BB Healthcare Trust

BB Healthcare Trust plc

Report and Accounts

For the period from
7 October 2016 to 30 November 2017

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

Investment objective

The investment objective of BB Healthcare Trust plc (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 (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 30 November 2017
Net asset value ("NAV") per Ordinary Share (cum income)[1]	115.4p
Ordinary Share price	118.8p
Ordinary Share price premium to NAV[1]	2.9%

Performance summary

	% change[2, 3]
Share price total return per Ordinary Share[1, 4]	+20.5%
NAV total return per Ordinary Share[1, 4]	+17.2%
MSCI World Healthcare Total Return Index (GBP)	+14.4%

1 These are considered to be alternative performance measures.
2 Total returns in sterling from commencement of operation on 2 December 2016 to 30 November 2017.
3 Source: Bloomberg.
4 Includes 1.75p interim dividend, paid out of capital on 31 August 2017 and a starting NAV of 100p.

Alternative performance measures ("APMs")

The Financial information and Performance summary, indicated in the footnote above, are considered to represent APMs of the Company. In addition to these APMs other performance measures have been used by the Company to assess its performance, these can be found in the key performance indicators section of the annual report, on pages 12 to 15. Definitions of these APMs together with how these measures have been calculated can be found in the Glossary on pages 62 and 63.

CHAIRMAN'S STATEMENT

I am pleased to present the inaugural Annual Report of the Company. BB Healthcare Trust raised £150m in its initial offer. The Company's Shares commenced trading on the London Stock Exchange on 2 December 2016 and the Company has grown steadily since, through a combination of solid investment returns and further capital issuance.

Review of investment performance

Since inception, the Company's ex-income Net Asset Value (NAV) increased from 98.23p at launch to 115.39p at the period end, an increase of 17.5%. In addition, the Company paid out an interim dividend of 1.75p, making the total return attributable to the Portfolio Manager 19.3% over the period. This represents an outperformance of 4.9% versus our benchmark (the MSCI World Healthcare Total Return Index in GBP).

The Company's share price increased from 100p to 118.75p by the period end. Thus, including the interim dividend, the total return for shareholders has been 20.5%, again comfortably in excess of the benchmark (+6.10%).

Share capital development

Following the issuance of 150m Ordinary Shares in the Initial Public Offering at 100p per share in December 2016, the Company subsequently issued a further 116.6m Ordinary Shares through a £64m secondary offer in September 2017 and continual tap issuance across the financial period via our block-listing facility.

The Portfolio Manager sees further opportunities to deploy additional capital and we would thus expect additional equity issuance over the coming year. The Board is investigating the possibility of a new placing programme and publishing a prospectus in due course, subject to market conditions. The continued issuance has been possible because the Company consistently traded at a premium to NAV over the financial period. The average premium was 2.3% over the financial period. At the time of writing, the Company's market capitalisation is in excess of £286m and the premium to NAV stood at 2.0%. At the period end, the Company's share capital comprised 259,569,268 Ordinary Shares and 50,001 Management Shares. A further 3,900,000 Ordinary Shares have been issued since the period end.

Dividends

As noted above, the Company paid out an interim dividend of 1.75p on 31 August 2017. The Board is intending to propose a final dividend of 1.75p per Ordinary Share in respect of the financial period ended 30 November 2017 and, if approved, this will be paid on 29 March 2018 to shareholders on the register at 23 February 2018. The dividend will be largely funded from the Company's Special distributable reserve.

Regarding the financial year ending 30 November 2018, the Board is proposing the total dividend will be 4.0p per Ordinary Share, this being 3.5 per cent of the net asset value per Ordinary Share of 115.43p per Ordinary Share (including current financial year revenue items) as at 30 November 2017. The Board intends to declare an interim dividend of 2.0p per Ordinary Share in July 2018 and intends to pay this dividend in August 2018. The Board intends to propose a final dividend of 2.0p per Ordinary Share for the financial year ending 30 November 2018, in February / March 2019 and intends to pay this dividend in March/April 2019.

Investment strategy

The Company was incepted as an income-yielding investment into the wider structural growth opportunity in healthcare. It has a broad and largely unconstrained mandate that gives the Portfolio Manager the freedom to invest anywhere within the pubic equity realm that offers compelling risk/reward over the anticipated average holding period of three to five years. The Board sees no reason to make any changes to the investment guidelines at this stage; the Portfolio Manager feels that they have the flexibility they need and, although we are only one year in, the investment performance is satisfactory and we have not identified any structural factors that detracted from the overall performance.

Gearing, portfolio turnover and expenses

The Company agreed a £30 million two year multi-currency revolving bank facility with Scotiabank. As of 30 November 2017, the aggregate amount drawn down from the facility was c£13 million, representing a gearing ratio of 3.9%. The overall level of gearing has been lower than the anticipated long-run average of 5 to 10%, a prudent decision in light of the volatile environment for healthcare, as discussed below.

Consistent with the planned 3 to 5 year holding period, the Company's turnover has been relatively low, and based on activity levels to date, it would take around two years to completely change the book of investments.

