WORLDWIDE HEALTHCARE TRUST PLC

Half Year Report & Accounts for the six months ended 30 September 2017

Frostrow CAPITAL

OrbiMed Healthcare Fund Management

Worldwide Healthcare Trust PLC

Investment Objective and Policy

Worldwide Healthcare Trust PLC is a specialist investment trust that invests 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 on a net total return, sterling adjusted basis (Benchmark). Further details of the Company's investment policy are set out in the Company's Annual Report and Accounts.

Accessing the Global Market

The healthcare sector is a global one and accessing this global market as a UK investor can be difficult. Within the UK, there are diminishing options for investment as the universe of healthcare companies is shrinking through merger and acquisition activity. The Company offers an opportunity to gain exposure to pharmaceutical, biotechnology and related companies in the healthcare sector on a global scale.

Due to its broad investment mandate, Worldwide Healthcare Trust PLC is able to participate in all aspects of healthcare, anywhere in the world. These may include patented specialty medicines for small patient populations and unpatented generic drugs, in both developed countries and emerging markets. In addition, the Company invests in medical device technologies, life science tools and healthcare services. The overall geographic spread of Worldwide Healthcare Trust PLC is also extensive with investments in the U.S., Europe, Japan and emerging markets.

How to Invest

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including investment dealing accounts, ISAs, Junior ISAs and SIPPs) which enable both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. Further details can be found on pages 33 and 34.

Company Summary

Governance

Financial Statements

Further Information

Keep up to date with Worldwide Healthcare Trust PLC

For more information about Worldwide Healthcare Trust PLC visit the website at

www.worldwidewh.com

Follow us on Twitter

@worldwidewh

Winner:
Investment Week,
Investment Company
of the Year 2016,
Specialist (including
Hedge Funds) Category

Performance

	Six months to 30 September 2017	One year to 31 March 2017
Net asset value per share (total return)#	7.4%	28.9%
Share price (total return)#	10.8%	35.5%
Benchmark (total return)^	2.6%	24.5%

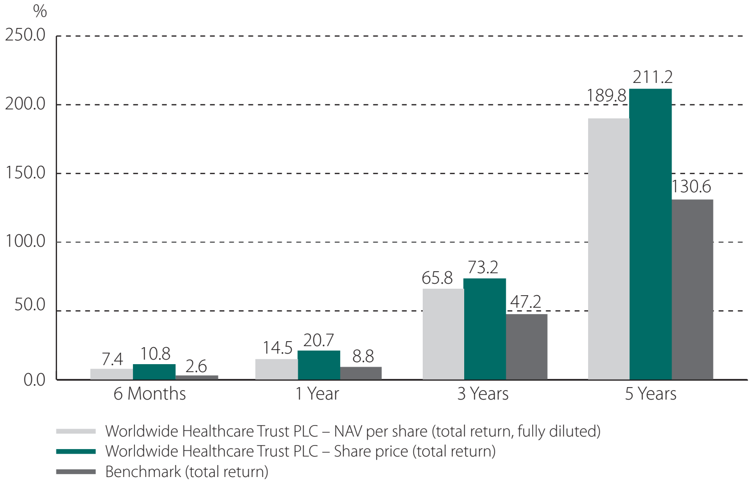
	30 September 2017	31 March 2017	Six months % change
Net asset value per share	2,526.3p	2,367.2p	6.7
Share price	2,536.0p	2,304.0p	10.1
Premium/(discount) of share price to the net asset value per share	0.4%	(2.7%)	–
Leverage+	15.4%	16.9%	–
Ongoing charges	0.9%	0.9%	–
Ongoing charges (including performance fees crystallised during the period)+	1.1%	1.0%	–

\# Source – Morningstar.

^ Benchmark – MSCI World Health Care Index on a net total return, sterling adjusted basis. (see glossary beginning on page 30)

\+ See glossary beginning on page 30. Leverage calculated under the Commitment Method.

Performance to 30 September 2017



Source: Morningstar

Chairman's Statement

PERFORMANCE

Against a positive backdrop and reduced market volatility, the healthcare sector produced a satisfactory return, in line with the wider market over the first six months of the Company's financial year. I am pleased to report that both the Company's net asset value per share and the share price outperformed the Company's Benchmark over the period and that, following last year's strong performance, the current financial year has begun on a similarly positive note.

As can be seen in the chart on the previous page, the Company's net asset value total return was +7.4% over the last six months, outperforming the Company's Benchmark, the MSCI World Health Care Index measured on a net total return, sterling adjusted basis, which returned +2.6%.

The Company's share price did rather better, with a total return of +10.8%, and the Company's share price is now trading consistently at a premium to the Company's net asset value per share. The premium of the Company's share price to the net asset value per share as at 30 September 2017 was 0.4%.

I mentioned at the year-end that sterling's decline against other major currencies, in particular the U.S. dollar, the currency in which the majority of the Company's holdings are denominated, had helped the Company's performance in absolute terms. The first six months of the current financial year saw something of a recovery in sterling's fortunes, sterling having appreciated over 7.0% against the U.S. dollar during the period. This relative dollar weakness inevitably detracted from the Company's absolute performance.

Further information on investment performance and the outlook for the Company is given in the Review of Investments beginning on page 5.

CAPITAL

The Board continues to monitor closely the relationship between the Company's share price and the net asset value per share. As referred to above, I am pleased to note that due to the Company's strong performance the Company's shares have been trading at a small premium to the net asset value per share for some months. As a result, and also due to investor demand, a total of 1,512,500 new shares were issued during the period, at an average premium of 0.7% to the prevailing cum income net asset value per share, raising £38.4m of new funds.

PERFORMANCE FEE

I am glad to report that the outperformance generated in this half year has resulted in a performance fee becoming payable, in accordance with the provisions of the performance fee arrangements, of £2.4 million. This fee was shared between the Company's Portfolio Manager, OrbiMed Capital LLC ("OrbiMed") and the Alternative Investment Fund Manager, Frostrow Capital

Chairman's Statement (continued)

LLP ("Frostrow") as described in note 3 to the Financial Statements. Shareholders will be aware that under new fee arrangements that became effective on 1 April 2017, Frostrow no longer receives a performance fee. However, they are entitled to receive any performance fee that crystallises during the year ending 31 March 2018 in respect of cumulative outperformance attained by 31 March 2017.

REVENUE AND DIVIDENDS

The revenue return for the period was £4.2 million, compared to £4.0 million in the same period last year; this slight increase comes as a result of a small rise in the yield from portfolio investments and despite sterling's appreciation against the U.S. dollar in the period. The Board has declared an unchanged first interim dividend of 6.5p per share, for the year to 31 March 2018, which will be payable on 9 January 2018 to shareholders on the register of members on 24 November 2017. The associated ex-dividend date is 23 November 2017. The second interim dividend for the year to 31 March 2018 is expected to be announced in June 2018.

I remind shareholders that it remains the Company's policy to pay out dividends to shareholders in the quantum necessary to maintain investment trust status for each financial year. These dividend payments are paid out of the Company's net revenue for the year and, in accordance with investment trust rules, only a maximum of 15% of income arising from the shares and securities making up the investment portfolio can be retained by the Company in any financial year.

It is the Board's continuing belief that the Company's capital should be fully deployed rather than paid out as dividends to achieve a particular target yield.

HALF YEAR REPORT & ACCOUNTS

As I mentioned last year, in order to keep costs to a minimum we will not be providing a hard copy of this year's Half Year Report & Accounts. This document is, and will continue to be available on the Company's website at www.worldwidewh.com. The Company's Annual Report & Accounts will continue to be available in hard copy, and also on the Company's website.

