investment Objective, derivatives are employed, when appropriate, in an effort to enhance returns and to improve the risk-return profile of the Company's portfolio. There are two types of derivatives currently employed within the portfolio: Options and Equity Swaps;

The Board has set the following limits within which derivative exposures are managed:

- Derivative transactions (excluding equity swaps) can be used to mitigate risk and/or enhance capital returns and will be restricted to a net exposure of 5% of the portfolio; and,
- Equity Swaps may be used in order to meet the Company's investment objective of achieving a high level of capital growth and counterparty exposure through these is restricted to 12% of the gross assets of the Company at the time of acquisition.

The Company does not currently hedge against foreign currency exposure.

### Gearing limits

The Board and Frostrow believe that shareholder returns can be enhanced through the use of borrowings at appropriate times for the purpose of investment. The Board has set a maximum gearing level, through borrowing, of 20% of the net assets. OrbiMed are responsible for deciding on the appropriate level of gearing at any one time, subject to acting within the 20% limit.

The Company's borrowing requirements are met through the utilisation of an overdraft facility, repayable on demand, provided by J.P. Morgan Securities LLC, which can be drawn at the discretion of the Company and the AIFM.

Up to 140% of the value of the drawn overdraft, can be taken as collateral by J.P. Morgan Securities LLC and they have first priority security interest or lien over all of the Company's assets. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by J.P. Morgan Securities LLC, although the Company maintains the economic benefit from the ownership of those assets it does not hold any of the rights associated with those assets. The Company is afforded protection in accordance with SEC rules and U.S. legislation equal to the value of the assets that have been rehypothecated. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan Securities LLC. In the event of J.P. Morgan Securities LLC's insolvency, the Company may be unable to recover in full assets held by it as Custodian or held as collateral.

The Board's guidelines are within the borrowing limits set by the Company's Articles of Association, being twice the adjusted total of the Company's capital and reserves.

### **Leverage**

The AIFM Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to contribute to gearing, such as derivatives.

In accordance with the AIFM Directive the Board has set leverage limits of 140% under the gross method and 140% under the commitment method.

The Company will disclose the following on its website at the same time as it makes its annual report and accounts available to investors or more frequently in the event of the following:

- any changes to the maximum level of leverage that may be employed by the Company;
- any changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements; and
- the total amount of leverage employed by the Company.

### **Investment techniques**

The team at OrbiMed work constantly to identify sources of outperformance, or alpha, with a focus on fundamental research. In healthcare, there are many primary sources of alpha generation, especially in therapeutics. Clinical events such as the publication of new clinical trial data is a prominent example and historically has been the largest source of share price volatility. Regulatory events, such as new drug approvals by U.S., European, or Japanese regulatory authorities are also stock moving events. Subsequent new product launches are carefully tracked and forecasted. Other sources include legal events and, of course, merger and acquisition activity.

The team has a global focus with a universe of coverage that covers the entire spectrum of companies, from early stage companies with pre-clinical assets to fully integrated biopharmaceutical companies. The universe of actively covered companies is approaching 1,000.

OrbiMed emphasises investments in companies with underappreciated products in the pipeline, high quality management teams, and adequate financial resources. A disciplined portfolio construction process is utilised to ensure the Company's portfolio is focused on high conviction positions. Finally, the Company's portfolio is subject to rigorous risk management processes to moderate portfolio volatility.

### **Dividend policy**

It is the Company's policy to pay out dividends to shareholders at least to the extent required to maintain investment trust status for each financial year.

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

### **The Alternative Investment Fund Manager (AIFM)**

Frostrow Capital LLP ("Frostrow")

The AIFM has delegated its portfolio management function to OrbiMed through a tripartite agreement between the AIF, the AIFM and the Portfolio Manager. The AIFM does not consider that any conflicts of interest arise from the delegation of its portfolio management function to OrbiMed.