The ongoing charges ratio was 1.37% over the financial period. Around 1.1% of these costs are fixed and thus we would expect the ongoing charges ratio to decline gradually as the assets under management rise. In addition, the decision of the Portfolio Manager to cover all third-party research costs, should result in a modest reduction in overall expenses for the Company in 2018 vs 2017.

Outlook for 2018

As the Portfolio Manager details in the following pages, 2017 was a challenging year for healthcare investors, due to a volatile macro-political backdrop in the critical US market. In sterling terms, the benchmark made good progress in Q1, outperforming the wider market. In the latter nine months though, it remained volatile but made little overall progress, finishing the year around the same level as the beginning of March.

With the Republicans having now largely exhausted their opportunities to enact further reform to limit the scope of the Affordable Care Act and the realities of drug price trends are better understood, we are hopeful that the sector's 2018 performance will be more driven by stock fundamentals.

One should not forget either, the reasons why the Company was incepted in the first place. As I see in my own practice on a daily basis, societal demand for healthcare as a service continues to rise inexorably. Moreover, its inefficiencies and the practical financial constraints are increasingly challenging to navigate.

On the other hand, though, I am optimistic about the future; we see innovations in every area of healthcare practice that offer the genuine potential to revolutionise the delivery of care and, in so doing, relieve the financial pressures that ail the system. With its unconstrained approach, the Company is well placed to benefit from the financial rewards that will accrue to those companies leading these innovations.

CHAIRMAN'S STATEMENT

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Annual General Meeting

The Company will hold its inaugural Annual General Meeting at 11am on 22 March 2018, at the offices of our legal advisors, Stephenson Harwood – 1 Finsbury Circus, London, EC2M 7SH (the nearest tube station is Moorgate). Our investment team, Paul Major, Daniel Koller and Brett Darke, will provide an update on the Portfolio and take questions at the end of the meeting. I do hope that you will come along.

That said, we do recognise that it is not possible for everyone to attend the AGM in London. Engaging with our shareholders is very important and we have therefore setup a dedicated email address for shareholders to submit any questions that they might have: **shareholder_questions@bbhealthcaretrust.co.uk**. We would encourage you all to make use of this facility for questions and feedback at any time of the year and we will continue to post content from our Portfolio Manager onto the Company's website to keep you informed of the Company's progress.

On behalf of the Board, I wish you all a healthy and prosperous 2018 and thank you again for your continued support of BB Healthcare Trust plc.

Professor Justin Stebbing
13 February 2018

PORTFOLIO MANAGER'S REPORT

As noted in the Chairman's review, the Company delivered a satisfactory performance in its first full financial period, outperforming its benchmark index. The Company's performance is summarised in the Table below:

	Annual Return (in GBP)	Delta vs. Benchmark
BB Healthcare Trust NAV (Inc. dividends from capital)*	**+19.3%**	**+4.90%**
BB Healthcare Trust Total Shareholder return	**+20.5%**	**+6.10%**
MSCI World Healthcare Total Return Index (GBP)	+14.4%	n/a
MSCI World Total Return Index (GBP)	+15.4%	+0.95%
FTSE All Share Total Return Index	+13.8%	-0.66%

*Based on a starting NAV after share issue expenses of 98.2p per Ordinary Share

The MSCI World Healthcare benchmark used by the Company delivered a superior return to the UK's FTSE All Share Index of 0.66%, but underperformed the MSCI World Total Return Index (GBP), which delivered a return 0.95% higher across the period. Much of this can be attributed to the stellar performance of the technology sector during 2017 (+31%). In some ways, the themes that drove that outperformance – recognition of the value of data to generate algorithmically driven new products and services and thus the value of incumbency, apply to a number of our core holdings (Align, Illumina, Intuitive Surgical etc).

It is indisputable that 2017 was an exceptional period in US political history, and healthcare has been at the heart of the debate. Although the Benchmark Index began the financial period strongly on the back of a "Not Hillary" rally (given her self-proclaimed form as a scourge of the industry going back to the 1990s and comments during the Presidential race), the momentum faded away by Q2 and, perhaps unsurprisingly, a generally cautious and macro-driven "risk-off" approach from investors characterised the rest of the year.

An unhelpful consequence of this phenomenon was the relatively strong performance of conglomerate and mega-cap companies; with investors seemingly preferring the perceived safety of diversification to the operational leverage of more focused entities. This environment was unsupportive of our strategy, which eschews diversified plays in favour of more focused investment theses and it is not surprising that our NAV progression was biased to the first half of the financial period (63% of the 18.9p NAV return was delivered in H1 and 37% in H2). This pattern was even more extreme for the benchmark, with the six months from December 2016 to May 2017 accounting for 88% of the total return in the financial period ending November 2017 and this statistic serves to highlight how challenging it was to deliver meaningful returns in the latter part of the period.

We used a very limited amount of leverage during 2017, closing the financial period at a leverage ratio of only 3.9%. With hindsight, we could have delivered a higher return through greater use of leverage, but the various macro uncertainties precluded such an approach.

We raised capital steadily throughout the period using our block-listing facility and via a secondary offer in September 2017. We also expanded the Portfolio team with the addition of Brett Darke; a senior hire with a medical background and wealth of healthcare investment experience who brings further bandwidth for our intensive investment evaluation process.