OUTLOOK

Our Portfolio Manager believes that investors are now focusing more on the sector's strong fundamentals rather than political uncertainty, with factors such as strong revenue generation, continued high levels of innovation, a more benign approval environment at the FDA and expected increased merger and acquisition activity expected to be key drivers. In addition, anticipated U.S. tax reforms and cash repatriation are also expected to be positive for the sector. However, on a cautionary note, volatility remains an issue as evidenced by the recent correction in the biotechnology sector.

Chairman's Statement (continued)

Our Portfolio Manager's focus remains on the selection of stocks with strong prospects and we reiterate our belief that the long-term investor in the healthcare sector will be well rewarded.

Sir Martin Smith
Chairman
23 November 2017

Review of Investments

MARKETS

Global equity markets for the six-month period from 1 April to 30 September 2017 advanced with admirable aplomb, reaching multiple new all-time highs throughout the period. Despite some spikes, volatility also remained relatively low. Overall, strong corporate earnings and positive economic trends supported the move higher, with little offsets as political risk in Europe eased and despite tensions between North Korea and the United States. Emerging markets also benefitted from a supportive global backdrop.

Perhaps the only sources of volatility during the period were various key global currencies, notably the euro and to a lesser extent, sterling, which blunted some of the index returns, compared to a U.S. dollar perspective.

Healthcare stocks followed a similar trend as the broader market, with solid and mostly consistent advances and the achievement of all-time highs in the six-month period. Again, solid fundamentals coupled with reduced macro concerns fueled the move higher, partially diminished by currency moves.

PERFORMANCE

We are pleased to report that the Company outperformed both the broader market and the Benchmark, with a share price total return of +10.8% and a net asset value total return of +7.4% in the six-month period. Performance of the Benchmark for the six-month period ended 30 September 2017 was +2.6%. This compares to the MSCI World Index return of +2.4% (measured in sterling terms).

Over a 12-month period, the Company has significantly outperformed its Benchmark, with a share price total return of +20.7% and a net asset value total return of +14.5% compared to the Benchmark return of +8.8%.

Sources of absolute and relative contribution were both diverse and numerous. All sub-sectors contributed to positive returns, with only one exception, generic pharmaceuticals, primarily due to the degradation of fundamentals in that sector. Otherwise the strong performance recorded for the interim period was mostly driven by allocation and stock picking in biotechnology and medical technology & device stocks. The former was driven by a large rebound in share prices after the dramatic drawdown observed in 2016 and the latter fueled by an innovation and growth cycle that had not been seen in years. Otherwise, stock returns in large capitalisation pharmaceuticals, specialty pharmaceuticals, life science & services, and managed care/services were all positive.

MAJOR CONTRIBUTORS TO PERFORMANCE

The top individual stock contributors to performance come from a variety of sub-sectors and geographies, from biotechnology, to pharmaceuticals, and medical devices, from the United States, to Denmark, and Japan.

Oncology continues to be the hottest therapeutic category for healthcare investors in 2017. **Puma Biotechnology**, is an emerging biotechnology company whose

Review of Investments (continued)

lead asset is an oral once-daily tyrosine kinase inhibitor called Nerlynx (neratinib), designed to treat a specific form of early stage breast cancer. The stock rose substantially during the period due to a favourable U.S. Food and Drug Administration ("FDA") Advisory Committee vote in May 2017, that recommended approval of Nerlynx. Subsequently, the drug was approved in July 2017 and launched shortly thereafter. Prior to these events, there had been significant investor scepticism about the asset's approvability due to its perceived modest survival benefit and significant tolerability issues. As a result, the successful commercialisation of Nerlynx by Puma has fueled merger and acquisition ("M&A") speculation, and the share price has more than doubled during the period.

BeiGene, is a China-based biotechnology company focused on the development of oncology drugs that serve both local and global markets. The company has parlayed its expertise in cell biology and chemistry into a pipeline of four clinical-stage oncology candidates. BeiGene's lead candidate, BGB-3111 which targets "BTK" (Bruton's tyrosine kinase), was designed to have specificity and potency advantages over established BTK inhibitors in the treatment of various blood cancers. The company has commenced late stage clinical development to demonstrate its superiority, increasing investor enthusiasm about its blockbuster potential and buoying the share price. BeiGene's other oncology candidates in earlier phases of development are also directed at validated oncology targets (such as "PD-1", "PARP", or "BRAF") and also may have best-in-class properties. As such, the share price also moved higher in the period after the company announced a strategic collaboration with **Celgene** for BeiGene's PD-1 inhibitor, representing BeiGene's entry into the "hot" space of immuno-oncology.

A true leader in medical device innovation, **Intuitive Surgical**, develops robotic systems and associated instrument sets for use in a broad array of surgical procedures. Shares in the company consistently outperformed during the six-month period for a number of reasons. Robotic procedure volumes and new system placements, both leading indicators of sales performance, strongly outperformed analyst expectations in the period. Additionally, the company announced and launched a new robotic system, *da Vinci X*, which is designed to be more affordable and is positioned favourably against upcoming competitive robotic systems. Lastly, the company was at the early stages of a new robotic launch in China for a lung biopsy product which represents a significant market opportunity and has driven longer-term consensus estimates and valuations higher for the stock.

Japan, historically, has often been a hidden gem for innovation, and **Nippon Shinyaku** is a perfect example. The company developed a best-in-class treatment for a deadly lung disease known as pulmonary arterial hypertension or PAH. Uptravi (selexipag) was discovered by Shinyaku and licensed to Swiss-based leaders in PAH, Actelion, nearly 10 years ago. The drug was successfully launched by Actelion in 2016, drawing the

Review of Investments (continued)

attention of global drug giant, Johnson and Johnson, who subsequently acquired Actelion early in 2017. As a result, Shinyaku began to receive greater recognition by investors for this potential blockbuster product. Subsequently, Nippon Shinyaku has been one of the best performing Japanese pharma stocks in 2017.

The worldwide leaders in the treatment of diabetes, **Novo Nordisk**, came under pressure in 2016 as pricing, in particular insulin pricing, was squeezed by payers and competition alike. However, 2017 bore witness to greater pricing stability and more clarity on the next wave of innovation for the treatment of one of the most common diseases in the world. While not completely de-risked, Novo's next generation offering, "semaglutide" is poised to be the most efficacious treatment ever developed for the treatment of Type II diabetes. Moreover, the company is developing the compound in both injectable and oral formulations. If the latter can successfully pass through clinical trials, it can surely be a mega-blockbuster product. These developments pushed Novo's stock price higher during the six-month period.

MAJOR DETRACTORS FROM PERFORMANCE

The largest detractors from performance, similar to the top contributors, were very diverse in nature. Detractors came from many subsectors, including medical devices, generics, biosimilars, biotechnology, and hospitals. In each case, however, an unexpected negative catalyst caused the share price decline.

The medical device maker, **Wright Medical**, one of our major holdings, manufactures state-of-the-art joint replacements, primarily for shoulder, foot and ankle, trauma and sports medicine procedures, as well as orthobiologic products. Earlier this year, the company materially accelerated its plans to expand its sales force, leading to a brief disruption in the first quarter and subsequently a shortfall in sales relative to consensus expectations. While the second quarter showed a reacceleration in sales trends, the positive impact on the stock was overshadowed by two hurricanes that struck the high-volume regions of Florida and Texas in September, delaying procedures and leading investors to question whether management will be able to hit the guidance range for the full year. The share price fell sharply in the last month of the period as a result.

Shares of **Mylan**, a global generic drug manufacturer, plummeted in August in response to a second-quarter earnings miss and downwardly-revised full-year financial guidance. Similar to other companies with significant exposure to the U.S. generic drug market, Mylan's operating performance has been stifled by a combination of increased competitive pressures on its legacy generic drug portfolio and delayed U.S. FDA approvals/launches of generics for significant branded products.

