

# **BB Healthcare Trust plc**

## **Half-yearly report**

For the six months ended 31 May 2021

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## INVESTMENT OBJECTIVE, FINANCIAL INFORMATION, PERFORMANCE SUMMARY AND ALTERNATIVE PERFORMANCE MEASURES

### Investment objective

The investment objective of the Company is to provide Shareholders with capital growth and income over the long term, through investment in listed or quoted global healthcare companies. The Company's specific return objectives are: (i) to beat the total return of the MSCI World Healthcare Index ("Index") (in sterling) on a rolling 3 year period (the index total return including dividends reinvested on a net basis); and (ii) to seek to generate a double-digit total shareholder return per annum over a rolling 3 year period.

### Financial information

	As at 31 May 2021	As at 30 November 2020
Net asset value ("NAV") per Ordinary Share (cum income)	182.26p	172.51p
Ordinary Share price	183.80p	172.00p
Ordinary Share price premium/(discount) to NAV <sup>1</sup>	0.8%	(0.3)%
Ongoing charges ratio ("OCR") <sup>1</sup>	1.09%	1.10%

### Performance summary

For the six months ended 31 May	% change <sup>2,3</sup> 2021	% change <sup>2,3</sup> 2020
Share price total return per Ordinary Share <sup>1</sup>	+8.3%	+12.2%
NAV total return per Ordinary Share <sup>1</sup>	+7.1%	+13.3%
MSCI World Healthcare Index (MXWO0HC) total return (GBP)	+3.9%	+12.0%

<sup>1</sup> These are Alternative Performance Measures.

<sup>2</sup> Total returns in sterling for the six months period, including dividends reinvested.

<sup>3</sup> Source: Bloomberg.

### Alternative performance measures ('APMs')

The financial information and performance summary data highlighted in the footnote to the above tables represent APMs of the Company. Definitions of these APMs together with how these measures have been calculated can be found on page 25.

## CHAIRMAN'S STATEMENT

### Introduction

*'I have seen so many extraordinary things, nothing seems extraordinary any more'*

**Lewis Carroll**

A year ago, I started my half year statement by saying that the previous six months had been 'truly historic'. At the year end, I described the last year as 'extraordinary'. As the pandemic has continued it is easy to think that 'nothing seems extraordinary any more'.

However, people still, sadly, continue to die, and health systems around the world are still on high alert; albeit the roll-out of vaccines is, hopefully, bringing the pandemic slowly under control.

Again, may I extend our deepest sympathies to any readers who may have lost loved ones.

One of the drivers for the launch of the Company was the expectation that healthcare systems would need to change to cope with increasing demand (demographics, new treatments), innovation and budget constraints. This continues to be the core focus of the Company and, if nothing else, the pandemic has served to highlight just how necessary such changes are.

### Board composition

I am delighted to report that Kate Bolsover joined the Board in July 2021. Kate has extensive investment trust experience as a non-executive, including as chair, and brings not only a wealth of corporate governance experience but has also worked in the asset management sector within sales and marketing.

The Company is compliant with the recommendations of the Hampton Review (female representation) and the Parker Review (ethnic diversity) on boards and is a pioneer in the sector in aligning board and shareholder interests through share-based compensation with a lengthy lockup period and by ensuring it can challenge the Investment Manager through a wealth of healthcare and investment management experience within the group.

### Performance review

During the period under review (1 December 2020 to 31 May 2021), the Company's share price and NAV increased 6.9% and 5.7% respectively. Including the final dividend for the financial year ended 2020, the Company's shares delivered a total return of 8.3%. The total NAV return (i.e. assuming reinvestment of dividends) was 7.1%. In comparison, the MSCI World Healthcare Index delivered a total return in sterling of 3.9% over the same period.

On average, the Company's shares continued to trade at a modest premium of 1.2% to NAV over the period in review, albeit with a slightly more elevated level of volatility in the premium. Every November, we give the opportunity for shareholders to redeem through the Company – thereby hopefully ensuring that the share price and NAV stay closely aligned.

As usual, I refer readers to the Investment Manager's report and the monthly factsheets for more detailed analysis of the performance. I strongly recommend reading the monthly Investment Manager missives. Having read, and indeed composed, more monthly factsheets than I care to remember, I feel it is important they allow an Investment Manager to comment openly and freely on their views.

Alas, many such factsheets are confined to a few cursory paragraphs, often written by professional 'investment writers' to align with a 'house view'. Such pieces rarely convey the thoughts, concerns and indeed personality of the people actually managing the money. The Company has always encouraged a more discursive and frank discourse since, for many investors, this will be their main avenue of 'dialogue' with the Investment Manager. The factsheets are available on our website.

## Key market developments

Healthcare is inherently a ‘defensive growth’ sector. Such a description belies the level of analysis and research by our Investment Manager to ascertain which companies are generating new innovative solutions for healthcare and which are living on past glories.

COVID-19 has also shown the necessity to be nimble and flexible – if for no other reason than because circumstances can change rapidly. Operationally, I am pleased to report that the Company and its service providers have continued to perform admirably and adapted well to working from home. As such, I am satisfied that we can weather any future lockdowns from an operational perspective, if such a scenario were to arise again.

Although the managers have been unable to travel to meet investee management teams, enforced home working for senior executives at these companies has paradoxically made it easier to schedule virtual meetings, allowing for continued high levels of corporate access.

## Dividends, gearing and issuance

As announced on 2 December 2020, the target dividend for the 2021 financial year is 6.03p - this being 3.5% of the net asset value on 30 November 2020. The Directors are pleased to declare an interim dividend for the 2021 financial year of 3.015p per Ordinary Share which will be funded from the Company’s distributable reserves. As usual, a scrip dividend option will be available.

We acknowledge that a substantive part of the dividend is from capital – but this seems better than a very nominal dividend solely driven by the dividends of our underlying investments. Furthermore, it allows the Investment Manager to pursue a strategy of capital growth without having to look over their shoulder at a certain dividend expectation. As GlaxoSmithKline’s historical total shareholder return and recent dividend cut attests, reinvesting in one’s business to stay at the front of a rapidly innovating industry is at odds with paying out the majority of one’s free cashflow as a dividend.

As of 31 May 2021, the Company was running a modest gearing position of £6.4 million, equivalent to 0.7% of the gross exposure. At launch, the Company committed to being fully invested, but the Board recognises that the Investment Manager must have some flexibility around market timing, particularly in the current environment, and we have set a soft ceiling of 10% for the maximum net cash position. Maximum gearing remains at 20% of NAV and we still expect the long-term average gearing position to be mid-to-high single-digit positive.

As previously disclosed, we renewed and novated our revolving credit facility with The Bank of Nova Scotia, London Branch on 25 January 2021 for up to \$150 million. The facility expires in January 2022. As of 31 May 2021, the aggregate of loans drawn down was £24.6 million (\$35 million).