Frostrow under the terms of its AIFM agreement with the Company provides, *inter alia*, the following services:

- oversight of the portfolio management function delegated to OrbiMed Capital LLC;
- investment portfolio administration and valuation;
- risk management services;
- marketing and shareholder services;
- share price discount and premium management;
- administrative and secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintains the Company's accounting records;
- maintenance of the Company's website;
- preparation and dispatch of annual reports and monthly fact sheets and also the preparation of the half year report; and
- ensuring compliance with applicable legal and regulatory requirements.

### **Fees**

Frostrow receives a periodic fee as follows:

on market capitalisation up to £150 million: 0.30% , in the range £150 million to £500 million: 0.20%; in the range £500 million to £1 billion: 0.15%; in the range £1 billion to £1.5 billion: 0.125%; over £1.5 billion: 0.075%, plus a fixed fee per annum of £57,500.

## **The Portfolio Manager**

OrbiMed Capital LLP (“OrbiMed”)

OrbiMed under the terms of its portfolio management agreement with the AIFM and the Company provides, *inter alia*, the following services:

- the seeking out and evaluating of investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

## **Fees**

OrbiMed receives a periodic fee equal to 0.65% p.a. of the Company’s net asset value.

Dependent on the level of long-term outperformance of the Company, OrbiMed is entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company’s net asset value (‘NAV’) performance has outperformed the benchmark index. The fee is calculated quarterly by comparing the cumulative performance of the Company’s NAV with the cumulative performance of the benchmark since the launch of the Company in 1995. The performance fee amounts to 15.0% of any outperformance over the benchmark.

In order to ensure that only sustained outperformance is rewarded at each quarterly calculation date any performance fee is based on the lower of:

- i) The cumulative outperformance of the investment portfolio over the benchmark as at the quarter end date; and
- i) The cumulative outperformance of the investment portfolio over the benchmark as at the corresponding quarter end date in the previous year.

In addition, a performance fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all performance fees paid to date.

## **The Depositary**

J.P. Morgan Europe Limited

The services provided by J.P. Morgan Europe Limited as depositary for the Company include:

- a) safe-keeping of the assets of the Company that can be held in custody (including book entry securities);
- b) record-keeping of assets that cannot be held in custody in which case the Depositary must verify their ownership;
- c) ensure that the Company's cash flows are properly monitored, and in particular ensure that all payments made by or on behalf of investors upon the issue or buy-back of shares in the Company have been received and that all cash of the Company has been booked in cash accounts that the Depositary can monitor and reconcile;
- d) ensure that any issue or buy-back of the Company's shares are carried out in accordance with English law and the Articles of Association;
- e) ensure that the value of the Company's shares is calculated in accordance with English law, the Articles of Association and the valuation procedures;
- f) carry out the instructions of the AIFM and the Board of the Company, unless they conflict with English law;
- g) ensure that in transactions involving a Company's assets any consideration is remitted to the Company within the usual time limits; and
- h) ensure that the Company's income is applied in accordance with English law and the Articles of Association.

In relation to the duties of the Depositary regarding custody as referred to at paragraph (a) above, in respect of financial instruments which can be held in custody, (except to the extent that the Depositary has contractually transferred liability to a delegate in accordance with AIFM Directive) the Depositary is liable to the Company or the shareholders for any loss of such financial instruments held by the Depositary or any delegate.

In relation to all the other duties of the Depositary as referred to at paragraphs (b) - (h), the Depositary is liable to the Company or the shareholders for all other losses suffered by it or them as a result of negligent or intentional failure to properly fulfil such obligations.

The custody of the Company's assets has been delegated to J.P. Morgan Securities LLC, the Company's Custodian and Prime Broker, in accordance with AIFM Directive. The Custodian and Prime Broker has further been authorised by the Depositary to delegate custody of the Company's assets to its sub-custodians in accordance with the AIFM Directive.

## **Liability of the Depositary**

The Depositary has entered into an arrangement to contractually discharge itself of liability for the loss of Financial Instruments in accordance with Article 21(13) of the AIFM Directive with the Custodian and Prime Broker and the Company, and in accordance with Article 21 (14) of the AIFM Directive.