Another hot topic in healthcare investing has been biosimilars: generic versions of

Review of Investments (continued)

complex, biologic drugs. However, monetising this global opportunity has proven more difficult. **Coherus Biosciences**, is developing biosimilar versions of a number of branded biotechnology drugs, including the white blood cell stimulator Neulasta (pegfilgrastim) and the rheumatoid arthritis drugs Humira (adalimumab) and Enbrel (etanercept). The company had filed an application for their lead asset, a biosimilar version of Neulasta, in August 2016. However, in June 2017, the stock dropped significantly when the U.S. FDA rejected the drug, stating that the company needed to re-analyse certain patient samples with a revised immunogenicity assay. Due to the setback, the company was forced to reduce its workforce by 30%. The company also suffered a legal setback, and another share price decline, when its attempt to invalidate a patent protecting Humira was rejected by the U.S. Patent & Trademark Office in September of 2017.

Incyte is a Delaware-based biotechnology company. The company markets Jakafi (ruxolitinib) for myeloproliferative disorders (abnormal growth of blood cells) and is developing a portfolio of therapeutics for the treatment of cancers. Baricitinib, a next generation JAK inhibitor for rheumatology, was unexpectedly rejected for approval by the U.S. FDA due to rare safety concerns, despite earlier European approval, causing the stock to fall. While the stock partially recovered, investor angst rose in relation to Incyte's first-in-class IDO inhibitorm epacadostat, a novel cancer treatment in late stage clinical development. Despite early positive data that suggested epacadostat has the potential to be a major player in cancer immunotherapy, the stock again sold-off after many investors decided to de-risk by selling the stock ahead of the next looming data update for the molecule.

HCA Healthcare, is the largest public hospital provider in the U.S. The past 12 months have proven turbulent for the company's business and share price, starting with the lead into the U.S. Presidential election in November 2016. For the six-month period reported here, the company reported weak earnings and reduced full year 2017 guidance due to decelerating utilisation trends. In addition, the stock underperformed due to concerns that Republicans would successfully repeal President Obama's Affordable Care Act (or "Obamacare"), which would reduce the number of American citizens with health insurance.

SECTOR DEVELOPMENTS

Whilst 2016 was marked primarily by landmark political events such as the prospective withdrawal of the United Kingdom from the European Union (commonly known as Brexit) and the unexpected election of Donald Trump as the 45th President of the United States, 2017 can thus far be characterised as a return to fundamentals for global healthcare equites; and the fundamentals are good.

Politics are never completely obviated, however, and the current situation has been quite favourable for therapeutic stocks in the six-month period, especially in the largest drug market in the world, the United States.

Review of Investments (continued)

First, with Republicans in power, the concern over a dramatic overhaul to drug pricing rules in the U.S. has dropped considerably (despite the odd Tweet to the contrary from constantly combative President Trump). Second, President Trump has proposed his plans for significant tax reform in the U.S. Of import to the healthcare industry are twofold: (1) the substantial lowering of the U.S. corporate tax rate and (2) a "tax holiday" for the repatriation of overseas cash. If adopted, in whole or in part, it would be a windfall of earnings and cash flows for all large, U.S. domiciled healthcare companies. In particular, large capitalisation pharmaceutical and biotechnology companies, such as Pfizer or **Amgen** would reap significant rewards given they possess – cumulatively – hundreds of billions of U.S. dollars of cash overseas. It would be a boon to the industry and almost assuredly stimulate a M&A frenzy.

Further, whilst the new Commissioner of the U.S. FDA, Scott Gottlieb, has introduced some new plans to increase competition (with the hope to affect drug prices) in the U.S. drug market, overall, he is viewed as very aligned with the drug industry's best interests. Dr. Gottlieb's "Drug Competition Action Plan" will accelerate generic drug approvals (he inherited an FDA backlog of over 2,600 generic drugs seeking approval), ease generic versions of complex and biologic drugs onto the market, and seek to reduce the number of older medicines that lack generic competition by regularly highlighting the nearly 200 off-patent drugs with no generic alternatives available. This approach is appealing, utilising a market-based, lower regulation approach favoured by conservatives to deliver the drug price cost containment desired by progressives. Generic drug competition is an effective and under-appreciated tool for lowering drug prices over time that, importantly, does not stifle innovation.

Moreover, what is the FDA's scorecard? It is not a perfect measure, but we note that as of 30 September 2017, the FDA had approved 34 novel drugs for the U.S., already eclipsing the total for all of last year and a 100% increase year-over-year. This total does not include another 12 new cancer indications granted to already approved "immuno-oncology" drugs, one of the most innovative advances in the treatment of cancer over the past three decades.

Finally, a comment on M&A, a secular theme for us and most healthcare investors, but the modest pace and subdued level of M&A activity seen in 2017 has been a source of frustration. However, we do note the August 2017 blockbuster transaction with Gilead's U.S.$11 billion acquisition of Kite Pharmaceuticals. Kite is one of the pioneers of CAR-T immunotherapy a next generation variation of gene therapy that reprograms a patient's own T-cells to attack malignancies. The large valuation is a compelling validation of biotechnology innovation considering Kite is still a pre-revenue company with no approved products. We believe more such transactions will occur, with a potential feeding frenzy of activity possible if a U.S. tax reform package is enacted with a repatriation provision for offshore cash balances held by U.S. companies, as discussed above.

Review of Investments (continued)

STRATEGY REVIEW

The Company's mandate remains unchanged: to seek innovation and growth in the healthcare industry on a global level by investing in healthcare companies that offer the greatest return potential, being mindful of risk. As productivity and innovation rise, the number of investable ideas also rises, but the scrutiny and diligence required to isolate them becomes more complex.

Biotechnology

The major biotechnology sub-sector continued its recovery during the six-month period as macro concerns about the biotechnology sector continued to abate. Heading into 2017, investors were principally concerned about two issues overhanging the biotechnology sector: 1) any policy announcement by President Trump about his plan to lower drug prices, and 2) the potential repeal of "Obamacare", President Obama's signature healthcare reform bill.

However, despite making public comments about high drug prices on numerous occasions since the election, President Trump has yet to announce any official plan to reduce drug prices. Moreover, investors now believe he will no longer do so and has moved on to other policy priorities.

In addition, despite controlling both the Presidency and Congress, the Republicans have failed to repeal Obamacare despite multiple attempts. The biotechnology industry is less sensitive to the fate of Obamacare, but uncertainty around the future of the healthcare system in the United States had caused many investors to avoid the healthcare sector altogether. As the prospects for a near-term repeal of Obamacare have dimmed, the cloud of uncertainty surrounding healthcare has lifted somewhat. With these macro overhangs dissipating, sentiment on the biotechnology sector has improved and investors have begun to realise the attractive valuation of major biotechnology relative to other sectors.

Meanwhile, the regulatory environment for the biotechnology and pharmaceutical sectors has remained extremely favourable, with drug approvals occurring in a timely manner despite less-than-perfect data sets. Initial product launches from select large capitisation biotechnology companies have exceeded expectations, including **Biogen's** launch of Spinraza (nusinersen), a novel treatment for spinal muscular atrophy, and **Regeneron Pharmaceutical's** launch of Dupixent (dupilumab), a novel antibody for atopic dermatitis. Moreover, these drugs have launched with significant price tags, costing hundreds of thousands of dollars and tens of thousands of dollars, respectively.

We would also highlight that this year has been important for the development of new treatment modalities from small capitalisation biotechnology stocks. **Spark Therapeutics'** voretigene neparvovec is poised to be the first gene therapy approved by the FDA. **Alnylam Pharmaceuticals** recently reported positive phase III data for patisiran for hereditary ATTR amyloidosis. This is the first successful pivotal trial of an RNA-interference based therapy, which is a novel class of drugs to downregulate

Review of Investments (continued)

expression of genes. Advances with new therapeutic platforms such as gene therapy, RNA-interference, and CAR-T will expand the capabilities of the industry to target diseases that were previously not addressable by conventional drug therapies.