During the first half of 2021, the Company issued 45.6 million new shares, thus increasing the total number of shares outstanding as at 16 July 2021 to 540.0 million, giving the Company a market capitalisation of £1.1 billion, compared to £719.7 million at the end of the prior period.

We joined the FTSE 250 on 22 June 2020. Since then, the market value has risen above £1 billion. These milestones are only important in as far as they benefit shareholders, through increasing liquidity and spreading costs over a wider asset base so the ongoing charges ratio declines.

Ultimately however, what matters is performance (net of fees) and how we compare to alternative choices either within the sector or the market generally. These are comparisons that the reader should make for themselves – but we see the continued demand for the Company’s shares reflecting a positive view of the Company’s investment performance.

## CHAIRMAN'S STATEMENT

CONTINUED

### Outlook

The extraordinary times are likely to continue – even 'normalisation' will not be back to the previous normal – who for instance would have considered 'telemedicine' or 'working from home' to have become mainstream 18 months ago?

However, I am reminded of an article on 29 November 1879, in the Lancet, that suggested using the telephone to reduce unnecessary home visits. What was particularly impressive about the article was that Alexander Graham Bell had uttered the words 'Mr Watson, come here, I want you' just over 42 months previously, on 10 March 1876. The Mercury space program led to NASA developing remote monitoring in the 1950s, (although again a letter in the Lancet had suggested telephonic auscultation to replace the stethoscope on 9 February 1878<sup>1</sup>).

Thus, though we live in extraordinary times, in many ways the more the world changes, the more it seems it is the same ('plus ça change, plus c'est la même chose').

Certainly, for a fund looking for innovation in healthcare, the one statement we can make about the outlook is that innovation is both necessary, and will continue.

On behalf of the Board, I wish you and your families good health and thank you for your continued support of the Company and please do not hesitate to contact me on **shareholder\_questions@bbhealthcaretrust.co.uk** if any additional information is required.

### Randeep Grewal

Chairman of the Board of Directors  
16 July 2021

<sup>1</sup> See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1081896/pdf/medhist00108-0074.pdf>



## INVESTMENT MANAGER'S REPORT

### Macro environment

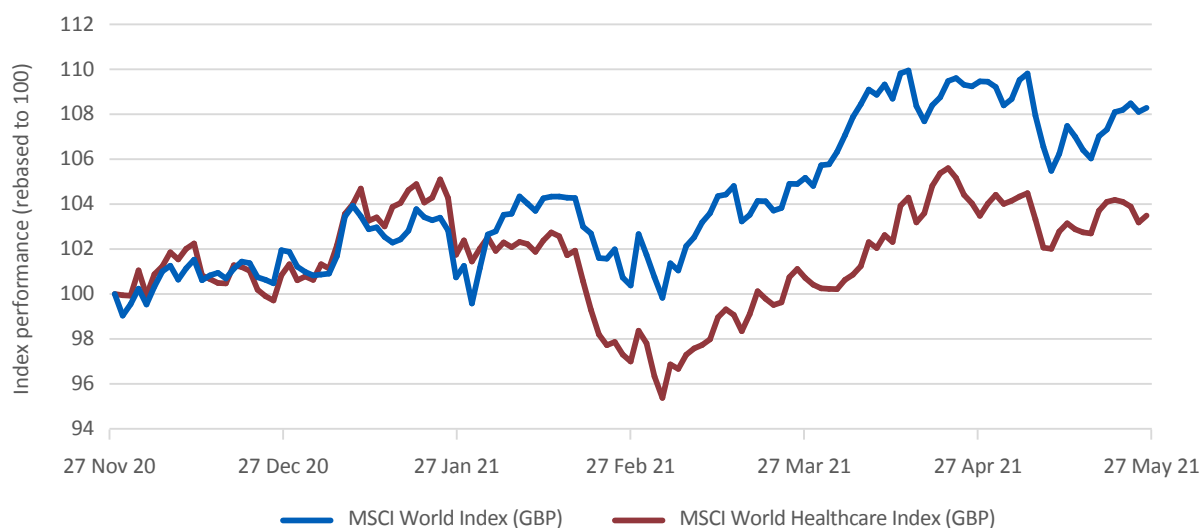
Wearisome as it has become for us all, the SARS-CoV-2 pandemic has continued to dominate the overall market narrative. The debate was a more constructive one though, focusing not on the tsunami of economic and personal suffering wrought by the virus, but rather the timing of recovery and return to some form of normality, at least for Western economies.

We swiftly moved from a “re-opening and recovery” theme in late 2020/early 2021, to a market rotation from growth to value and toward pro-cyclical and pro-inflationary assets (such as financials and raw materials), since it was obvious that a rapid return to broader economic activity would usher in short-term inflationary pressures. Interest rates will undoubtedly rise to levels more in line with historical norms, but the debates as to when and at what cadence feel a little melodramatic to us. Economic growth is back, and that is good.

Defensive growth assets such as healthcare, which served well as a safe haven during the long period of uncertainty over the economic outlook that the pandemic created, would be an obvious source of capital for the mutual fund manager looking to increase their cyclical exposure and regular readers of our factsheet will be aware that we cautioned these would be difficult waters to successfully navigate.

And so it proved to be the case; in sterling terms, the MSCI World Healthcare Index materially underperformed the MSCI World Index over the Company's fiscal H1 2021, yielding a total return of 3.9% versus 9.6% for the wider market, with the majority of the underperformance arising after the end of January, as the re-opening theme gave way to the inflationary narrative (Figure 1 below).

**Figure 1**



The acceptance of ‘a return to normality’ (whatever that means amidst so many enduring restrictions and practical hurdles to behaving as one might ultimately aspire to) as an inevitable reality rather than an ethereal hope, and the attendant rise in equity benchmarks has left us picking up where we left off at the end of 2019.

## INVESTMENT MANAGER'S REPORT

### CONTINUED

Markets are not obviously “cheap” (when thinking about the price of growth compared to historical norms) and there are some lingering political headwinds, not because there is a looming election but rather because the market seems unwilling to trust a Democratic legislature to stick to the planned programme and not seek to punish capitalism’s more egregious winners in some way.

Investors are thus wary that the positive returns in the first half of the year may not be repeated in the second half. What might this mean for healthcare, on a relative and an absolute basis?

#### Healthcare Outlook

Healthcare is not immune to the Damoclean turpitude of market perceptions regarding political risk, especially when it comes to drug pricing and the health insurers, for whom the disruption wrought by the pandemic has proven a rewarding respite.

However, we remain of the view that, with a contested Congress and an ambitious agenda that is being prioritised ahead of healthcare, the risks of a significant negative surprise during this two year period before the 2022 mid-term elections is low. Thereafter, it probably becomes even more difficult to pass any contentious legislation as the Democrats very narrow majority in the House may be lost.