Company-level summary

During the financial period under review, the Company held a total of 40 companies. Two positions were exited as a result of acquisitions – Alere (Diagnostics) and Zeltiq (Med-Tech). 26 of the 40 delivered a positive capital return over the period. However, only two positions have been exited at a loss – Vectura

PORTFOLIO MANAGER'S REPORT

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(Specialty Pharma) and Mallinckrodt (Specialty Pharma); the remainder is still within the portfolio and we must judge gains and losses over the intended multi-year holding period.

Our top five and bottom five performers in terms of contribution to NAV are summarised below, along with their share price evolution in local currency and sterling over the financial period:

Top 5			Bottom 5		
Company	**Perf. (local currency)**	**Perf. (GBP)**	**Company**	**Perf. (local currency)**	**Perf. (GBP)**
Align Technology (Dental)	+181.9%	+162.6%	Teva (Specialty Pharma)	-59.5%	-62.3%
Anthem (Managed Care)	+61.9%	+50.7%	Celgene (Biotech)	-15.2%	-21.0%
Intuitive Surgical (Med-Tech)	+89.7%	+76.7%	Mallinckrodt (Specialty Pharma)	-58.9%	-61.7%
Alnylam (Biotech)	+223.6%	+201.4%	Genmark (Diagnostics)	-60.8%	-63.5%
Illumina (Diagnostics)	+80.1%	+67.7%	Shire (Pharma)	-19.6%	-19.6%

It is gratifying that our highest returns have come from some of our largest holdings that we see as core positions on a multi-year timeframe. Alnylam is the exception here; we exited our position during September and October because the stock was (and continues to) trade at a valuation that we cannot rationalise. Align, Intuitive and Illumina typify the optimisation of essential healthcare processes through the integration of cutting-edge software and hardware in applications that can get better through incremental experience-driven improvements to the package. These are also market opportunities where incumbency offers material protection from a share perspective. When people ask us what we think the future of healthcare might look like, these companies are the perfect examples to cite.

Celgene and Genmark are both companies where we feel strongly that the market has over-reacted to admittedly disappointing news, leaving us with a valuation scenario that seems to discount an overly bearish outlook and we are happy to hold both. In contrast, Shire, Mallinckrodt and Teva are somewhat different situations.

Mallinckrodt and Teva are in the benighted specialty pharma category and all three stocks were bought as "value" propositions where we felt that the market was discounting an overly bearish scenario (Mallinckrodt), or that all of the risks were priced in (Shire and Teva). As noted previously, investors seem to have developed a particular risk aversion to perceived earnings risk, especially around high leverage, product sales concentration and costly treatment in categories such as rare diseases.

Many of the specialty pharma companies include all three elements and thus fell very much out of favour in late 2016 as the Valeant equity story unravelled. Shire too has quite a lot of debt. As ever though, generalisations can be unfair and we felt there were some good investment opportunities to be found in the wreckage of this market implosion. However, the apocryphal aphorism that the market can remain irrational longer than one can remain solvent seems apposite in the case of Mallinckrodt. What changed during 2017? Exiting its scheduled generic business looks more challenging and any interim step will compound reliance on its lead product Acthar, limiting near-term strategic options to unlock value, so we have moved on.

Teva was a complex situation where it transpired that management (now replaced) did not have a handle on the state of the business and so our due diligence proved to be unreliable. We also took the view that a dividend cut was priced in, but that was clearly not the case. Here, though, we have confidence in the new management team to turn things around and we are hopeful of a decent positive return on the position over the medium-term. Shire is probably somewhere between the two – too cheap if one is objective, but with some understandable questions around management given how the story has evolved following the rejection of the Abbvie bid in late 2014. Nevertheless, we still see multiple avenues to a re-rating and are thus happy to hold the shares.

Sub-sector level summary

In sub-sector terms, we held positions in 12 categories (Biotechnology, Dental, Diagnostics, Distributors, Facilities, Generics, Health-Tech, Managed Care, Med-Tech, Pharma, Specialty Pharma and Other Healthcare – the latter covering our investment in the retailer Walgreens Boots). At inception, we indicated that it was not our intention to 'hug' the benchmark in any way, rather to construct a bottom up portfolio of healthcare holdings that would create significant value over time and we can confirm this is indeed the case. At the period end, over 31% of our gross exposure was composed of stocks that are not included in the MSCI benchmark index.

We recorded net capital losses in three categories: Facilities, Specialty Pharma and Other Healthcare; all the others made a positive net contribution to the evolution of the NAV. The Facilities sub-sector still remains challenging given Republican efforts to defenestrate Obamacare, raising concerns over growth in the uninsured population and thus the potential for unrecoverable expenses. We have limited and selective exposure here and are fully cognisant of these risks, which we feel are more than priced into our holdings. Specialty Pharma has been a very challenging area, as described above. Our sub-sector and geographical exposures for the financial period ended 30 November 2017 are set out on page 17:

Sector outlook

We classify healthcare investments into 16 different categories (note – these are not the same as the Global Industry Classification Standard (GICS) classification system used by MSCI, and sometimes we re-classify stocks into different categories based on payor dynamics or similarity to peers). In order to provide shareholders with some additional insights into our current thinking, we have summarised our high-level thoughts on the outlook by sub-sector in the following paragraphs:

- **Biotechnology:** after a torrid 2016 when the Nasdaq Biotech Index fell almost 30% in two months, 2017 started positively. Like the broader healthcare sector, the momentum stalled in Q1, but re-started mid-year. Again, though, this momentum faded in H2 and the Biotech Index finished the second half of the year where it began, albeit up 20% for the year. The previously discussed drug pricing 'risk off' mind set pervaded with seemingly limited generalist interest in the sector in terms of fund flows. All of this macro activity overshadowed continued R&D progress and solid earnings delivery from the larger-cap names, which means that sector multiples are cheap relative to history. With large cap pharma and biotech both needing to bolster pipelines, it is quite possible that M&A is a major factor during 2018, especially now that tax reform has passed, providing clarity on the optimisation of funding and capital structure. This sub-sector remains attractive and we expect our Biotech portfolio to continue to perform in 2018, driven by strong innovation, a proactive FDA, attractive valuations and further consolidation. We have aligned our holdings to increase exposure to small/mid-cap companies.

- **Conglomerates and Pharma:** over the financial period, the conglomerates sub-sector tracked the MSCI World Healthcare Index, acting as a safe haven and sector proxy for generalist investors. Our investment approach eschews conglomerates, which typically own disparate businesses, often with competing cash-flow cycles and capital requirements. In today's world of globalised marketplaces, we see limited rationale or synergies for such units being under common ownership and we would only consider investing in such a company if valuations were *in extremis*. Those of you following our monthly factsheets will know that we are not fans of the diversified pharma business model either, owing to serially disappointing R&D productivity and the issues that scale brings with respect to new products positively impacting earnings. Thus, like conglomerates, we can only imagine investing when we see compelling risk/reward (Eli Lilly through 2017) or in extremis valuation (Shire). We continue to evaluate selective investments on a case-by-case basis, although if one were to believe (as we do) that the wider drug sector is now a more inviting place for the generalist as macro-political uncertainties recede, it becomes harder to imagine that lower growth, lower operationally geared companies like these will deliver industry-leading returns in the coming year.

PORTFOLIO MANAGER'S REPORT

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- **Dental:** this sub-sector performed strongly in 2017 with Align Technology being the best performing share in the S&P 500 Index during the period in review, up 182%. We continue to like the structural dynamics of the dental marketplace and anticipate Align's strong growth will continue for many years to come, driven by the consumerisation of the market coupled with increasing penetration of aligner approaches that provide superior aesthetics and predictability of outcome versus traditional solutions. We maintain this opinion, despite increasing competition, as we feel the opportunity is big enough to support several players and incumbency has significant value of and in itself. Whilst near term valuations appear elevated, this is arguably not the case over our three-to-five year investment horizon and, as such, we remain very positive.

- **Diagnostics:** if there is a sub-sector that typifies how technology will ultimately revolutionise the delivery of healthcare, then molecular diagnostics and genomic testing are it. As the costs and rapidity of disease and genetic test panels come down, so the utility of these tools increases, reducing uncertainty for physicians, in turn reducing medical waste and errors whilst improving outcomes. These technologies are only now coming of age and we expect 2018 to be another strong year of growth for this sub-sector. Conceptualising valuation again may worry some, but as with Dental, these concerns fade away rapidly over the medium-term and the upside risk of more rapid uptake argues for maintaining high levels of exposure. Indeed, we continue to monitor this sub-sector for further investment opportunities.

- **Distributors:** 2017 was a tale of two halves for the distributors. Although the environment was challenging with generic price deflation, these headwinds were well understood and well flagged, and all things considered, the companies executed well in this tough environment. In stark contrast, the second half of the year initially seemed over-run with febrile paranoia, first that generic price deflation was seemingly unending and latterly that Amazon would do to pharmaceutical and medical consumable wholesaling (note – we do not have exposure to the latter) what it is has done for bricks and mortar general retailers, a combination rendering the wholesalers 'uninvestable'. Of course, this was overly pessimistic; the power of wholesaling lies in the buying not the selling and taking on a triopsony is hardly the inefficient low-hanging fruit Amazon usually wins through disruption. Although no longer significantly undervalued, we remain positively disposed to this sub-sector and see continued under-appreciation of the earnings upside from our holdings.

- **Facilities:** favourable demographics, coupled with the implementation of the Affordable Care Act (ACA or 'Obamacare') in 2013 and the improving economy provided a multi-year patient volume tailwind to US Facilities operators, driving a period of solid earnings progression and valuation re-rating. However, in 2017, the anticipation of healthcare reform and subsequent repeal of the ACA's 'individual mandate' raises the spectre of more uninsured patients and an increased risk of unrecoverable losses. In addition, a move toward more value based care versus the historical 'fee for service' model places additional pressure on operating margins in what is largely a fixed cost business. This has driven a profound de-rating of the sector and made forecasting the likely operating environment very challenging, which dissuades some traditional value investors. Despite these headwinds, people must be treated somewhere and certain operators have long been preparing for the arrival of a value-based care model. As long as one is selective, we see significant return potential over the medium-term.

