

# Worldwide Healthcare Trust PLC



Portfolio Manager



Samuel D. Isaly

Sven H. Borho

Information as at 31 October 2017

[www.worldwidewh.com](http://www.worldwidewh.com)

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## Investment Objective and Benchmark Index

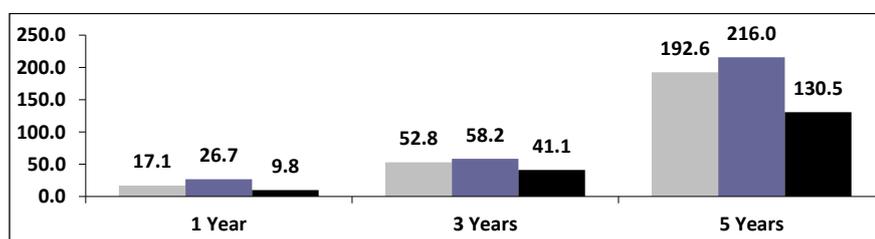
To invest in the global healthcare sector with the objective of achieving a high level of capital growth. In order to achieve its investment objective, the Company invests worldwide in a diversified portfolio of shares in pharmaceutical and biotechnology companies and related securities in the healthcare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

## Cumulative Performance (%)

Trust: Worldwide Healthcare Trust PLC – NAV (total return; fully diluted)

Trust: Worldwide Healthcare Trust PLC – Share Price (total return)

Benchmark: MSCI World Health Care Index (net total return; £ adjusted)



## Discrete Performance – Calendar Years (%)

Percentage Growth	2012	2013	2014	2015	2016	YTD
NAV	13.1	44.3	38.8	19.1	5.2	17.4
Share Price	20.3	47.1	39.6	13.9	10.1	20.5
Benchmark	12.2	33.6	25.6	12.7	11.2	9.0

Source: NAV (total return; fully diluted) & Share Price (total return) – Morningstar. Index - Bloomberg. Past performance is not a guide to future performance.

## Commentary

In October the NAV per share was down 1.0%, the share price was down 0.1%, and the MSCI World Health Care Index was down 0.4%.

Top contributors in the month were diverse in nature. In Japan, Chugai Pharmaceutical reached new highs after a broker upgrade and a solid earnings report. The stock rose more than 15% during October. Similarly, the surgical robot maker, Intuitive Surgical, reached new highs after a better than expected earnings report. Beleaguered generic drug maker, Mylan, was higher after the company received an unexpected approval for a generic version of the high dose form of the blockbuster multiple sclerosis drug, Copaxone (glatiramer). Finally, shares for the South Korean developer of biosimilars, Celltrion, rose as investor enthusiasm for the global biosimilar opportunity became more apparent.

Negative contribution was lowlighted by a triple-dose of bad news for the biotechnology giant, Celgene. First, a broker downgraded the shares due to patent expiration concerns. Second, the company unexpectedly announced the discontinuation of a high profile, late stage clinical asset for the treatment of Crohn's Disease. Third and final, the company lowered long term guidance during their quarterly earnings report. The stock lost one-third of its market cap during the month.

Another biotechnology company, Alexion Pharmaceuticals, was also besieged by multiple negative items. First, a new biosimilar threat to Alexion's top product – Soliris (eculizumab) – was unveiled by Amgen. Second, abstracts were announced for an upcoming medical meeting – the American Society of Hematology – and data for the company's lead pipeline asset were considered disappointing. And finally, the company reported a soft third quarter result which also pressured the share price.

Lastly, shares in Merck & Co were lower after the company revealed that its confirmatory trial for Keytruda (pembrolizumab) for the treatment of frontline lung cancer (in combination with chemotherapy) was going to be delayed into 2019. Share price declines were exacerbated when European regulatory authorities then declined to approve Keytruda for this indication until the confirmatory trial completed (in contrast to the U.S. Food & Drug Administration who approved it earlier this year).

## Biographies

**Samuel D. Isaly** is the Managing Partner of OrbiMed. Mr. Isaly is one of the world's foremost healthcare fund managers and has been active in global healthcare investing and analysis since 1968 when he joined Chase Manhattan Bank in New York. During his career, Mr. Isaly has been a pharmaceutical analyst with Chase Manhattan Bank, Merrill Lynch, Legg Mason, and S.G. Warburg. Mr. Isaly launched OrbiMed's asset management business in 1989. Mr. Isaly has a B.A. in Economics from Princeton University and an M.Sc. (Econ.) from The London School of Economics.

**Sven H. Borho CFA**, is a founding Partner of OrbiMed. Mr. Borho is a senior member of the public equity team and he is a portfolio manager for OrbiMed's public equity and hedge funds. Mr. Borho started his career in 1991 when he joined OrbiMed's predecessor firm as a Senior Analyst covering European pharmaceutical firms and biotechnology companies worldwide. Mr. Borho studied business administration at Bayreuth University in Germany and received an M.Sc. (Econ.), Accounting and Finance, from The London School of Economics; he is a citizen of both Germany and Sweden.

## Portfolio Manager Profile

OrbiMed Capital LLC (OrbiMed) is owned by six principals, including Samuel D. Isaly, and Sven Borho who have between them many years' experience of investing in the pharmaceutical, biotechnology and healthcare sectors. The U.S. based company has over 90 investment professionals who carry out extensive research, involving company visits and developing an understanding of the commercial and scientific prospects for individual drugs. OrbiMed is registered as an investment adviser under the U.S. Securities and Exchange Commission (SEC). SEC registration does not imply a certain level of skill or training.