Returning to the pandemic, expectations are for a normalisation in procedure volumes toward the end of the year and this seems to be well priced, in terms of both valuations and consensus expectations. Currently, this seems a realistic goal since vaccines appear sufficiently efficacious to mitigate the risk of novel variants causing additional spikes in the COVID-19 hospitalisation and death rates (the only things that matter to our minds). Second-generation booster vaccines more finely attuned to these variants are likely to be available before year-end, but we may not need them.

Although utilisation of currently available surgical capacity should continue to improve, we continue to think it unrealistic that system-wide capacity will return to 2019 levels (recall the NHS for example has removed some 20,000 beds to allow for more distancing between patients) until the pandemic is firmly in the rear-view mirror.

With this in mind, backlogs for less urgent procedures may take some time to clear (we think the NHS waiting lists will continue to rise) and we must also factor in the human element: if you were elderly and now enjoying some freedoms having been double-jabbed, would you really want to rush to hospital for that hip or knee op and the attendant 6+ weeks of resting at home? We continue to take a cautious approach to procedural exposure for the Company, focusing on the high acuity (i.e. urgent care) end of the spectrum and eschewing minor procedures and orthopaedics.

We would broadly agree with the notion that the second half of the year could prove more tricky for equity investors than H1 2021 has been. Within this though, healthcare feels well placed to us. The restrictions impacting us all are slowly abating and the innate demand for healthcare services is undiminished. As such, we can be very confident in the broader positive fundamental outlook for healthcare during H2 2021 and beyond and as such, we do not expect healthcare to underperform the wider market in the manner that it did during the first half of the year.

It bears repeating that our strategy of investing into “healthcare change” remains a powerful and compelling one. Healthcare continues to be the secular growth story of our age; there are ever more people and they are ageing. More and more countries are becoming developed economies and scientific progress continues to open up new avenues to relieve the burden of human suffering, raising expectations of what products and services will be available to them.

However, society needs to pay for all of this and the current model is neither easily scalable nor financially sound. If we cannot bend the cost curve and change the delivery paradigm, the services will need to be cut or the system will go bankrupt. Ergo, healthcare must change. There is no alternative. Moreover, the



tools, products and services to re-imagine healthcare already exist and can be accessed through the public equity realm, creating a persuasive equity opportunity.

### Performance review

The table below highlights the Company's performance during the period in review and since inception in absolute terms and relative to key benchmark indices. Although our strategy is unconstrained, we utilise the MSCI World Healthcare Index in sterling as an internal comparator and external reference point; its parent index is the MSCI World Index.

**Figure 2**

(All figures in GBP)	Six months to 31 May 2021		Rolling three year (annual equivalent)		Since Inception to 31 May 2020	
	Return <sup>1</sup>	Difference vs. Benchmark	Return <sup>1</sup>	Difference vs. Benchmark	Return <sup>1</sup>	Difference vs. Benchmark
<b>BB Healthcare Trust NAV (includes dividends from capital)</b>	+7.1%	+3.2%	+18.0%	+4.7%	+106.8%	+36.1%
<b>BB Healthcare Trust Total Shareholder return</b>	+8.3%	+4.4%	+18.4%	+5.1%	+108.0%	+37.3%
MSCI World Healthcare (GBP) - Benchmark	+3.9%	n/a	+13.3%	n/a	+70.7%	n/a
MSCI World Index (GBP)	+9.6%	+5.7%	+12.6%	-0.7%	+72.0%	+1.3%
FTSE All Share Index	+15.2%	+11.3%	+1.9%	-11.4%	+28.6%	-42.1%

<sup>1</sup> Note - the stated total shareholder return assumes the reinvestment of dividends.

During the period under review, the Company generated a total return for shareholders that exceeded the wider healthcare sector, maintaining the overall trend of outperformance since inception. Although the broader market (both globally and for the UK) did fare better during the period under review, the Company maintained its materially higher total return since inception.

Our preferred metric for assessing the performance of the Company is the rolling three-year annualised return, where we aspire to deliver both an excess return versus the MSCI Healthcare comparator Index and a double-digit return. As Figure 1 illustrates, we continued to deliver on both these ambitions including the period in review.

The Company's cum income net asset value ("NAV") rose 5.7% to 182.26p and the share price rose 6.9% to 183.80p. Including the final financial year 2020 dividend of 2.50p, the Company's NAV delivered a total investment return of +7.1%. The evolution of the Company's NAV during fiscal H1 2021 is illustrated in Figure 2. The appreciation of sterling represented a material headwind during the period, with the key GBP/USD exchange rate rising >6% over the six months. Figure 2 also shows the extent of the retrenchment in the NAV during May 2021.

The Healthcare Index's performance by sub-sector is summarised in Figure 3 and in many ways typifies the reversal of the pandemic thematic prevalent during our fiscal H1 2020. In that period, Healthcare IT and Healthcare Technology led the performance table, with Facilities and Dental the laggards. This was all about virtual care and the eschewing of non-emergency routine procedures. Now the converse is true; care is moving back from the virtual to the physical realm. Dental has been more of a surprise, driven by a Zoom-led upswing in adult tooth straightening.

## INVESTMENT MANAGER'S REPORT

### CONTINUED

Managed Care continues its recovery from decade lows as the normalisation of procedure rates is increasingly recognised as a manageable earnings headwind and as political risks abate to some degree. Therapeutics has struggled (along with the related generics and drug distribution sub-sectors) as political overhangs persist and the volume recovery in drug sales takes time (lest we forget, it is routine family doctor appointments that generally drive volumes for non-specialty medicines and yet such check-ups remain a nostalgic notion for many elderly patients).

**Figure 3**

	Weighting (%)	Performance (USD) (%)	Performance (GBP) (%)
Facilities	1.1	28.5	20.9
Dental	0.7	26.0	18.5
Managed Care	9.0	22.0	14.7
Services	2.5	16.0	9.1
Conglomerate	11.8	15.3	8.4
Diagnostics	2.2	11.6	5.0
Healthcare Technology	0.7	11.6	4.9
Other HC	1.4	11.2	4.6
Tools	8.0	10.7	4.1
Med-Tech	15.7	8.7	2.8
Distributors	1.2	5.8	-0.5
Focused Therapeutics	9.0	3.9	-2.3
Diversified Therapeutics	34.2	3.7	-2.5
Generics	0.6	-2.7	-8.5
Healthcare IT	1.9	-10.8	-16.1
<b>Index performance</b>		<b>9.1</b>	<b>2.6</b>

### Portfolio evolution

The vicissitudes of the pandemic necessitated a certain amount of nimbleness with respect to asset allocation amidst the rapidly evolving landscape for healthcare provision and the attendant valuation consequences of investor crowding into obvious laterals around this dynamic.