Whilst M&A activity has been relatively quiet, this is likely due to uncertainty about the specifics of President Trump's corporate tax reform plan. We would expect activity to reaccelerate once there is more clarity on tax reform, which is expected at the end of 2017 or perhaps early in 2018. Even so, M&A activity has not been completely absent given the "innovation engine" of emerging biotechnology stocks discussed above,

Pharmaceuticals

Pharmaceutical stocks, like their biotechnology brethren, have enjoyed a renaissance in 2017 as the political overhang has vastly diminished, allowing investors to look past the rhetoric and focus on fundamentals; in the case of large capitalisation pharmaceutical stocks, those fundamentals are arguably mixed.

Perhaps most important is that innovation in drug discovery and development appears to be at or near all-time highs, and nothing drives value and accretion like new product flow. However, we do note the inherent heterogeneity within the companies who comprise this universe. In other words, innovation is not spread equally across them all, and thus we believe stock selection is key.

Whilst "patent cliffs" are currently at a low level, looming losses of exclusivity across this sector are not *de minimis*. Once again, patent expirations are not spread equally across the group, hence the growth outlook can be quite variable amongst these peers. In addition, a new "cliff" is on the horizon with respect to biosimilars. A host of blockbuster antibody drugs are poised to lose patent protection over the next three to five years. However, the approval, uptake, utilisation, and interchangeability of the biosimilar product to replace the incumbent brand remains a source of investor debate and thus a source of market uncertainty.

In the U.S., whilst angst over drug pricing from a political perspective has subsided, payers and managed care players have become much more savvy with trading patient access for increased rebates and this has become a hot button topic for drug companies and investors alike. While generic drug prices continue to decline, branded drug prices continue to rise, and are even accelerating given the increased approval rate of higher priced "specialty" drugs (such as biologics across many therapeutic areas including oncology, rheumatology, immunology, dermatology, etc.). The payer's response to this is to manage patient access to new drugs with tight controls such as step therapy, prior authorisation, restricted drug lists, high deductibles, and increased co-pays. The result can dramatically impact the uptake of a new drug launch. Of course, truly innovative new drugs with real value propositions – such as an increase in patient survival – can overcome such hurdles.

For small capitalisation pharmaceutical stocks, the performance of U.S.-focused specialty and generic pharmaceutical

Review of Investments (continued)

companies has disappointed, as companies continued to struggle with the multiple challenges facing the sector, including: reduced pricing power, heavy debt burdens, heightened competitive pressures, underperforming assets, increasingly restrictive third-party payer formularies – including reduced coverage of new product introductions – and, unsurprisingly, senior management changes.

Although valuations remain depressed for many companies in the specialty and generic pharmaceutical sector, we see opportunities in a handful of reasonably-leveraged companies with important upcoming clinical and regulatory events and differentiated new product introductions benefitting from a lesser degree of third-party payer management. We anticipate that increased M&A activity, including greater participation from private investors, could improve sentiment for this group of beleaguered stocks and drive valuation recoveries over the next 12 months.

Medical Technology and Devices

A number of factors for the medical technology and devices spaces remain favourable and thus we have a positive view on a forward-looking basis. First, organic growth rates are tracking at healthy levels whilst reported growth rates are benefitting from small and mid-size acquisitions. Undeniably, absolute valuations remain high, but relative valuations against the S&P 500 Index are now roughly in line with historical averages despite relatively superior earnings per share growth in the "MedTech" sector.

Importantly, we view current earnings growth rates as sustainable through the end of the decade, at least. Though there has been some investor consternation surrounding U.S. hurricane-related adverse impacts to sector volumes for the third quarter earnings period, we believe that these are one-time events. In our view, procedures are more likely to be delayed into the fourth quarter than cancelled outright and underlying procurement volume trends remain strong.

Lastly, U.S. tax reform remains a key catalyst for almost all MedTech companies, as does the potential delay or repeal of the medical device excise tax. Turning to stock selection, we continue to prefer (1) cardiology – where innovation remains industry leading, (2) surgical robotics – where technology advances have been and will continue to be disruptive to historical surgical paradigms, and (3) extremities implants/biologics – which remain at the very early stages of the adoption curve.

Life Sciences Tools and Services

We remain somewhat guarded for the prospects of the life science tools space. Certainly valuation continues to be demanding in both relative and absolute sense. Nevertheless, outperformance in the past six months was driven by a perceived political and regulatory shield from an unpredictable administration and healthy end markets.

Federal funding environments in bio-pharma and academic research institutions remains buoyant driven by excitement around

Review of Investments (continued)

developments in oncology. Despite healthy end markets, valuation and sub-sector rotation dynamics will play even more of a critical role in positioning as we look ahead into 2018. Major U.S. corporate tax reform and subsequent repatriation of overseas cash could catalyse material M&A, especially in bio-pharma. However, the consolidation of bio-pharma could pressure the life sciences tools sector as pharmaceutical companies rationalise their research and development ("R&D") programmes. Coupled with this potential headwind and aforementioned valuation, we remain selective in life sciences tools.

The diagnostics industry, as has been the case for the last several years, remains an industry beholden to reimbursement policies set by both private payers and U.S. Medicare. Utilisation has seen both ups and downs during this period with "Obamacare" backed tailwinds offset by severe weather-related headwinds.

More importantly, the industry hit a major fundamental set back this year when the Protecting Access to Medicare Act enacted legislative reimbursement cuts for Medicare lab fee services that were more draconian than expected. Set to take effect from January 2018, if finalised, Medicare reimbursement for high volume lab tests could be reduced by up to 10%.

The remainder of 2017 could be quite volatile as the lab industry awaits the final ruling after a contentious public hearing period. Given the expected reimbursement cuts and potential reduction in insured lives under the new administration's political efforts, we remain cautious on the sector until further clarity can be observed.

Healthcare Services

In healthcare services, payers have outperformed providers due to weaker than expected utilisation of healthcare. Specifically, payers such as health maintenance organisations (also known as HMOs, a type of health insurance plan that usually limits coverage to care from doctors who work for or contract with that HMO), reported strong earnings upside and raised full year 2017 guidance. In contrast, providers such as hospitals experienced decelerating volumes and reduced their financial outlooks for the year. (Severe hurricanes that plagued the southern United States in September 2017 were also disruptive, although generally viewed as one-time non-recurring impacts.)

Macroeconomic trends have also favoured payers over providers. For example, payers stand to benefit most from corporate tax reform because all of their business is conducted in the U.S. and from rising interest rates because they would generate higher income on investment portfolios. Rising interest rates is bad for levered hospitals.

Going forward we remain bullish on HMOs with a view that utilisation will remain modest, the macroeconomic environment benign, and the regulatory environment under the Trump administration favouring the private sector over Obamacare. We remain bearish on provider stocks including hospitals because they are negatively impacted by these conditions. Separately, we are bearish on

Review of Investments (continued)

Pharmacy Benefit Managers ("PBM"s) (who serve as the middlemen between insurance companies, pharmacies and manufacturers to secure lower drug costs for insurers and insurance companies) as this industry transitions from a disciplined duopoly to an increasingly competitive and more transparent market due to new entrants.

Emerging Markets

Throughout 2017, the Chinese government has continued to enact reforms to raise drug quality, improve regulatory speed and efficiency, and promote innovation. To improve overall drug quality in China, the government has been enforcing bioequivalence standards for generic drugs, forcing companies to certify the quality of their clinical trial data, and allowing more foreign high-quality drugs into the Chinese market. These reforms have led to a dramatic drop in the backlog of drugs pending review at the China Food and Drug Administration ("CFDA"), as lower-quality pharmaceutical companies with deficient data packages have pulled their applications.