## **Fees**

The Depositary receives 1.75 basis points (0.0175%) up to £150,000,000 of the value of assets held by the Depositary, 1.50 basis points (0.015%) from £150,000,000 to £300,000,000, 1.00 basis point (0.01%) from £300,000,000 to £500,000,000, and 0.5 basis point (0.005%) of the value of assets held by the Depositary or a minimum of £40,000 per annum. The fees for the delegated custody component of the Depositary's role are dependent on the value of assets under management and the number and nature of transactions undertaken by the Company.

In accordance with the AIFM Directive, the AIFM will inform investors before they invest in the AIF of any arrangement made by the Depositary to contractually discharge itself of liability. The AIFM will also inform investors without delay of any changes with respect to Depositary liability.

## **The Custodian and Prime Broker**

J.P. Morgan Securities LLC

The services provided by J.P. Morgan Securities LLC as Custodian and Prime Broker to the Company include:

a) safe-keeping of the assets of the Company that can be held in custody (including book entry securities);

b) the processing of transactions on behalf of the Company and

c) the provision to the Company of an overdraft facility which is repayable on demand. Up to 140% of the value of the drawn overdraft, can be taken as collateral by the Custodian and Prime Broker and they have first priority security interest or lien over all of the Company's assets. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by the Custodian and Prime Broker, although the Company maintains the economic benefit from the ownership of those assets it does not hold any of the rights associated with those assets. The Company is afforded protection in accordance with SEC rules and U.S. legislation equal to the value of the assets that have been rehypothecated.

The AIFM does not consider that any conflicts of interest arise from the appointment of the Custodian and Prime Broker.

The Custodian and Prime Broker is liable for the loss of Financial Instruments, the custody of which has been delegated to it by the Depositary.

## **The Auditor**

PricewaterhouseCoopers LLP (PwC) provides audit and audit-related assurance services to the Company.

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss as well as confirming that the Company accounts have been prepared in accordance with the Company's Articles of Association. The Auditor is also required to report by exception if there are certain matters on which they are not satisfied, including if adequate accounting records have not been kept by the Company or it has not received all the information and explanations required in order to carry out the audit.

## **Fees**

Details of the fees paid to the Auditor can be found in the Company's latest Annual Report and Accounts published on the Company's website which can be accessed at [www.worldwidewh.com](http://www.worldwidewh.com)



## **The Registrar**

Link Asset Services

The Registrar maintains the Company's register of members.

## **Fees**

Details of the fees paid to the Registrar can be found the Company's latest Annual Report and Accounts published on the Company's website which can be accessed at [www.worldwidewh.com](http://www.worldwidewh.com)

## **Other fees, charges and expenses**

Additional fees payable by the Company to those set out above include; legal fees, broker commissions, directors' fees, professional services fees and expected expenses. Details can be found the Company's latest Annual Report and Accounts published on the Company's website which can be accessed at [www.worldwidewh.com](http://www.worldwidewh.com)

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling their shares

## **SHAREHOLDER INFORMATION**

### **Annual Reports and Accounts**

Copies of the Company's latest Annual and Half Year Reports may be accessed at [www.worldwidewh.com](http://www.worldwidewh.com) or by writing to the Company Secretary at 25 Southampton Buildings London WC2A 1AL.

### **Publication of net asset values and share prices**

The previous business day's cum and ex-income Net Asset Value per share are published each business day through a Regulatory Information Service and may also be accessed at [www.worldwidewh.com](http://www.worldwidewh.com). The current share price is also published on the website.

### **Valuation policy**

The Company's portfolio of assets will be valued on each Dealing Day (a day on which the London Stock Exchange and banks in England and Wales are normally open for business). All instructions to issue or cancel shares given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- (a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- (b) All transferable securities will be valued at fair value:
  - (i) fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted; and
  - (ii) unquoted investments are valued by the Directors using primary valuation techniques such as a discounted multiple of revenue.
- (c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price (see below).