## Investment Policy

The Company offers a superior UK-listed opportunity for capital appreciation through a diversified portfolio of worldwide pharmaceutical, biotechnology, healthcare equipment, healthcare technology and healthcare services companies. The Portfolio Manager seeks to reduce risk through extensive fundamental research, worldwide exposure, position limits, and balanced market capitalisations. The Company's investment objective also allows gearing, through borrowing, of up to 20% of net assets and a net exposure to derivative investments (excluding swaps) of up to 5% of the portfolio. Equity swaps may also be used, counterparty exposure here is limited to 12% of the portfolio at the time of acquisition.

## Discount Control Mechanism

The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to the ex income NAV per share at which the shares trade to no more than 6%. Shares bought back may be held in treasury for reissue at later dates at not more than the discount at which they were purchased, and in any event at a discount no greater than 5% to the prevailing cum income net asset value per share. Any shares left in treasury are cancelled around the time of the AGM.

Worldwide Healthcare Trust PLC conducts its affairs so that its shares can be recommended by financial advisers ("IFAs") to retail investors. The shares are excluded from the Financial Conduct Authority's ("FCA's") restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

## 10 Largest Holdings as at 31 October 2017\*

Name	Region	Total
Wright Medical	Europe	3.9
Novo Nordisk	Europe	3.7
Boston Scientific	North America	3.4
Regeneron Pharmaceuticals	North America	3.4
Alexion Pharmaceuticals	North America	3.3
Eli Lilly & Co	North America	3.1
Intuitive Surgical	North America	3.1
Celgene	North America	2.7
Cigna	North America	2.6
Merck & Co	North America	2.6
<b>Total</b>		<b>31.8</b>

All data in the above includes any derivative, convertible or fixed bond exposures as an economically equivalent position in the underlying asset.

## Sector, Geographical\* & Asset Class Breakdown at 31 October 2017\*\*

Large Caps	69.8%	North America	63.6%	Equities	87.1%
Small Caps	30.2%	Europe	15.3%	Equity Swaps	9.9%
<b>Total</b>	<b>100.0%</b>	Emerging Markets	12.6%	Variable Bonds	2.0%
		Asia	8.5%	Options	0.6%
		<b>Total</b>	<b>100.0%</b>	Fixed Bonds	0.4%
				<b>Total</b>	<b>100.0%</b>

Source: All portfolio information sourced from Frostrow Capital LLP.

\*Geographical analysis based on country of incorporation.

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

## Share Price Total Return on £100 as at 31 October 2017 (£)

1 year	126.7
3 years	158.2
5 years	316.0

Source: Morningstar. Past performance is not a guide to future performance.

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Oct 12- Oct 13	Oct 13- Oct 14	Oct 14- Oct 15	Oct 15- Oct 16	Oct 16- Oct 17
NAV	38.3	38.5	13.1	15.4	17.1
Share Price	42.3	40.3	11.0	12.6	26.7
Benchmark	32.2	23.6	10.1	16.8	9.8

Source: NAV (total return; fully diluted) & Share Price (total return) – Morningstar. Index - Bloomberg. Past performance is not a guide to future performance.

## Important Information

Worldwide Healthcare Trust PLC (the "Company") is a UK investment trust premium listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Shares in the biotechnology sector can prove volatile and above average price movements can be expected. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Investment trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. This is set by the market makers and varies from share to share. This spread typically averages 1-2% each way on the mid-market price (the price halfway between the bid and offer prices), and can fluctuate and at times be higher than average. The net asset value per share is calculated in accordance with the guidelines of the Association of Investment Companies. Net assets are stated inclusive of income received. Any opinions on individual stocks are those of the Company's Portfolio Manager and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by OrbiMed Capital LLC for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy. Before investing in an investment company referred to in this document, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

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## Fast Facts as at 31 October 2017

<b>Launch Date</b>	April 1995
<b>Annual Management Fee</b> (payable by the Company)	0.65% of net assets plus 0.30% of market cap. up to £150m, in the range £150m to £500m 0.2%; in the range £500m to £1bn 0.15%; in the range £1bn to £1.5bn 0.125%; over £1.5bn 0.075% plus £57,500
<b>Performance Fee<sup>^</sup></b>	<b>See Annual Report for details</b>
<b>Ongoing charges*</b>	0.9%
<b>Continuation Vote**</b>	At the AGM every 5 years
<b>Year / Half Year</b>	31 March / 30 September
<b>Capital Structure</b>	48,068,778 Ordinary Shares

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

\*\*Next vote to be held at the AGM in 2019.

<sup>^</sup> with effect from 1 April 2017. Frostrow Capital is no longer entitled to receive a performance fee, however, it will be entitled to receive a share of any performance fee that crystallises during the year ending 31 March 2018 in respect of cumulative outperformance attained by 31 March 2017.

## Trust Characteristics

<b>Number of Holdings</b>	90
<b>Net Assets (£m)</b>	1,202.5
<b>Market Capitalisation (£m)</b>	1,218.1
<b>Dividends</b>	Provisional payment dates: January & July
<b>Indicative Yield</b>	0.9%
<b>Gearing</b>	7.9% Gross 118.7%
<b>Leverage***</b>	Commitment 117.0%
<b>Share Price (p)</b>	2534.00
<b>NAV(p) (cum income)</b>	2501.60
<b>Premium / (Discount)</b>	1.3%

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

## Codes

<b>Sedol</b>	0338530
<b>ISIN</b>	GB0003385308
<b>Legal Entity Identifier</b>	5493003YBCY4W1IMJU04
<b>Bloomberg</b>	WWH LN
<b>Epic</b>	WWH

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## Awards

**Winner: Investment Week, Investment Company of the Year 2016, Specialist (including Hedge Funds) Category**  
**Highly Commended: Money Observer Trust Awards 2015 Best Large Trust**  
**Rated Fund: Money Observer Rated Funds 2015**