- **Generics:** this is the most fiercely competitive area of healthcare; volume producers living order-to-order, with buying groups playing off suppliers to secure the lowest possible prices. A multi-year backlog of generic approvals at the FDA is finally being cleared and the laws of supply and demand do not augur well as one moves from a dynamic of perhaps one or two suppliers of a product to five or six. Price deflation in the US market is thus likely to persist for some time to come. However, we think valuations are too bearish in some cases. The flip-side of this fiercely capitalist business model is that excess capacity that cannot earn its cost of capital will ultimately disappear until a sustainable equilibrium is again reached, begging the question – who will come out on top? We think it is those best placed to adapt their cost structure to a new reality. We have seen first-hand how much fat there is to trim at Teva and back the new management team to create value from the rubble of the ill-considered Actavis acquisition.

- **Health Tech:** this is a sub-sector categorisation of our own making; defined in essence as 'software as medical device', where it is the power of the algorithm that creates the product. Our investments in this area are selective, but compelling, and share the common feature that an ever-evolving continuum of patient data enables product innovation. The value here is very intangible (in the best possible sense of the word) and thus the barriers to entry are higher than perhaps appreciated. The newly proactive FDA is seemingly supportive of the 'software as devices' concept, which will ultimately herald a novel era of healthcare products that we think are potential game-changers. We continue to be very excited about this area.

- **Healthcare IT:** related to the above, this grouping covers 'software as a service' and is a very broad church, including less interesting areas such as Management Information Systems (MIS) for healthcare providers, through to programmes to deliver value based care and predict patient behaviour. The '80/20' rule of thumb applies as much in healthcare as to anything else in life, and it is generally the case that a small proportion of patients with complex chronic needs account for the bulk of healthcare costs. Identifying and then prophylactically managing such patients is undoubtedly critical to the broader aims of lowering overall healthcare costs. Although we have identified many potentially interesting companies in this latter arena, we have yet to invest. There are several reasons: valuations can be challenging, with high ratings compounded as the sub-sector rode the broader 2017 Tech upswing. Implied terminal values are hard to justify in marketplaces driven by short-to-medium term contracts where substantial market share can be won or lost year-to-year. Growth is also hard to predict, as many services are nascent concepts. Nonetheless, we see Healthcare IT as a necessary piece of the jigsaw for a more efficient healthcare system and it is an area under active consideration for future investments.

- **Managed Care:** can we say anything interesting about health insurance? Probably not, and therein lies its attraction: a product that almost everyone needs to have, that is hedged against inflation and where market forces favour incumbency as risk is priced more efficiently with more data and outliers have less impact on overall profitability. Because the marketplace is already quite concentrated, large-scale capital deployment is hard to envisage (cf. last year's US anti-trust rulings against further market share concentration) and so capital returns to shareholders from profits are high. After many providers withdrew from ACA business due to lacklustre returns, healthcare reform can only be a win – the industry will stay out and avoid losses or alternatively re-enter if it finally makes economic sense. Managed care is inexpensive and a serial compounder. For these reasons, it remains a core exposure in our portfolio.

- **Med-Tech:** this is the broadest sector in healthcare, covering everything from 20-cent plastic clips to $20m pieces of capital equipment. We have begun to carve out sub-categories (cf. Health-Tech, Dental and Diagnostics), based on market dynamics and this is likely to continue. What do we like within the scientific smorgasbord of what remains in our broad category? We tend to favour small, highly focused specialists that are leaders (in growth or market share terms) in their categories. We prefer smaller ticket procedural items to larger capital equipment given the constraints around hospital economics (although tax reform should provide a small boost to US hospital investment by allowing capex on equipment to be written off for the next five years; much of this we think is likely to go to software and systems). Demographic trends globally favour continued procedure volume growth and pricing trends are already deflationary. Finally, material science continually opens up new product opportunities: how can you not be excited about a 3D printed, titanium-infused replacement plastic bone that can be monitored with normal x-rays and allows the bone tissue to gradually regrow inside of it?

- **Other Healthcare (Drug Retailers):** one consequence of having such a wide mandate is that we have to create a catch-all category for those investments that do not fit logically elsewhere within the healthcare universe. At the moment, this category is composed of our holding in Walgreens Boots. Why do we own a drug retailer? Any European who has set foot in a US pharmacy and read a textbook about a focused business model will appreciate the anachronisms of the drugstore model in its current form. If there is any truth to James Gulliver's axiom that 'retail is detail', the wonder is surely that more of these companies haven't gone bust. The question that we have long been asking is two-fold: firstly, how does the healthcare industry create lower cost touch points with patients to unblock primary care

PORTFOLIO MANAGER'S REPORT

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(GPs)? Secondly, what might the application of more-focused business model to replace the general merchandising approach look like? There is much synergy in the answers and, in Stefano Pessina, we have the right management to bring about change. As regards Amazon and its ilk, many healthcare interactions will always require the physical presence of a patient and these interactions have to happen somewhere.