To improve regulatory speed and efficiency, the CFDA has been approving clinical trial initiations more quickly, adding more drug reviewers, and improving the frequency and quality of communication between the sponsor and the agency. To promote innovation, the Chinese government has been accelerating the regulatory review of innovative drugs, increasing reimbursement of innovative drugs, and decreasing reimbursement of drugs with questionable clinical data. These reforms have occurred while implementing regulations to discourage over-prescribing of drugs and enacting rules to simplify the drug distribution chain to remove cost.

In the short-term, all of these policies have led to a fall in prescription drug sales. Over the long-term, we believe these policies are positive for the innovative drug industry and will remove many of the low-quality companies that have historically pressured prices. Indeed, the regular drug price cuts that have characterised the industry have been more moderate recently than in the past. We continue to favour Chinese players with innovative pipelines in light of these policies.

The Indian pharmaceutical industry has recently experienced several regulatory headwinds and policy changes, but despite these challenges the underlying demand in the sector remains robust. The industry's growth rate has declined to c.3.0% during the reported period, down from c.10.0% the previous year. The reasons behind this slowdown are multifactorial, including the introduction of the Goods and Services Tax (GST) that triggered trade inventory corrections, and the impact of the new draft pharmaceutical policy aimed at controlling costs and stoking competition. We anticipate continued volume growth for the industry due to strong underlying demand owing to rising disposable income, increasing insurance penetration, improving medical infrastructure, and increasing incidence of chronic diseases. That said, we are closely monitoring industry pricing dynamics, with a keen eye on the potential negative impact of additional government cost control

Review of Investments (continued)

initiatives. This could emerge as an important near-to-intermediate-term risk.

Indian companies with significant exposure to the U.S. generic drug market have also faced additional challenges, similar to their U.S.-based competitors. These challenges include: (1) increasing regulatory scrutiny on both manufacturing and marketing operations, (2) customer consolidation, and (3) higher than expected base business price erosion. Despite these challenges, the U.S. market remains an important contributor of revenues and profits to most Indian pharmaceutical companies. Such challenges should help well-run Indian companies become more compliant and cost efficient, allowing management to strengthen and re-focus product pipelines toward differentiated generics.

Additionally, Indian pharmaceutical companies have benefited from the high double-digit growth rates witnessed in emerging markets such as South East Asia, Middle East, Africa, and Eastern Europe. Currency dynamics in some of these geographies have become more favourable allowing Indian companies to reap the benefits of widely diversified product baskets via leverage of supply agreements and acquisitions reached in quarters past.

Our strategy in India is multifold. We strive to invest in (1) high quality companies with a focus on high growth chronic segments in the domestic market, (2) companies that prioritise compliant manufacturing and have a significant and growing U.S. exposure with a focus on a differentiated generics pipeline, and (3) companies with high growth and profitable emerging market exposure.

OUTLOOK FOR 2018

Despite recent volatility in the biotechnology sector our collective optimism is high for 2018. Global healthcare stocks are clearly now trading on fundamentals again rather than retreating on political rhetoric. Importantly, our view on the fundamentals of healthcare is decidedly positive, and we expect continued moves higher as secular demand and consumption of healthcare goods and services should continue unabated.

Therapeutic stocks, pharmaceuticals and biotechnology, will continue to prosper during this golden era of innovation. While the fruits of genomics were not ripe enough to pick at the turn of the century, today's discoveries are turning into real drugs with real benefits to patients and the entirety of the healthcare system. Political risk for the sector is perhaps at an all-time modern low. In fact in the U.S., politics may turn into a tailwind in 2018 if tax reform can be enacted, creating even more cash flow into a system which notably benefits from such circumstances.

Overall, with technical and macro pressures fading, company-specific events that are central to our investment process should return to prominence, with clinical, regulatory and M&A catalysts driving individual stock price performance.

Samuel D. Isaly
OrbiMed Capital LLC
Portfolio Manager
23 November 2017

Review of Investments (continued)

PRINCIPAL CONTRIBUTORS TO AND DETRACTORS FROM NET ASSET VALUE PERFORMANCE

For the six months to 30 September 2017

Top Five Contributors	Contribution £'000	Contribution per share (p)*
Puma Biotechnology	18,307	39.2
Beigene	15,998	34.2
Intuitive Surgical	8,744	18.7
Nippon Shinyaku	8,672	18.6
Novo Nordisk	7,808	16.7
Top Five Detractors		
Wright Medical	(13,219)	(28.3)
Mylan	(7,562)	(16.2)
Coherus Biosciences	(7,148)	(15.3)
Incyte	(6,527)	(14.0)
HCA Healthcare	(5,885)	(12.6)

*based on 46,719,666 shares being the weighted average number of shares in issue during the six months ended 30 September 2017.

Source: Frostrow Capital LLP

Portfolio

as at 30 September 2017

Investments	Country/region	Market value £'000	% of investments
Alexion Pharmaceuticals	USA	51,840	4.0
Boston Scientific	USA	49,222	3.8
Novo Nordisk*	Denmark	49,059	3.8
Eli Lilly	USA	45,271	3.5
Intuitive Surgical	USA	43,943	3.4
Wright Medical	Netherlands	43,773	3.4
Merck	USA	41,681	3.2
Regeneron Pharmaceuticals	USA	40,317	3.1
Cigna	USA	34,246	2.7
Anthem	USA	34,229	2.7
Top 10 investments		**433,581**	**33.6**
Chugai Pharmaceutical	Japan	29,759	2.3
Celgene	USA	29,714	2.3
Edwards Lifesciences	USA	29,143	2.3
Nippon Shinyaku	Japan	28,923	2.2
Incyte	USA	27,607	2.1
Vertex Pharmaceuticals	USA	26,435	2.1
BeiGene	Cayman Island	26,260	2.0
Mylan	Netherlands	25,588	2.0
Illumina	USA	24,701	1.9
Puma Biotechnology	USA	23,369	1.8
Top 20 investments		**705,080**	**54.6**
Amgen	USA	23,206	1.8
Novartis	Switzerland	22,528	1.7
Eisai	Japan	22,377	1.7
Stryker	USA	22,124	1.7
Aetna	USA	21,889	1.7
Galapagos**	Belgium	21,653	1.7
Biogen	USA	21,342	1.6
Unitedhealth Group	USA	20,168	1.6
Clovis Oncology	USA	19,365	1.5
Allergan***	Ireland	19,174	1.5
Top 30 investments		**918,906**	**71.1**

*includes Novo Nordisk ADR equating to 0.9% of investments.

**includes Galapagos ADR equating to 1% of investments.

***includes Allergan 5.5% Preference equating to 0.5% of investments.

Portfolio (continued)

as at 30 September 2017

Investments	Country/region	Market value £'000	% of investments
Genmab	Denmark	18,427	1.4
Array BioPharma	USA	18,136	1.4
Radius Health	USA	17,146	1.3
Alnylam Pharmaceuticals	USA	16,464	1.3
Bristol-Myers Squibb	USA	16,264	1.2
Xencor	USA	12,765	1.0
Thermo Fisher Scientific	USA	12,732	1.0
Nevro	USA	12,399	1.0
Agilent Technologies	USA	12,360	1.0
Juno Therapeutics	USA	11,323	0.9
Top 40 investments		**1,066,922**	**82.6**
Celltrion	South Korea	11,130	0.9
Integra Lifesciences	USA	10,981	0.9
Coherus Biosciences	USA	10,743	0.8
Santen Pharmaceutical	Japan	10,485	0.8
Wright Medical Contingent Value Rights	USA	10,299	0.8
Momenta Pharmaceuticals	USA	10,098	0.8
Celltrion Healthcare	South Korea	9,734	0.8
Takeda Pharmaceutical	Japan	9,578	0.7
Luye Pharma	China	9,191	0.7
Nuvasive	USA	9,123	0.7
Top 50 investments		**1,168,284**	**90.5**
Sino Biopharmaceuticals	China	8,276	0.6
Biomarin Pharmaceutical	USA	7,150	0.5
Spark Therapeutics	USA	6,515	0.5
Magellan Health	USA	6,281	0.5
Aerie Pharmaceuticals	USA	6,107	0.5
Genoa A QOL Healthcare FRN 28/10/2024 (unquoted)	USA	5,927	0.5
Bioventus FRN 21/11/2021 (unquoted)	USA	5,888	0.5
Medical Depot Holdings FRN 03/01/2024 (unquoted)	USA	5,583	0.4
Ironwood Pharmaceuticals	USA	5,273	0.4
Yestar Healthcare	China	5,147	0.4
Top 60 investments		**1,230,431**	**95.3**