- (d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.
- (e) Added to the valuation will be:
  - (i) any accrued and anticipated tax repayments of the Company;
  - (ii) any money due to the Company because of shares issued prior to the relevant Dealing Day;
  - (iii) income due and attributed to the Company but not received; and
  - (iv) any other credit of the Company due to be received by the Company.

Amounts which are *de minimis* may be omitted from the valuation.

- (f) Deducted from the valuation will be:
  - (i) any anticipated tax liabilities of the Company;
  - (ii) any money due to be paid out by the Company because of shares bought back by the Company prior to the valuation;
  - (iii) the principal amount and any accrued but unpaid interest on any borrowings; and
  - (iv) any other liabilities of the Company, with periodic items accruing on a daily basis.

Amounts which are *de minimis* may be omitted from the valuation.

Where the Company trades in investments where prices are not available on an exchange, quotations from brokers are utilised as follows:

- (i) where possible at least two quotations will be obtained; and
- (ii) the quotations should come from active participants in the market;

Where only one quotation can be obtained the valuation will be considered in conjunction with other market-based observations such as comparable sources.

Valuations of Net Asset Value per share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a Regulatory Information Service.

### **Historical performance of the Company**

Details of the Company's historical financial performance are provided in the Company's Annual Reports and Accounts and monthly fact sheets, which are available at [www.worldwidewh.com](http://www.worldwidewh.com).

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

### **Purchases and sales of shares by investors**

The Company's shares are admitted to the premium segment of the Official List of the FCA and to trading on the premium segment of the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange. The value at which shares trade on the London Stock Exchange may be below (at a "discount" to) or above (at a "premium" to) the Net Asset Value per share of the Company.

The Company's shares are not redeemable. While the Company intends at each Annual General Meeting to request shareholder authority to issue and to buy back shares, shareholders do not have the right to have their shares re-purchased by the Company or to have new shares issued to them.

The rights, obligations and relationships of the members of the Company are governed by the law of England and Wales and subject to exclusive jurisdiction of the courts of England and Wales. Here the courts generally recognise judgments obtained in the courts of another jurisdiction but the exact rules, on the recognition and enforcement of foreign judgments, depend on the jurisdiction in which such judgments are obtained. A foreign judgment obtained in an EU member state may be recognised and enforced in England and Wales pursuant to Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. A judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004 may also be recognised and enforced in England and Wales.

### **Fair treatment of investors**

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The FCA Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, each Director has statutory duties under the Companies Act 2006 with which they must comply, including a duty to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. In addition, as its shares are admitted to the Official List, the Company is required to comply with, among other things, the FCA's Listing Rules and Disclosure and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors.

## **RISK FACTORS AND RISK MANAGEMENT**

### **Principal risks**

The Company's principal risks and the procedures in place for the management of those risks are set out in the Annual Report and Accounts which can be found at [www.worldwidewh.com](http://www.worldwidewh.com)

The Company reports in its half year report and accounts, which can be found at [www.worldwidewh.com](http://www.worldwidewh.com), whether the principal risks have changed since the year end.

### **Risks in connection with leverage and derivatives**

The Company can employ leverage, that is to seek to enhance returns to shareholders by borrowing funds for investment or entering into derivative transactions. Where the Company is levered, its net asset value and share price performance would be expected to represent an amplification of any upward or downward movement in the value of the portfolio as a result of price changes of the investments contained within. Shareholders should be aware that, whilst the use of leverage should enhance the returns to shareholders where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset values are falling.

A fall in the value of the Company's investments may cause the Company to sell investments in order to reduce leverage, which in turn may give rise to a significant loss of value of the investments, as well as a reduction in income from investments.

The Company may use various derivative instruments, including options and total return equity swaps, as part of its investment strategy in order to enhance returns and to mitigate risk and currently employs options and total return equity swaps within its portfolio. Some of these derivative instruments may be volatile and speculative in nature, and may be subject to wide and sudden fluctuations in market value. Derivatives, especially over-the-counter derivatives in the form of a privately negotiated contract

against a principal counterparty, may also be subject to adverse valuations reflecting the counterparty's valuations, which may not correspond to the valuations of other market or exchange traded instruments. In addition, derivative instruments also may not be liquid in all circumstances, so that in volatile markets the Company may not be able to exit its position without incurring a loss. Investing in derivative instruments can result in large amounts of leverage, which may amplify the gains and losses experienced by the Company and could cause the Company's net asset value to be subject to wider fluctuations than would otherwise be the case.