The evolution of these changes are summarised in Figure 4, charting the evolution of the portfolio on a calendar quarterly basis from the pre-pandemic period to the end of Q2 2021. A number of trends are evident: amidst the pandemic, we eschewed procedural exposures (via Med-Tech and Facilities) and increased our coverage of essential medicines, where we were confident of uninterrupted repeat business from needy customers.

Exposures to Healthcare IT and Healthcare Technology were scaled back, principally on valuation grounds, but the recent value-oriented market rotation has enabled us to regain similar overall exposure to these two areas as was the case pre-pandemic.

Diagnostics exposure was scaled back as valuations became more challenging and then fell materially on the back of M&A. This remains a very attractive area in our minds and we have now begun to rebuild exposure, but remain disciplined on valuation. Dental is very expensive, so we stay on the sidelines and the Services and Tools sectors continue to be attractive owing to highly visible and predictable growth.

In the round, we are very much investing on a 'post-pandemic' basis and are pleased that we have felt confident to return to having a broad-based portfolio compared to the Summer of 2020 (the portfolio consisted of 31 active positions at the end of May 2021, compared to 27 at the end of September 2020) and that we are again modestly geared (1.4% gearing as at the end of May 2021, versus 9.1% cash position at the end of September 2020).

**Figure 4**

	<b>December 2019</b>	<b>March 2020</b>	<b>June 2020</b>	<b>September 2020</b>	<b>December 2020</b>	<b>March 2021</b>	<b>June 2021</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Focused							
Therapeutics	25.5	29.6	35.5	33.3	36.4	28.2	26.1
Diagnostics	17.2	15.8	11.5	11.8	8.4	3.2	6.5
Managed Care	14.5	14.0	14.2	16.0	12.9	14.1	12.2
Diversified							
Therapeutics	8.5	12.5	14.8	15.9	16.4	15.9	14.1
Medical Technology	9.7	8.6	8.6	9.1	13.8	18.6	17.8
Healthcare IT	9.6	6.6	4.3	2.8	2.4	6.1	6.6
Dental	6.8	5.4	0.9	0.0	0.0	0.0	0.0
Services	3.0	3.7	6.2	6.8	6.1	9.1	9.7
Facilities	2.3	0.7	0.0	0.0	0.0	0.0	0.0
Tools	2.1	3.1	4.0	4.4	3.5	4.4	3.8
Healthcare Technology	0.4	0.0	0.0	0.0	0.0	0.4	3.1

The past year has been very tough for a great many people, but we are hopeful that some semblance of normality will take hold in the coming weeks and we can all begin to put this pandemic behind us.

**Paul Major and Brett Darke**

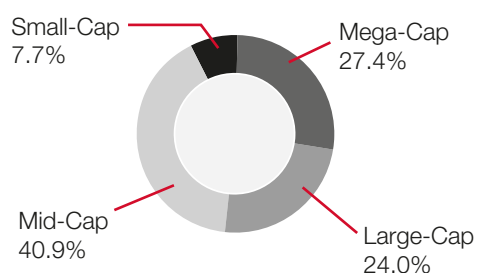
Bellevue Asset Management (UK) Ltd  
16 July 2021

## PORTFOLIO

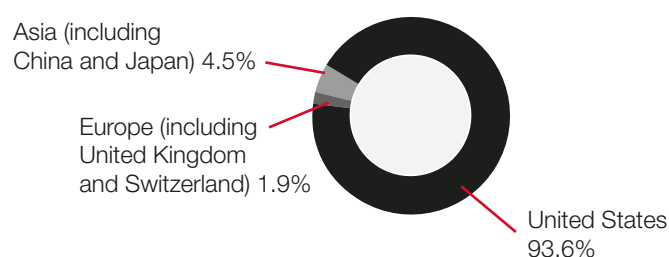
<b>TOP TEN HOLDINGS</b>	
<b>As at 31 May 2021</b>	<b>% of net assets value</b>
Bristol-Myers Squibb	6.6
Jazz Pharmaceuticals	6.5
Vertex Pharmaceuticals	6.0
Anthem	5.5
Insmmed	5.4
Hill-Rom Holdings	5.3
Charles River Laboratories International	4.5
Anylam Pharmaceuticals	4.4
Humana	4.4
Bio-Rad Laboratories	3.8
<b>Top ten holdings</b>	<b>52.4</b>
Other net assets	47.6
<b>Total</b>	<b>100.0</b>

<b>SUB SECTOR EXPOSURE</b>	
<b>Allocation as at 31 May 2021</b>	<b>% of net assets value</b>
Focused Therapeutics	26.1
Medical Technology	18.0
Diversified Therapeutics	14.5
Managed Care	13.3
Services	9.3
Healthcare IT	6.5
Diagnostics	5.5
Tools	3.8
Healthcare Technology	3.0
<b>Total</b>	<b>100.0</b>

### MARKET CAP BREAKDOWN



### GEOGRAPHICAL BREAKDOWN (OPERATIONAL HQ)



## INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Chairman's Statement and the Investment Manager's Report in this half-yearly report provide details of the important events which have occurred during the period and their impact on the financial statements. The following statements on related party transactions, going concern and the Directors' Responsibility Statement, together constitute the Interim Management Report of the Company for the six months ended 31 May 2021. The outlook for the Company for the remaining six months of the year ending 30 November 2021 is discussed in the Chairman's Statement and the Investment Manager's Report.

### Principal and emerging risks and uncertainties

A detailed explanation of the principal and emerging risks and uncertainties facing the Company are detailed in the Company's most recent Annual Report for the year ended 30 November 2020, which can be found on the Company's website at [www.bbhealthcaretrust.com](http://www.bbhealthcaretrust.com).

Since the publication of the 2020 annual financial report on 1 March 2021, the COVID-19 pandemic continues to be a serious threat to most parts of the global economy and the Board continues to monitor the situation closely and is in regular contact with the Investment Manager and the Company's other service providers in order to assess and mitigate the impact on the Company's investment objectives, investment portfolio and shareholders. Otherwise, in the view of the Board, these principal and emerging risks and uncertainties are substantially unchanged from the year end and are as much applicable to the remaining six months of the financial year, as they are to the six months under review. The principal risks and uncertainties facing the Company are as follows:

- Market risks, including risks associated with the economy, healthcare companies and sectoral diversification;
- Corporate governance and internal control risks (including cyber security);
- Regulatory risks; and
- Financial risks.

The Board are of the opinion that these key principal risks remain, but mindful of their obligations under the changes made to the AIC Code of Corporate Governance issued in February 2019, the Board has also reviewed emerging risks which may impact the forthcoming six-month period. These emerging risks include:

- The ongoing impact of the COVID-19 pandemic; and
- The increasing global geopolitical tension.