Portfolio (continued)

as at 30 September 2017

Investments	Country/region	Market value £'000	% of investments
ImmunoGen	USA	4,387	0.3
Bluebird Bio	USA	4,237	0.3
IHH Healthcare	Malaysia	4,060	0.3
Teva Pharmaceutical	USA	3,860	0.3
Fluidigm	USA	3,148	0.3
Wenzhou Kangning Hospital	China	2,826	0.2
Vectura	UK	2,440	0.2
Aegerion Pharmaceuticals 2% 15/08/2019 (unquoted)	USA	2,160	0.2
Innoviva	USA	1,502	0.1
NewLink Genetics	USA	981	0.1
Top 70 investments		**1,260,032**	**97.6**
Deciphera Pharmaceuticals	USA	564	0.0
Ono Pharmaceutical	Japan	471	0.0
Novelion Therapeutics	Canada	131	0.0
Alimera Sciences	USA	63	0.0
Total equities and fixed interest investments		**1,261,261**	**97.6**
OTC Equity Swaps – Financed			
Emerging markets Healthcare (Basket)	Emerging Markets	19,097	1.5
Jiangsu Hengrui Medicine	China	16,074	1.2
JP China HC A-Share (Basket)	China	13,824	1.1
India Health Care (Basket)	India	10,923	0.8
M&A (Basket)	USA	9,791	0.8
Aier Eye Hospital Group	China	8,492	0.7
Jiangsu Nhwa Pharmaceutical	China	8,489	0.6
China O ACK (Basket)	China	4,579	0.4
Less: Gross exposure on financed swaps		(86,054)	(6.7)
OTC Equity Swaps – Funded			
Aurobindo Pharma	India	14,471	1.1
Strides Shasun	China	8,951	0.7
Ajanta Pharma	India	1,800	0.2
Total OTC Swaps		**30,437**	**2.4**
Total investments including OTC Swaps		**1,291,698**	**100.0**

Portfolio (continued)

as at 30 September 2017

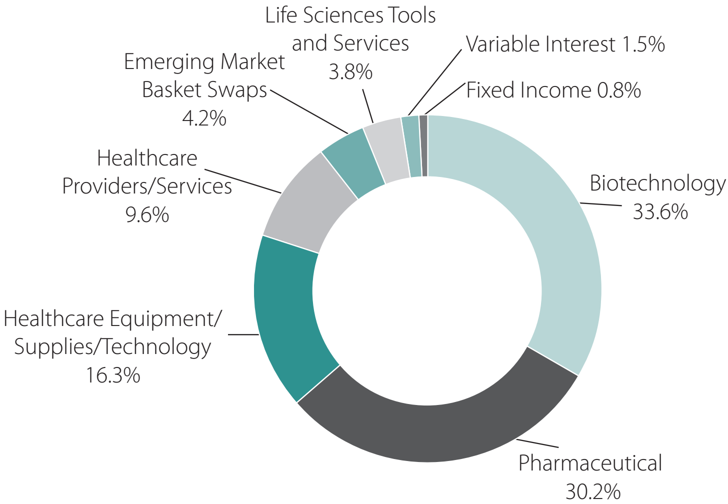
Investments	Country/region	Market value £'000	% of investments
Put Options (Long)		602	0.0
Put Options (Short)		(437)	0.0
Call Options (Long)		132	0.0
Call Options (Short)		(4)	0.0
Total investments including OTC Swaps and Options		**1,291,991**	**100.0**

See note 1 beginning on page 25 for further details in relation to the OTC Swaps and Options.

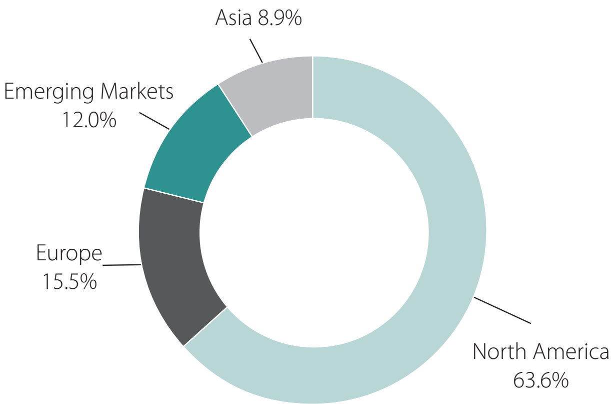
Portfolio Analysis

as at 30 September 2017

By Sector



By Geography



Interim Management Report

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company are set out on pages 22 to 24 of the Annual Report & Accounts for the year ended 31 March 2017, which is published on the Company's website. Such risks and uncertainties are as applicable for the remaining six months of the Company's financial year as they have been for the period under review. The risks can be summarised under the following headings: Investment (including leverage risks); Operational (including financial, corporate governance, accounting, legal, cyber security and regulatory risks); and, Strategic (including shareholder relations and share price performance).

The Board acknowledges the continued uncertainty surrounding the UK's decision to leave the EU. However, the Board does not consider that this decision has significantly altered the risk profile of the Company as the vast majority of the Company's investments are based outside the EU.

RELATED PARTY TRANSACTIONS

During the first six months of the current financial year no material transactions with related parties have taken place which have affected the financial position or the performance of the Company during the period.

GOING CONCERN

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties relating to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly financial report. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

DIRECTORS' RESPONSIBILITIES

The Board of Directors confirms that, to the best of its knowledge:

(i) the condensed set of financial statements contained within the Half Year Report and Accounts has been prepared in accordance with the Financial Reporting Standard 104 (Interim Financial Reporting); and

(ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure Guidance and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

and the Directors confirm that they have done so.

The Half Year Report has not been reviewed or audited by the Company's auditor.

For and on behalf of the Board

Sir Martin Smith
Chairman
23 November 2017

Income Statement

for the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September 2017			(Unaudited) Six months ended 30 September 2016		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Gains on investments	–	84,691	84,691	–	190,434	190,434
Exchange gains/(losses) on overdraft	–	7,618	7,618	–	(5,806)	(5,806)
Income from investments (note 2)	5,573	–	5,573	5,016	–	5,016
AIFM, portfolio management, and performance fees (note 3)	(244)	(14,001)	(14,245)	(207)	(7,696)	(7,903)
Other expenses	(365)	–	(365)	(342)	–	(342)
Net return before finance charges and taxation	4,964	78,308	83,272	4,467	176,932	181,399
Finance charges	(42)	(792)	(834)	(21)	(368)	(389)
Net return before taxation	4,922	77,516	82,438	4,446	176,564	181,010
Taxation	(758)	–	(758)	(406)	–	(406)
Net return after taxation	4,164	77,516	81,680	4,040	176,564	180,604
Return per share (note 4)	8.9p	165.9p	174.8p	8.6p	376.2p	384.8p

The "Total" column of this statement is the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations and the net return/(loss) after taxation is attributable to the owners of the Company.

The Company has no recognised gains and losses other than those shown above and therefore no separate statement of Total Comprehensive Income has been presented.