Any use of put and call options by the Company will entail additional risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities.

In addition, the Company would be exposed to the credit risk of the counterparty bank or other market maker writing any derivative instrument.

### **Risk profile**

In accordance with the AIFM Directive, the AIFM will ensure that the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks in relation to the Company's portfolio are published in the Company's Annual Report and Accounts, which can be found on the Company's website [www.worldwidewh.com](http://www.worldwidewh.com)

### **Risk management systems**

The AIFM has established risk management systems in order to manage key risks. Further details regarding the risk management process is available from the AIFM, on request.

### **Liquidity risk management**

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their shares from the Company but may trade them on the secondary market. However, there is no guarantee that there will be a liquid market in the Company's shares.

Further details regarding the liquidity management is available from the AIFM, on request.

In accordance with the AIFM Directive, the AIFM will ensure that the following information in relation to the Company's portfolio is published in the Company's Annual Report and Accounts, which can be found on the Company's website [www.worldwidewh.com](http://www.worldwidewh.com) :

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company; and
- the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks.

### **Professional negligence liability risks**

The AIFM maintains professional indemnity insurance at the level required under the AIFM Directive in order to cover potential liability risks arising from professional negligence.

## Security financing transactions disclosures

As defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions (SFT) include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions. Whilst the Company does not engage in such SFT's, it does engage in Total Return Swaps (TRS) therefore, in accordance with Article 13 of the Regulation, the Company's involvement in and exposure to Total Return Swaps for the accounting year ended 31 March 2019 are detailed below.

### Global Data

#### *Amount of assets engaged in TRS*

The following table represents the total value of assets engaged in TRS:

	£'000	% of AUM
TRS	9,099	0.7

### Concentration Data

#### *Counterparties*

The following table provides details of the counterparties and their country of incorporation (based on gross volume of outstanding transactions with exposure on a gross basis) in respect of TRS as at the balance sheet date:

	Country of Incorporation	£'000
Goldman Sachs	U.S.A.	31,773
JPMorgan	U.S.A.	84,989

### Aggregate transaction data

#### *Type, quality, maturity, tenor and currency of collateral*

No collateral was received by the Company in respect of TRS during the year to 31 March 2019. The collateral provided by the Company to the above counterparties is set out below.

Type	Currency	Maturity	Quality	£'000
Cash	USD	less than 1 day	n/a	27,752

### Maturity tenor of TRS

The following table provides an analysis of the maturity tenor of open TRS positions (with exposure on a gross basis) as at the balance sheet date:

Maturity	TRS Value £'000
1 to 3 months	32,664
3 to 12 months	84,098
	<b>116,762</b>

### Settlement and clearing

OTC derivative transactions (including TRS) are entered into by the Company under an International Swaps and Derivatives Associations, Inc. Master Agreement ("ISDA Master Agreement"). An ISDA Master Agreement is a bilateral agreement between the Company and a counterparty that governs OTC derivative transactions (including TRS) entered into by the parties. All OTC derivative transactions

entered under an ISDA Master Agreement are netted together for collateral purposes, therefore any collateral disclosures provided are in respect of all OTC derivative transactions entered into by the Company under the ISDA Master agreement, not just total return swaps.

#### Safekeeping of collateral

There was no non-cash collateral provided by the Company in respect of OTC derivatives (including TRS) with the counterparties noted above as at the statement of financial position date.

#### Return and cost

All returns from TRS transactions will accrue to the Company and are not subject to any returns sharing arrangements with the Company's AIFM, Portfolio Manager or any other third parties. Returns from those instruments are disclosed in Note 9 to the Company's financial statements dated 31 March 2019.