### Related party transactions

The Company's Investment Manager is Bellevue Asset Management (UK) Ltd ('Bellevue UK'). The Company announced in April 2020 that it had appointed Bellevue UK as the Alternative Investment Fund Manager ('AIFM') of the Company. In its role as Alternative Investment Fund Manager ('AIFM') of the Company, Bellevue UK carry out portfolio management services and risk management services are delegated to Bellevue Asset Management AG ('Bellevue AG').

Bellevue is considered a related party under the FCA's Listing Rules. Bellevue is entitled to receive management fees payable monthly in arrears calculated at the rate of one-twelfth of 0.95% (excluding VAT) per calendar month of the market capitalisation of the Company. There is no performance fee payable to Bellevue. Details of the Investment Manager's fees during the six months ended 31 May 2021 can be

## INTERIM MANAGEMENT REPORT

### CONTINUED

found in Note 11 on page 24. There have been no changes to the related party transactions that could have a material effect on the financial position or performance of the Company since the year ended 30 November 2020.

#### Going concern

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the following twelve-month period from the date of this report. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets as at 31 May 2021 were £973.8 million (31 May 2020: £717.0 million). As at 31 May 2021, the Company held £980.6 million (31 May 2020: £682.3 million) in quoted investments and had cash of £25.7 million (31 May 2020: £82.6 million). The total expenses (excluding finance costs and taxation) for the six months ended 31 May 2021 were £5.1 million (31 May 2020: £3.4 million).

In light of the COVID-19 pandemic, the Directors have fully considered and assessed the Company's portfolio of investments. A prolonged and deep market decline could lead to falling values in the Company's investments or interruptions to cashflow. However, the Company currently has more than sufficient liquidity available to meet any future obligations.

The market and operational risks associated with the COVID-19 pandemic, and the ongoing economic impact of measures introduced to combat its spread were discussed and are continually monitored by the Board. The Investment Manager, Administrator and other key service providers are providing regular updates on operational resilience in light of the COVID-19 pandemic. The Board is satisfied that the key service providers have the ability to continue their operations efficiently in a remote or virtual working environment.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE HALF-YEARLY REPORT

The Directors confirm to the best of their knowledge that:

- The condensed set of interim financial statements contained within the Half-yearly report has been prepared in accordance with IAS 34 Interim Financial Reporting.
- The interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's DTR.

#### **Randeep Grewal**

Chairman

16 July 2021



## CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MAY 2021

		Six months ended 31 May 2021			Six months ended 31 May 2020			Year ended 30 November 2020		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	63,759	63,759	–	84,333	84,333	–	163,630	163,630
(Losses)/gains on currency movements		–	(1,365)	(1,365)	–	1,822	1,822	–	(62)	(62)
<b>Net investment gains</b>		<b>–</b>	<b>62,394</b>	<b>62,394</b>	<b>–</b>	<b>86,155</b>	<b>86,155</b>	<b>–</b>	<b>163,568</b>	<b>163,568</b>
Income	4	2,349	–	2,349	1,707	–	1,707	3,664	–	3,664
<b>Total income</b>		<b>2,349</b>	<b>62,394</b>	<b>64,743</b>	<b>1,707</b>	<b>86,155</b>	<b>87,862</b>	<b>3,664</b>	<b>163,568</b>	<b>167,232</b>
Investment management fees		(902)	(3,610)	(4,512)	(588)	(2,353)	(2,941)	(1,342)	(5,368)	(6,710)
Other expenses		(571)	–	(571)	(491)	–	(491)	(962)	–	(962)
<b>Profit before finance costs and taxation</b>		<b>876</b>	<b>58,784</b>	<b>59,660</b>	<b>628</b>	<b>83,802</b>	<b>84,430</b>	<b>1,360</b>	<b>158,200</b>	<b>159,560</b>
Finance costs	5	(37)	(149)	(186)	(147)	(590)	(737)	(216)	(852)	(1,068)
<b>Operating profit before taxation</b>		<b>839</b>	<b>58,635</b>	<b>59,474</b>	<b>481</b>	<b>83,212</b>	<b>83,693</b>	<b>1,144</b>	<b>157,348</b>	<b>158,492</b>
Taxation	6	(380)	–	(380)	(275)	–	(275)	(529)	–	(529)
<b>Profit for the period/ year</b>		<b>459</b>	<b>58,635</b>	<b>59,094</b>	<b>206</b>	<b>83,212</b>	<b>83,418</b>	<b>615</b>	<b>157,348</b>	<b>157,963</b>
<b>Return per Ordinary Share</b>	7	<b>0.09p</b>	<b>11.51p</b>	<b>11.60p</b>	<b>0.05p</b>	<b>18.98p</b>	<b>19.03p</b>	<b>0.14p</b>	<b>34.60p</b>	<b>34.74p</b>

There is no other comprehensive income and therefore the 'Profit for the period/year' is the total comprehensive income for the period.

The total column of the above statement is the statement of comprehensive income of the Company. The supplementary revenue and capital columns, including the earnings per Ordinary Shares, are prepared under guidance from the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The notes on pages 18 to 24 form and integral part of these financial statements.

## CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2021

	Note	31 May 2021 £'000	31 May 2020 £'000	30 November 2020 £'000
<b>Non-current assets</b>				
Investments held at fair value through profit or loss	3	980,570	682,268	753,375
<b>Current assets</b>				
Cash and cash equivalents		25,754	82,599	92,789
Sales for future settlement		–	–	2,040
Dividend receivable		107	108	158
Other receivables		233	126	107
		<b>26,094</b>	<b>82,833</b>	<b>95,094</b>
<b>Total assets</b>		<b>1,006,664</b>	<b>765,101</b>	<b>848,469</b>
<b>Current liabilities</b>				
Purchases for future settlement		7,310	8,090	4,554
Bank loans payable	5	24,638	39,091	–
Other payables		921	954	813
<b>Total liabilities</b>		<b>32,869</b>	<b>48,135</b>	<b>5,367</b>
<b>Net assets</b>		<b>973,795</b>	<b>716,966</b>	<b>843,102</b>
<b>Equity</b>				
Share capital	8	5,356	4,511	4,900
Share premium account		521,244	374,345	437,213
Special distributable reserve		81,200	105,342	93,676
Capital reserve		365,528	232,757	306,893
Revenue reserve		467	11	420
<b>Total equity</b>		<b>973,795</b>	<b>716,966</b>	<b>843,102</b>
<b>Net asset value per Ordinary Share</b>	9	<b>182.26p</b>	<b>159.40p</b>	<b>172.51p</b>

Approved by the Board of Directors on and authorised for issue on 16 July 2021 and signed on their behalf by:

**Randeep Grewal**  
Chairman

Registered in England and Wales with registered number 10415235.

The notes on pages 18 to 24 form and integral part of these financial statements.

## CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MAY 2021

	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 December 2020		4,900	437,213	93,676	306,893	420	<b>843,102</b>
Profit for the period		–	–	–	58,635	459	<b>59,094</b>
Issue of Ordinary Shares		456	84,614	–	–	–	<b>85,070</b>
Share issue costs		–	(583)	–	–	–	<b>(583)</b>
Dividend paid	8	–	–	(12,476)	–	(412)	<b>(12,888)</b>
<b>Closing balance as at 31 May 2021</b>		<b>5,356</b>	<b>521,244</b>	<b>81,200</b>	<b>365,528</b>	<b>467</b>	<b>973,795</b>

FOR THE SIX MONTHS ENDED 31 MAY 2020

	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 December 2019		4,352	351,331	116,003	149,545	(195)	<b>621,036</b>
Profit for the period		–	–	–	83,212	206	<b>83,418</b>
Issue of Ordinary Shares	8	159	23,300	–	–	–	<b>23,459</b>
Share issue costs		–	(286)	–	–	–	<b>(286)</b>
Dividend paid		–	–	(10,661)	–	–	<b>(10,661)</b>
<b>Closing balance as at 31 May 2020</b>		<b>4,511</b>	<b>374,345</b>	<b>105,342</b>	<b>232,757</b>	<b>11</b>	<b>716,966</b>

The notes on pages 18 to 24 form and integral part of these financial statements.

## CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MAY 2021 CONTINUED

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 December 2019		4,352	351,331	116,003	149,545	(195)	<b>621,036</b>
Profit for the year		–	–	–	157,348	615	<b>157,963</b>
Issue of Ordinary Shares	8	548	86,538	–	–	–	<b>87,086</b>
Share issue costs		–	(656)	–	–	–	<b>(656)</b>
Dividend paid		–	–	(22,327)	–	–	<b>(22,327)</b>
<b>Closing balance as at 30 November 2020</b>		<b>4,900</b>	<b>437,213</b>	<b>93,676</b>	<b>306,893</b>	<b>420</b>	<b>843,102</b>

The Company's distributable reserves consist of the special distributable reserve, capital reserve attributable to realised profit and revenue reserve.

The Company can use its distributable reserves to fund dividends, redemptions of Ordinary Shares and share buy backs.

The notes on pages 18 to 24 form and integral part of these financial statements.

# CONDENSED UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MAY 2021

	Six months ended 31 May 2021 £'000	Six months ended 31 May 2020 £'000	Year ended 30 November 2020 £'000
<b>Operating activities Cash flows</b>			
Income*	2,401	1,596	3,468
Management expenses	(5,116)	(2,947)	(6,986)
Foreign exchange (losses)/gains	(1,624)	3,680	1,231
Taxation	(380)	(275)	(529)
<b>Net cash flow (used in)/from operating activities</b>	<b>(4,719)</b>	<b>2,054</b>	<b>(2,816)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	(437,680)	(261,216)	(571,632)
Sale of investments	279,038	291,724	604,753
<b>Net cash flow (used in)/from investing activities</b>	<b>(158,642)</b>	<b>30,508</b>	<b>33,121</b>
<b>Cash flows from financing activities</b>			
Bank loans drawn/(repaid)	24,898	(21,160)	(59,686)
Finance costs paid	(171)	(969)	(1,587)
Dividend paid	(12,888)	(10,661)	(22,327)
Proceeds from issue of Ordinary Shares	85,070	23,459	87,086
Ordinary Shares issue costs	(583)	(286)	(656)
<b>Net cash flow from/(used in) financing activities</b>	<b>96,326</b>	<b>(9,617)</b>	<b>2,830</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(67,035)</b>	<b>22,945</b>	<b>33,135</b>
Cash and cash equivalents at start of period/year	92,789	59,654	59,654
<b>Cash and cash equivalents at end of period/year</b>	<b>25,754</b>	<b>82,599</b>	<b>92,789</b>

\* Cash inflow from dividends for the financial period was £2,020,000 (31 May 2020: £1,464,000 and 30 November 2020: £2,843,000).

The notes on pages 18 to 24 form and integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Reporting entity

BB Healthcare Trust plc is a closed-ended investment company, registered in England and Wales on 7 October 2016. The Company's registered office is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB. Business operations commenced on 2 December 2016 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange. The condensed unaudited interim financial statements of the Company are presented for the six months to 31 May 2021.

The Company invests in a concentrated portfolio of listed or quoted equities in the global healthcare industry. The Company may also invest in American Depositary Receipts (ADRs), or convertible instruments issued by such companies and may invest in, or underwrite, future equity issues by such companies. The Company may utilise contracts for differences for investment purposes in certain jurisdictions where taxation or other issues in those jurisdictions may render direct investment in listed or quoted equities less effective.

### 2. Basis of preparation and accounting policies

#### *Statement of compliance*

The condensed unaudited interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("DTRs") of the UK's Financial Conduct Authority. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 November 2020. The financial statements of the Company for the year ended 30 November 2020 were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ("IASB"). The accounting policies used by the Company are the same as those applied by the Company in its financial statements for the year ended 30 November 2020. The financial information for the year ended 30 November 2020 in the condensed interim unaudited financial statements has been extracted from the audited Annual Report and Accounts.

When presentational guidance set out in the Statement of Recommended Practice ("SORP") for Investment Companies issued by the Association of Investment Companies ('the AIC') in April 2021 is consistent with the requirements of 'IFRS', the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

#### *Use of estimates and judgements*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Except the Company's holding in contingent variable right, there have been no estimates, judgements or assumptions, which have had a significant impact on the financial statements for the period.

#### *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.



*Functional and presentation currency*

The financial statements are presented in sterling, which is the Company's functional currency. The Company's investments are denominated in multiple currencies. However, the Company's shares are issued in sterling and the majority of its investors are UK based. In addition, the substantial majority of expenses are paid in GBP as are dividends. All financial information presented in sterling have been rounded to the nearest thousand pounds.

*Investments*

Upon initial recognition investments are designated by the Company "at fair value through profit or loss". They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost. Subsequently quoted investments are valued at fair value, which is the bid market price, or if bid price is unavailable, last traded price on the relevant exchange. Unquoted investments are valued at fair value by the Board which is established with regard to the International Private Equity and Venture Capital Valuation Guidelines by using, where appropriate, latest dealing prices, valuations from reliable sources and other relevant factors.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the capital column of the Statement of Comprehensive Income within "gains on investments".

Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset.

*Adoption of new and revised standards*

At the date of approval of these financial statements, there were no new or revised standards or interpretations relevant to the Company which came into effect.

**3. Investment held at fair value through profit or loss**

	As at 31 May 2021 £'000	As at 31 May 2020 £'000	As at 30 November 2020 £'000
Investments held at fair value through profit or loss			
– Quoted overseas	980,570	682,268	753,375
<b>Closing valuation</b>	<b>980,570</b>	<b>682,268</b>	<b>753,375</b>

Under IFRS 13 'Fair Value Measurement', an entity is required to classify investments using a fair value hierarchy that reflects the significance of the inputs used in making the measurement decision.