Statement of Changes in Equity

for the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000
Opening shareholders' funds	1,100,903	881,758
Shares purchased for treasury	–	(21,381)
Issue of new shares	23,482	–
Return for the period	81,680	180,604
Dividends paid – revenue	(7,447)	(4,702)
Closing shareholders' funds	**1,198,618**	**1,036,279**

Statement of Financial Position

as at 30 September 2017

	(Unaudited) 30 September 2017 £'000	(Unaudited) 30 September 2016 £'000
Fixed assets		
Investments	1,261,261	1,078,761
Derivatives – OTC swaps	30,437	35,232
	1,291,698	1,113,993
Current assets		
Debtors	5,125	8,433
Derivatives – put and call options	734	561
Cash	10,384	16,892
	16,243	25,886
Current liabilities		
Creditors: amounts falling due within one year	(108,882)	(102,989)
Derivatives – put and call options	(441)	(611)
	(109,323)	(103,600)
Net current liabilities	(93,080)	(77,714)
Total net assets	1,198,618	1,036,279
Capital and reserves		
Ordinary share capital	11,862	11,627
Share premium account	256,786	233,537
Capital reserve	911,006	772,497
Capital redemption reserve	8,221	8,221
Revenue reserve	10,743	10,397
Total shareholders' funds	1,198,618	1,036,279
Net asset value per share – (note 5)	2,526.3p	2,228.3p

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The condensed Financial Statements for the six months to 30 September 2017 comprise the statements set out on pages 23 and 24 together with the related notes below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting', the AIC's Statement of Recommended Practice issued in November 2014 ('New SORP') and using the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 March 2017.

Going concern

After making enquiries, and having reviewed the Investments, Statement of Financial Position and projected income and expenditure for the next 12 months, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these condensed financial statements.

Fair value

Under FRS 102 and FRS 104 investments have been classified using the following fair value hierarchy:

Level 1 – Quoted market prices in active markets

Level 2 – Prices of a recent transaction for identical instruments

Level 3 – Valuation techniques that use:

- (i) observable market data; or
- (ii) non-observable data

Notes to the Financial Statements
(continued)

As of 30 September 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit or loss	1,240,201	–	21,060	1,261,261
Derivatives: OTC Swaps	–	30,437	–	30,437
Derivatives: put and call options (long)	–	734	–	734
Derivatives: put and call options (short)	–	(441)	–	(441)
Total	**1,240,201**	**30,730**	**21,060**	**1,291,991**

As of 31 March 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit or loss	1,127,087	–	30,475	1,157,562
Derivatives: OTC Swaps	–	34,410	–	34,410
Derivatives: put and call options (long)	–	1,191	–	1,191
Derivatives: put and call options (short)	–	(282)	–	(282)
Total	**1,127,087**	**35,319**	**30,475**	**1,192,881**

2. INCOME

	(Unaudited) Six months ended 30 September 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000
Investment income	5,573	5,016
Total	**5,573**	**5,016**

Notes to the Financial Statements
(continued)

3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

		(Unaudited) Six months ended 30 September 2017			(Unaudited) Six months ended 30 September 2016	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
AIFM fee	(54)	(1,019)	(1,073)	(43)	(821)	(864)
Portfolio management fee	(190)	(3,611)	(3,801)	(164)	(3,117)	(3,281)
Performance fee charge for the period*	–	(9,371)	(9,371)	–	(3,758)	(3,758)
	(244)	**(14,001)**	**(14,245)**	**(207)**	**(7,696)**	**(7,903)**

*During the six months ended 30 September 2017, due to outperformance against the Benchmark, a charge of £9,371,000 occurred (six months ended 30 September 2016: a charge of £3,758,000). In addition, performance fees, accrued in previous periods, totalling £2,427,000 (six months ended 30 September 2016: £1,331,000) crystallised and became payable.

As at 30 September 2017 total performance fees of £12,758,000 were accrued (31 March 2017: £3,387,000). This amount consists of £2,427,000 (31 March 2017: nil) that has crystallised and is payable of which £2,205,000 was payable to OrbiMed and £222,000 was payable to Frostrow, and a provision of £10,331,000 (31 March 2017: £3,387,000). This provision, relating to outperformance generated at 30 September 2017, will only become payable at future performance fee calculation dates in the event that the current outperformance is maintained. The maximum amount that could become payable by 30 September 2018, in the event that outperformance is maintained is £10,331,000.

See glossary beginning on page 30.

With effect from 1 April 2017 the AIFM fee was amended to 0.30% of the market capitalisation up to £150 million, 0.20% in excess of £150 million and up to £500 million, 0.15% in excess of £500 million and up to £1 billion, 0.125% in excess of £1 billion to £1.5 billion, and over £1.5 billion 0.075%, plus a fixed amount equal to £57,500 per annum. The Portfolio Management fee remained unchanged at 0.65% per annum of the Company's NAV.

The performance fee provision 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. For performance fees payable to 31 March 2018 relating to outperformance attained by 31 March 2017, the performance fee is 16.5% of any outperformance over the Benchmark, with OrbiMed receiving 15% and Frostrow receiving 1.5%. For outperformance generated from 1 April 2017 the performance fee is 15% of any outperformance over the Benchmark payable to OrbiMed.

Notes to the Financial Statements
(continued)

4. RETURN PER SHARE

	(Unaudited) Six months ended 30 September 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000
The return per share is based on the following figures:		
Revenue return	4,164	4,040
Capital return	77,516	176,564
Total return	81,680	180,604
Weighted average number of shares in issue for the period	46,719,666	46,937,714
Revenue return per share	8.9p	8.6p
Capital return per share	165.9p	376.2p
Total return per share	**174.8p**	**384.8p**

The calculation of the total, revenue and capital returns per ordinary share is carried out in accordance with IAS 33, "Earnings per Share (as adopted in the EU)".

5. NET ASSET VALUE PER SHARE

The net asset value per share is based on the assets attributable to equity shareholders of £1,198,618,000 (31 March 2017: £1,100,903,000) and on the number of shares in issue at the period end of 47,446,278 (31 March 2017: 46,506,278).

6. TRANSACTION COSTS

Purchase transaction costs for the six months ended 30 September 2017 were £366,000 (six months ended 30 September 2016: £249,000).

Sales transaction costs for the six months ended 30 September 2017 were £266,000 (six months ended 30 September 2016: £192,000).

These costs comprise mainly commission.

Notes to the Financial Statements
(continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company are listed in the Interim Management Report on page 22. An explanation of these risks and how they are managed is contained in the Strategic Report and note 16 of the Company's Annual Report & Accounts for the year ended 31 March 2017.

8. COMPARATIVE INFORMATION

The condensed financial statements contained in this half year report do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2017 and 30 September 2016 has not been audited, or reviewed by the Company's auditor.

The information for the year ended 31 March 2017 has been extracted from the latest published audited financial statements of the Company. Those financial statements have been filed with the Registrar of Companies. The report of the auditor on those financial statements was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under either section 498 (2) or 498 (3) of the Companies Act 2006.

Earnings for the first six months should not be taken as a guide to the results for the full year.

Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Agreed by the European Parliament and the Council of the European Union and transported into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (AIFs) and requires them to appoint an Alternative Investment Fund Manager (AIFM) and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Benchmark

The performance of the Company is measured against the MSCI World Health Care Index on a net total return, sterling adjusted basis. Prior to 1 October 2010 performance was measured against the Datastream World Pharmaceutical & Biotechnology Index (total return, sterling adjusted).

Discount or Premium

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Equity Swaps

An equity swap is an agreement in which one party (counterparty) transfers the total return of an underlying equity position to the other party (swap holder) in exchange for a one off payment at a set date. Total return includes dividend income and gains or losses from market movements. The exposure of the holder is the market value of the underlying equity position.