- **Services:** this is another broad category covering companies who serve the industry as suppliers (contract research, manufacturing or packaging, laboratories, Pharmacy Benefit Managers (PBMs) etc.) or directly deal with patients (dialysis companies, emergency services etc.). On a GICS basis, this grouping would include Managed Care and the Distributors, which we split out. Even with a narrower definition, it is difficult to generalise about such a disparate group of companies. We have eschewed these various areas, thus far, simply because we have yet to find a compelling proposition. However, we are not ruling out investment in this area in the future.

- **Specialty Pharma:** this is again a catch-all category, probably best described as including non-diversified drug companies, those who do not undertake basic research and normally generics companies, which again we separate and as such, it is again difficult to make generalised high-level comments. As noted in the preceding pages, this has been a challenging space for investments in 2017 despite seemingly compelling valuations given the general aversion to concentration risk and higher-priced products in rare disease categories. We continue to maintain a number of positions in this area, focusing on companies where we believe there are multiple strategic options to unlock value if the market does not elect to respond to the low valuations.

- **Life Science Tools:** these are the companies supplying the equipment that enables research and development – the picks and shovels of R&D. Normally this group would include companies like Illumina, but we carve these out into our Diagnostics category. Even without the Diagnostics stocks, this category performed strongly in 2017, by more than 23% during the period in review. We have been zero weighted, feeling that the levels of growth implied by current valuations (ex. Diagnostics) are unsustainable in the longer-term. This view proved to be incorrect in 2017, but we are taking a longer-term perspective and, whilst we like the fundamentals, we await a compelling entry point into one of the quality stocks.

We hope the preceding paragraphs give some colour around our thinking. The key message we would like readers to take away is that we enter 2018 feeling optimistic about the Company's ability to deliver further positive returns for investors. We too wish you all a happy and successful year and thank you for your support of the Company.

Paul Major, Daniel Koller and Brett Darke
Bellevue Advisors Limited
13 February 2018

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

Investment policy

The Company intends to invest in a concentrated portfolio of listed or quoted equities in the global healthcare industry. The Company may also invest in 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. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described below, and such use is not expected in the normal course to form a material part of the Gross Assets.

The investable universe for the Company is the global healthcare industry including companies within industries such as pharmaceuticals, biotechnology, medical devices and equipment, healthcare insurers and facility operators, information technology (where the product or service supports, supplies or services the delivery of healthcare), drug retail, consumer healthcare and distribution.

No single holding will represent more than 10 per cent. of Gross Assets at the time of investment and, when fully invested, the portfolio will have no more than 35 holdings. The Company will typically seek to maintain a high degree of liquidity in its portfolio holdings (such that a position could typically be exited within 1 to 5 trading days, with minimal price impact) and as a consequence of the concentrated approach, it is unlikely that a position will be taken in a company unless a minimum holding of 1.0 per cent. of Gross Assets at the time of investment can be achieved within an acceptable level of liquidity.

There will be no restrictions on the constituents of the Company's portfolio by index benchmark, geography, market capitalisation or healthcare industry sub-sector. Whilst the MSCI World Healthcare Index (in sterling) will be used to measure the performance of the Company, the Company will not seek to replicate the index in constructing its portfolio. The portfolio may, therefore, diverge substantially from the constituents of this index (and, indeed, it is expected to do so). However, the portfolio is expected to be well diversified in terms of industry sub-sector exposures. Given the nature of the wider healthcare industry and the geographic location of the investable universe, it is expected that the portfolio will have a majority of its exposure to stocks with their primary listing in the United States and with a significant exposure to the US dollar in terms of their revenues and profits. Although the base currency of the Company is sterling which creates a potential currency exposure, this will not be hedged using any sort of foreign currency transactions, forward transactions or derivative instruments.

The Company will not invest in any companies which are, at the time of investment, unquoted or untraded companies and has no intention of investing in other investment funds.

Borrowing policy

The Company may deploy borrowing to enhance long-term capital growth. Gearing will be deployed flexibly up to 20 per cent. of the Net Asset Value, at the time of borrowing, although the Portfolio Manager expects that gearing will, over the longer term, average between 5 and 10 per cent. of the Net Asset Value. In the event the 20 per cent. limit is breached as a result of market movements, and the Board considers that borrowing should be reduced, the Portfolio Manager shall be permitted to realise investments in an orderly manner so as not to prejudice Shareholders.

Dividend policy

The Company will set a target dividend each financial year equal to 3.5% of Net Asset Value as at the last day of the Company's preceding financial year. The target dividend will be announced at the start of each financial year. This is a target only and not a profit forecast and there can be no assurance that it will be met.

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

CONTINUED

Dividends will be financed through a combination of available net income in each financial year and other reserves. It is currently expected that most of the total annual dividend will be financed from other reserves. In order to increase the distributable reserves available to facilitate the payment of future dividends, the Company sought and received approval of the Court of the Chancery Division that the amount standing to the credit of the share premium account of the Company immediately following completion of the First Issue be cancelled and transferred to a Special distributable reserve. The Company may, at the discretion of the Board, pay all or part of any future dividends out of this Special distributable reserve, taking into account the Company's investment objective.

The Company intends to pay dividends on a semi-annual basis, by way of two equal dividends, with dividends declared in July and February/March and paid in August and March/April in each year.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

Results and dividend

The Company was incorporated on 7 October 2016 and business operations commenced on 2 December 2016 when the Company was listed on the London Stock Exchange.