The following shows the analysis of financial assets recognised at fair value based on:

*Level 1*

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

*Level 2*

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

## NOTES TO THE FINANCIAL STATEMENTS

### CONTINUED

#### 3. Investment held at fair value through profit or loss continued

##### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The classification of the Company's investments held at fair value is detailed in the table below:

	As at 31 May 2021				As at 31 May 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss								
– Quoted	980,011	–	559	<b>980,570</b>	681,623	–	645	<b>682,268</b>

	As at 30 November 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss				
– Quoted	752,780	–	595	<b>753,375</b>

The level 3 investment comprises a contingent variable right ("CVR") received as a partial consideration when the Company's investment in Alder Biopharmaceuticals was acquired by Lundbeck, which offered to buy the holdings in Alder Biopharmaceuticals for a cash bid of \$18 and \$2 cash contingent value rights. The Board with input from the Investment Manager valued the CVR at a price of \$0.92 per share as at 31 May 2021 (31 May 2020: \$0.92 per share and 30 November 2020: \$0.92).

The total value of the CVR as at 31 May 2021 was £559,000 (31 May 2020: £645,000 and 30 November 2020: £595,000). There were no transfers between levels during the six months ended 31 May 2021 (31 May 2020: nil and 30 November 2020: nil).

##### Fair values of financial assets and financial liabilities

All financial assets and liabilities are recognised in the financial statements at fair value, with the exception of short-term assets and liabilities, which are held at nominal value that approximates to fair value, and loans that are initially recognised at the fair value of the consideration received, less directly attributable costs, and subsequently recognised at amortised cost. The carrying value of the loans approximates to the fair value of the loans.

#### 4. Income

	Six months ended 31 May 2021 £'000	Six months ended 31 May 2020 £'000	Year ended 30 November 2020 £'000
<b>Income from investments</b>			
Overseas dividends	2,349	1,572	3,530
Bank interest on deposits	–	135	134
<b>Total income</b>	<b>2,349</b>	<b>1,707</b>	<b>3,664</b>

#### 5. Bank loans and finance costs

The Company agreed a multi-currency revolving credit facility (RCF) with Scotiabank (Ireland) Designated Activity Company on 23 February 2017.

During the period, the Company announced that it has renewed and amended its RCF. The lender has been novated from Scotiabank (Ireland) Designated Activity Company to The Bank of Nova Scotia, London Branch. The Company's borrowing policy is unchanged.

Under the terms of the amended RCF, the Company may draw down loans up to an aggregate value of USD \$150 million. The new facility will expire in January 2022.

As at 31 May 2021, the aggregate of loans draw down was USD \$35,000,000 equivalent of £24,638,000.

	Six months ended 31 May 2021			Six months ended 31 May 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan interest	36	145	<b>181</b>	144	579	<b>723</b>
Other finance costs	1	4	<b>5</b>	3	11	<b>14</b>
<b>Total</b>	<b>37</b>	<b>149</b>	<b>186</b>	<b>147</b>	<b>590</b>	<b>737</b>

	Year ended 30 November 2020		
	Revenue £'000	Capital £'000	Total £'000
Loan interest	189	754	<b>943</b>
Other finance costs	27	98	<b>125</b>
<b>Total</b>	<b>216</b>	<b>852</b>	<b>1,068</b>

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

### 6. Taxation

	Six months ended 31 May 2021			Six months ended 31 May 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Withholding tax expense	380	–	<b>380</b>	275	–	<b>275</b>
<b>Total tax charge for the period</b>	<b>380</b>	<b>–</b>	<b>380</b>	<b>275</b>	<b>–</b>	<b>275</b>

	Year ended 30 November 2020		
	Revenue £'000	Capital £'000	Total £'000
Withholding tax expense	529	–	<b>529</b>
<b>Total tax charge for the year</b>	<b>529</b>	<b>–</b>	<b>529</b>

### 7. Return per share

Return per Ordinary Share is based on the weighted average number of Ordinary Shares in issue during the six months ended 31 May 2021 of 509,593,031 (31 May 2020: 438,499,357 and 30 November 2020: 454,706,111).

	As at 31 May 2021			As at 31 May 2020		
	Revenue	Capital	Total	Revenue	Capital	Total
Profit for the period (£'000)	459	58,635	<b>59,094</b>	206	83,212	<b>83,418</b>
Return per Ordinary Share	0.09p	11.51p	<b>11.60p</b>	0.05p	18.98p	<b>19.03p</b>

	As at 30 November 2020		
	Revenue	Capital	Total
Profit for the year (£'000)	615	157,348	<b>157,963</b>
Return per Ordinary Share	0.14p	34.60p	<b>34.74p</b>

**8. Share capital**

	As at 31 May 2021		As at 31 May 2020	
	Number of shares	£'000	Number of shares	£'000
Allotted, issued and fully paid:				
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	534,284,803	5,343	449,800,000	4,498
Management Shares of £1 each	50,001	13	50,001	13
<b>Total</b>	<b>534,334,804</b>	<b>5,356</b>	<b>449,850,001</b>	<b>4,511</b>

	As at 30 November 2020	
	Number of shares	£'000
Allotted, issued and fully paid:		
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	488,719,689	4,887
Management Shares of £1 each	50,001	13
<b>Total</b>	<b>488,769,690</b>	<b>4,900</b>

**Share Movement**

During the period to 31 May 2021, 45,565,114 Ordinary Shares (31 May 2020: 15,842,938 and 30 November 2020: 54,762,627) were issued and allotted with aggregate gross proceeds of £85,070,000 (31 May 2020: £23,459,000,000 and 30 November 2020: £87,086,000).

Since 31 May 2021, a further 5,714,600 Ordinary Shares have been issued with aggregate gross proceeds of £10,900,000.

During the period, Ordinary Shares issues include the Company's scrip dividend issue of 474,537 Ordinary Shares. These Ordinary Shares were allotted and issued with aggregate proceeds of £892,000.

**9. Net assets per Ordinary Share**

Net assets per Ordinary Share as at 31 May 2021 is based on £973,782,000 (31 May 2020: £716,953,000 and 30 November 2020: £843,089,000) of net assets of the Company attributable to the 534,284,803 (31 May 2020: 449,800,000 and 30 November 2020: 488,719,689) Ordinary Shares in issue as at 31 May 2021. £12,500 of net assets as at 31 May 2021 is attributable to the Management Shares.

**10. Dividend**

During the six months ended 31 May 2021, the Company paid a dividend of 2.50p per Ordinary Share in respect of the year ended 30 November 2020.