Your Company uses two types of equity swap:

- funded, where payment is made on acquisition. They are equivalent to holding the underlying equity position with the exception of additional counterparty risk and not possessing voting rights in the underlying; and,
- financed, where payment is made on maturity. As there is no initial outlay, financed swaps increase economic exposure by the value of the underlying equity position with no initial increase in the investments value – there is therefore embedded leverage within a financed swap due to the deferral of payment to maturity.

Gearing

Gearing is calculated as borrowings, less net current assets, divided by Shareholders' Funds, expressed as a percentage.

Glossary (continued)

Leverage

Leverage is defined in the AIFMD as any method by which the AIFM increases the exposure of an AIF. Therefore, the Company has to comply with the AIFMD leverage requirements. For these purposes the Board has set a maximum leverage limit of 40% for both methods. Under AIFMD this limit is expressed as 140%, where 100% represents no leverage or gearing in the Company. There are two methods of calculating leverage as follows:

The Gross Method is calculated as total exposure divided by Shareholders Funds. Total exposure is calculated as net assets, less cash and cash equivalents, adding back cash borrowing plus derivatives converted into the equivalent position in their underlying assets.

The Commitment Method is calculated as total exposure divided by Shareholders Funds. In this instance total exposure is calculated as net assets, less cash and cash equivalents, adding back cash borrowing plus derivatives converted into the equivalent position in their underlying assets, adjusted for netting and hedging arrangements.

See the definition of Options and Equity Swaps for more details on how exposure through derivatives is calculated.

MSCI World Health Care Index

The MSCI information (relating to the Benchmark) may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation lost profits) or any other damages. (www.msci.com)

NAV Total Return

The theoretical total return on shareholders' funds per share, including the assumed £100 original investment at the beginning of the period specified, reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts/premiums.

Glossary (continued)

Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised ongoing charges, excluding finance costs, taxation, performance fees and exceptional items, and expressing them as a percentage of the average daily net asset value of the Company over the year.

Options

An option is an agreement that gives the buyer, who pays a fee (premium), the right – but not the obligation – to buy or sell a specified amount of an underlying asset at an agreed price (strike or exercise price) on or until the expiration of the contract (expiry). A call option is an option to buy, and a put option an option to sell.

The potential loss of the buyer is limited to the higher of the premium paid or the market value of the bought option. On the other side for the seller of a covered call option (your company does not sell uncovered options) any loss would be offset by gains in the covering position, and for sold puts the potential loss is the strike price times the number of option contracts held. The exposure, used in calculating the AIFMD leverage limits, is determined as the delta (an options delta measures the sensitivity of an option's price solely to a change in the price of the underlying asset) adjusted equivalent of the underlying position.

Performance Fee

Dependent on the level of long-term outperformance of the Company, a performance fee can be become payable. The performance fee is calculated by reference to the amount by which the Company's net asset value ('NAV') performance has outperformed the Benchmark.

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. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards. Up to 31 March 2017, the performance fee amounted to 16.5% of any outperformance over the Benchmark, the Portfolio Manager receiving 15% and the AIFM receiving 1.5%, respectively. With effect from 1 April 2017 the Company's AIFM no longer receives a performance fee (see page 27 and also page 28 of the Company's Annual Report & Accounts for the year ended 31 March 2017 for further information).

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

i) The cumulative outperformance of the investment portfolio over the Benchmark as at the quarter end date; and

ii) The cumulative outperformance of the investment portfolio over the Benchmark as at the corresponding quarter end date in the previous year.

The effect of this is that outperformance has to be maintained for a twelve month period before the related fee is paid.

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.

How to Invest

RETAIL INVESTORS ADVISED BY FINANCIAL ADVISERS

The Company currently conducts its affairs so that its shares can be recommended by financial advisers in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relationship to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

INVESTMENT PLATFORMS

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	www.youinvest.co.uk/
Alliance Trust Savings	www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	www.barclaysstockbrokers.co.uk/Pages/index.aspx
Bestinvest	www.bestinvest.co.uk/
Charles Stanley Direct	www.charles-stanley-direct.co.uk/
Club Finance	www.clubfinance.co.uk/
Fidelity	www.fidelity.co.uk/
Halifax Share Dealing	www.halifax.co.uk/Sharedealing/
Hargreave Hale	www.hargreave-hale.co.uk/
Hargreaves Lansdown	www.hl.co.uk/
HSBC	investments.hsbc.co.uk/
iDealing	www.idealing.com/
IG Index	www.igindex.co.uk/
Interactive Investor	www.iii.co.uk/
IWEB	www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	www.jbrearley.co.uk/Marketing/index.aspx
James Hay	www.jameshay.co.uk/
Saga Share Direct	www.sagasharedirect.co.uk/
Selftrade	www.selftrade.co.uk/
The Share Centre	www.share.com/
Saxo Capital Markets	uk.saxomarkets.com/
TD Direct Investing	www.tddirectinvesting.co.uk/

How to Invest (continued)

LINK ASSET SERVICES – SHARE DEALING SERVICE

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Link Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your tax voucher or certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service, please contact: www.linksharedeal.com (online dealing).

Telephone: 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 am – 4.30 pm, Monday to Friday excluding public holidays in England and Wales).

RISK WARNINGS

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

Company Information

Directors
Sir Martin Smith, (Chairman)
Sarah Bates
Dr David Holbrook
Samuel D. Isaly
Humphrey van der Klugt, FCA
Doug McCutcheon

Registered Office
One Wood Street,
London EC2V 7WS

Website
www.worldwidewh.com

Company Registration Number
3023689 (Registered in England)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

The Company was incorporated in England on 14 February 1995. The Company was incorporated as Finsbury Worldwide Pharmaceutical Trust PLC.

Alternative Investment Fund Manager, Company Secretary and Administrator
Frostrow Capital LLP
25 Southampton Buildings,
London WC2A 1AL
Telephone: 0203 008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority.

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

Portfolio Manager
OrbiMed Capital LLC
601 Lexington Avenue, 54th Floor,
New York, NY 10022
Telephone: +1 212 739 6400
Website: www.orbimed.com
Registered under the U.S. Securities Exchange Commission.

Depositary
J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

Auditor
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Prime Broker
J.P. Morgan Securities LLC
Suite 1, Metro Tech Roadway
Brooklyn, NY 11201
USA

Registrars
Link Asset Services (formerly Capita Asset Services)
The Registry
34 Beckenham Road, Beckenham
Kent BR3 4TU
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): +44 371664 0300†
E-Mail: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

†Calls cost 12p per minute plus your phone company's access charge and may be recorded for training purposes. Calls outside the UK will be charged at the applicable international rate. Lines are open between 09:00 and 17:30 Monday to Friday excluding public holidays in England and Wales.

Stockbroker
Winterflood Securities Limited
The Atrium Building,
Cannon Bridge, 25 Dowgate Hill,
London EC4R 2GA

Company Information (continued)

FINANCIAL CALENDAR

Financial Year End	31 March
Final Results Announced	June
Half Year End	30 September
Half Year Results Announced	November
Dividends Payable	January/July
Annual General Meeting	September

Share Price Listings

The price of your shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times and The Scotsman.

The Company's net asset value per share is announced daily on the TrustNet website at www.trustnet.com

Identification Codes

SEDOL	:	0338530
ISIN	:	GB0003385308
BLOOMBERG	:	WWH LN
EPIC	:	WWH

Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN): FIZWRN.99999.SL.826

Legal Entity Identifier

5493003YBCY4W1IMJU04

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

Perivan Financial Print 246424

Winner: Investment Week,
Investment Company of the Year 2016,
Specialist (including Hedge Funds) Category

The Company is a member of The Association of Investment Companies.

Follow us on Twitter

@worldwidewh

Worldwide Healthcare Trust PLC
25 Southampton Buildings, London WC2A 1AL
www.worldwidewh.com