The Company's revenue return after tax for the year amounted to £396,000. The Company made a capital return after tax of £32,644,000. Therefore the total return after tax for the Company was £33,040,000.

The Company targeted a total dividend for the period from incorporation to 30 November 2017 of 3.5 pence per Ordinary Share. The Company declared its first interim dividend of 1.75p per ordinary share in July 2017 and this was subsequently paid in August 2017. The Board proposes a final dividend of 1.75p per ordinary share in respect of the financial period ended 30 November 2017 and, subject to approval at the Company's Annual General Meeting, this will be paid on 29 March 2018 to shareholders on the register at the close of business on 23 February 2018.

Target total dividend for the year ending 30 November 2018

As announced by the Company on 5 December 2017, for the financial year ending 30 November 2018, the target total dividend will be 4.0p per ordinary share, this being 3.5 per cent of the audited net asset value per ordinary share of 115.43p per ordinary share (including current financial year revenue items) as at 30 November 2017. The Board intends to declare an interim dividend of 2.0p per ordinary share, being half of the target total dividend for the financial year ending 30 November 2018, in July 2018 and intends to pay this dividend in August 2018. The Board intends to propose a final dividend of 2.0p per ordinary share for the financial year ending 30 November 2018, in February/March 2019 and intends to pay this dividend in March/April 2019.

Key performance indicators ("KPIs")

The Board measures the Company's success in attaining its investment objective by reference to the following KPIs:

(i) To beat the total return of the MSCI World Healthcare Index (in sterling) on a rolling 3 year period

The NAV total return from listing on 2 December 2016 to 30 November 2017 was +17.2%. The total return of the MSCI World Healthcare Index (in sterling) over the same period was +14.4%.

The Chairman's statement on pages 2 to 4 incorporates a review of the highlights during the financial period ended 30 November 2017. The Portfolio Manager's report on pages 5 to 10 gives details on investments made during the period and how performance has been achieved.

(ii) To seek to generate a double-digit total shareholder return per annum over a rolling 3 year period

The NAV total return from listing on 2 December 2016 to 30 November 2017 was 17.2%.

(iii) To meet its target total dividend in each financial year

The Company targeted a total dividend of 3.5p per ordinary share for the period from incorporation to 30 November 2017. The Company paid an interim dividend of 1.75p per Ordinary Share in August 2017 and proposes a final dividend in respect of the period to 30 November 2017 of 1.75p per Ordinary Share.

(iv) Discount / premium to NAV

The discount/premium relative to the NAV per share represented by the share price is monitored by the Board. The share price closed at a 2.9% premium to the NAV as at 30 November 2017.

(v) Maintenance of reasonable level of ongoing charges

The Board monitors the Company's operating costs. Based on the Company's average net assets during the period from 2 December 2016 to 30 November 2017, the Company's ongoing charges figure calculated in accordance with the AIC methodology was 1.37%. The Board considers this level to be reasonable and expects this figure to reduce in the financial year ending 30 November 2018.

Principal risks and uncertainties

(i) Market risks

Economic conditions

Changes in general economic and market conditions including, for example, interest rates, cost increase, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts and other factors could substantially and adversely affect the Company's prospects and thereby the performance of its Ordinary Shares.

Healthcare companies

The Company invests in global healthcare equities. There are many factors that could adversely affect the performance of investee companies. The healthcare sector may be affected by government regulations and government healthcare programs, increases or decreases in the cost of medical products and services and product liability claims, among other factors. Many healthcare companies are heavily dependent on patent protection, and the expiration of a company's patent may adversely affect that company's profitability. Healthcare companies are subject to competitive forces that may result in price discounting, and may be thinly capitalised and susceptible to product obsolescence. The market prices for securities of companies in the healthcare sector may be highly volatile.

Sectoral diversification

The Company has no limits on the amount it may invest in the healthcare sector and is not subject to any sub-sector investment restrictions. Although the portfolio is expected to be well diversified in terms of industry sub-sector exposures, the Company may have significant exposure to portfolio companies from certain sub-sectors from time to time. Greater concentration of investments in any one sub-sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to Shareholders.

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

CONTINUED

Management of risks

The Portfolio Manager has a well-defined investment strategy and process which is regularly and rigorously reviewed by the independent Board of Directors and performance is reviewed at quarterly Board meetings. The Portfolio Manager is experienced and employs its expertise in selecting the stocks in which the Company invests.

The Company is invested in a diversified portfolio of investments.

The Company's investment policy states that no single holding will represent more than 10 per cent of gross assets at the time of investment and, when fully invested, the portfolio will have no more than 35 holdings.

(ii) Financial risks

The Company's investment activities expose it to a variety of financial risks which include liquidity, currency, leverage, interest rate and credit risks.

There is a risk that the Company's holdings may not be able to be realised at reasonable prices in a reasonable timeframe. Although the Company's performance is measured in sterling, a high proportion of the Company's assets may be either denominated in other currencies or be in investments with currency exposure. The Company pays interest on its borrowings and as such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

Further details on financial risks can be found in note 19 to the financial statements.