The Directors have declared an interim dividend for the six-month period ended 31 May 2021, of 3.015p per share. The dividend will have an ex-dividend date of 29 July 2021 and will be paid on 3 September 2021 to Shareholders on the register at 30 July 2021.

## NOTES TO THE FINANCIAL STATEMENTS

### CONTINUED

#### 11. Related party transactions

Fees payable to the Investment Manager are shown in the Statement of Comprehensive Income. As at 31 May 2021, the fee outstanding to the Investment Manager was £752,000.

Directors' fees with effect from 1 April 2021, are payable at the rate of £44,500 for the Chairman of the Company, £36,500 for the Chair of the Audit and Risk Committee, and £31,000 per annum for the other Board members. An additional £1,500 per annum is payable to the Senior Independent Director and an additional £2,500 per annum is payable to the Chair of the Management Engagement Committee. Net fees payable to the Directors are settled in Ordinary Shares.

The Directors had the following shareholdings in the Company, all of which are beneficially owned.

	As at 16 July 2021	As at 31 May 2021	As at 31 May 2020	As at 30 November 2020
Randeep Grewal	93,475	89,183	70,896	80,926
Josephine Dixon	82,174	79,326	69,707	74,957
Paul Southgate	71,245	69,118	61,130	65,699
Professor Justin Stebbing	63,485	61,164	51,891	56,460
Tony Young	7,513	5,192	—	—

#### 12. Post balance sheet events

There are no post balance sheet events.

#### 13. Status of this report

These interim financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The unaudited Half-yearly report will be made available to the public at the registered office of the Company. The report will also be available in electronic format on the Company's website, <http://www.bbhealthcaretrust.com>. The information for the year ended 30 November 2020 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statement has been delivered to the Registrar of Companies. The Company's Auditor reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The Half-yearly report was approved by the Board of Directors on 16 July 2021.



## ALTERNATIVE PERFORMANCE MEASURES ('APMs')

### Premium

The amount, expressed as a percentage, by which the share price is higher than the Net Asset Value per Ordinary Share.

As at 31 May 2021		Page	
NAV per Ordinary Share (pence)	<b>a</b>	1	182.26
Share price (pence)	<b>b</b>	1	183.80
<b>Premium</b>	<b>(b÷a)-1</b>		<b>0.8%</b>

### Gearing

A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.

As at 31 May 2021		Page	£'000
Total assets less cash/cash equivalents	<b>a</b>	14	980,910
Net assets	<b>b</b>	14	973,795
<b>Gearing (net)</b>	<b>(a÷b)-1</b>		<b>0.7%</b>

### Ongoing charges

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.

Six months 31 May 2021		Page	£'000
Average NAV	<b>a</b>	n/a	938,029
Annualised expenses	<b>b</b>	n/a	10,250
<b>Ongoing charges</b>	<b>(b÷a)</b>		<b>1.09%</b>

### Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into the Ordinary Shares of the Company on the ex-dividend date.

Six months ended 31 May 2021		Page	Share price	NAV
Opening at 1 December 2020 (p)	<b>a</b>	1	172.00	172.51
Closing at 31 May 2021 (p)	<b>b</b>	1	183.80	182.26
Price movement (b÷a)-1	<b>c</b>	n/a	6.9%	5.7%
Dividend reinvestment	<b>d</b>	n/a	1.4%	1.4%
<b>Total return</b>	<b>(c+d)</b>		<b>8.3%</b>	<b>7.1%</b>

n/a = not applicable.

## GLOSSARY

<b>American Depositary Receipt or “ADR”</b>	A negotiable certificate issued by a U.S. bank representing a specified number of shares in a foreign stock traded on a U.S. exchange.
<b>AIC</b>	Association of Investment Companies
<b>Alternative Investment Fund or “AIF”</b>	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
<b>Alternative Investment Fund Managers Directive or “AIFMD”</b>	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK and remains in force post BREXIT.
<b>Annual General Meeting or “AGM”</b>	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask Directors questions about the company in which they are invested. COVID-19 restrictions are temporarily removing the ability to attend meetings in person.
<b>CFD or Contract for Difference</b>	A financial instrument, which provides exposure to an underlying equity with the provider financing the cost to the buyer with the buyer receiving the difference of any gain or paying for any loss.
<b>Custodian</b>	An entity that is appointed to safeguard a company’s assets.
<b>Discount</b>	The amount, expressed as a percentage, by which the share price is less than the net asset value per share. The discount is calculated on the closing share price.
<b>Depository</b>	Under AIFMD the depository is appointed under a strict liability regime to oversee inter alia, those charged with safekeeping of the Company’s assets and cash monitoring.
<b>Dividend</b>	Income receivable from an investment in shares.
<b>Ex-dividend date</b>	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
<b>Financial Conduct Authority or “FCA”</b>	The independent body that regulates the financial services industry in the UK.
<b>Gearing</b>	A term used to describe the extent that a portfolio has increased in size as a way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
<b>Gross assets</b>	The Company’s total assets adjusted for any leverage amount (outstanding bank loan).

<b>Index</b>	An independent Market tool which is used to compare performance across different investment companies and funds. It quantifies performance of a basket of stocks which is considered to replicate a particular stock market or sector.
<b>Investment company</b>	A company formed to invest in a diversified portfolio of assets.
<b>Investment Trust</b>	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
<b>Large Cap</b>	A Company with a market capitalisation above \$10 billion.
<b>Leverage</b>	<p>An alternative word for “Gearing”.</p> <p>Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions.</p> <p>Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company’s positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.</p>
<b>Liquidity</b>	The extent to which investments can be sold at short notice.
<b>Management Shares</b>	Non-redeemable preference shares of £1.00 each in the capital of the Company.
<b>Mega Cap</b>	A Company with a market capitalisation above \$50 billion.
<b>Net assets</b>	An investment company’s assets less its liabilities.
<b>Net asset value (NAV) per Ordinary Share</b>	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
<b>Ongoing charges ratio</b>	A measure, expressed as a percentage of <i>average net assets</i> , of the regular, recurring annual costs of running an investment company.
<b>Ordinary Shares</b>	The Company’s redeemable Ordinary Shares of 1p each.
<b>Portfolio</b>	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
<b>Premium</b>	The amount, expressed as a percentage, by which the share price is more than the <i>net asset value</i> per share.

## GLOSSARY

### CONTINUED

<b>Share buyback</b>	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
<b>Share price</b>	The price of a share as determined by a relevant stock market.
<b>Small Cap</b>	A Company with a market capitalisation less than \$2 billion.
<b>Total return</b>	A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interests and other realised variables over a given period of time.
<b>Treasury shares</b>	A company's own shares which are available to be sold by a company to raise funds.
<b>Volatility</b>	A measure of how much a share moves up and down in price over a period of time.

## DIRECTORS, INVESTMENT MANAGER AND ADVISERS

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