Management of risks

The Company will typically seek to maintain a high degree of liquidity in its portfolio holdings. The Company's Portfolio Manager monitors the currency risk of the Company's portfolio on a regular basis. Prevailing interest rates are taken into account when deciding on borrowings. Further details on the management of financial risks can be found in note 19 to the financial statements.

(iii) Corporate governance and internal control risks

The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the accounting and company secretarial requirements.

The main risk areas arising from the above contracts relate to allocation of the Company's assets by the Portfolio Manager, and the performance of administrative, registration and custodial services. These could lead to various consequences including the loss of the Company's assets, inadequate returns to shareholders and loss of investment trust status.

Management of risks

Each of the contracts were entered into after full and proper consideration of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. All of the above services are subject to ongoing oversight of the Board and the performance of the principal service providers is reviewed on a regular basis.

(iv) Regulatory risks

Breaches of Section 1158 of the Corporation Tax Act could result in loss of investment trust status. Loss of investment trust status would lead to the Company being subject to tax on any gains on the disposal of its investments. Breaches of the FCA's rules applicable to listed entities could result in financial penalties or suspension of trading of the Company's shares on the London Stock Exchange. Breaches of the Companies Act 2006, The Alternative Investment Fund Managers Directive, accounting standards, the Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules could result in financial penalties or legal proceedings against the Company or its Directors.

Management of risks

The Company has contracted out relevant services to appropriately qualified professionals. The Secretary, AIFM and Depositary report on regulatory matters to the Board on a quarterly basis. The assessment of regulatory risks forms part of the Board's risk assessment programme.

(v) UK exit from the European Union

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("Brexit"). The extent of the impact on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of Brexit on the value of investments in the healthcare sector and, by extension, the value of investments in the Company's portfolio is unknown. As such, it is not possible to state the impact that Brexit will have on the Company and its investments. It could also potentially make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

Management of risks

The Brexit vote is unlikely to significantly alter the risk profile of the Company, as substantially all the Company's investments are based outside the EU, and the majority of shareholders are UK based. The position is, however, being monitored as the exit negotiation proceeds and the impact on the Company will be reassessed accordingly.

Viability statement

The Directors have assessed the viability of the Company for the five years to 30 November 2022 (the "Period"), which the Directors consider to be an appropriate time horizon, taking into account the long-term nature of the Company's investment strategy.

In reaching this conclusion, the Directors have considered each of the principal risks and uncertainties and the liquidity and solvency of the Company. The Directors have considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities, which could, if necessary, be sold to meet the Company's funding requirements. Portfolio changes and market developments are discussed at quarterly Board meetings. The internal control framework of the Company is subject to a formal review on at least an annual basis.

The Directors do not expect there to be a material increase in the annual ongoing charges ratio of the Company over the Period. The Company's income from investments and cash realisable from the sale of its investments provide substantial cover to the Company's operating expenses, and any other costs likely to be faced by the Company over the period of their assessment.

The Chairman's statement presents the positive long term investment case for healthcare. The Company's unconstrained approach means that it is well placed to benefit from companies leading these innovations, which underpins the Director's assessment of the Company's viability for the Period.

The Company has a redemption facility through which Shareholders will be entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. Based on the redemption at the first redemption point, it is not anticipated that this facility will have an impact on the Company's viability over the five year period. The redemption point is the last business day of November. The Directors' assessment assumes that the number of shares redeemed will not affect the Company's ability to continue in operational existence. At the first redemption point of 30 November 2017, redemption requests in respect of 181,880 Ordinary Shares were received. All of the 181,880 Ordinary Shares were matched with buyers and there was no change to the Company's share capital.

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

CONTINUED

Based on their assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due in the Period.

Environmental matters

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Employees

The Company has no employees. As at 30 November 2017 the Company had five Directors, four of whom are male and one is female. The Board's policy on diversity is contained in the corporate governance report (see page 26).

Social, community and human rights issues

Having no employees, the Company, as an investment company, has no direct impact on social, community, environmental or human rights matters.

Outlook

The outlook for the Company is discussed in the Chairman's Statement on page 3.

Strategic Report

The Strategic Report set out on pages 1 to 17 of this Annual Report was approved by the Board of Directors on 13 February 2018.

For and on behalf of the Board

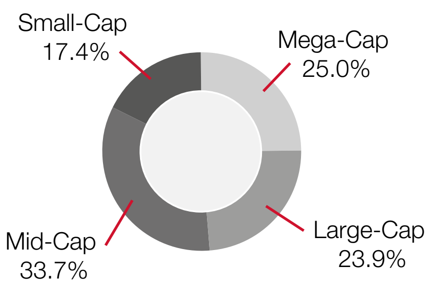
Randeep Grewal
Director
13 February 2018

PORTFOLIO

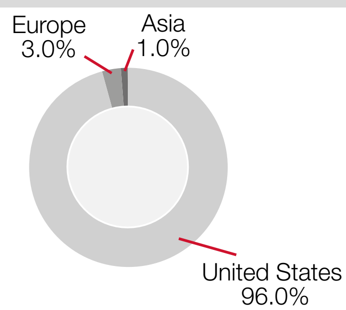
TOP TEN HOLDINGS As at 30 November 2017	% of net assets
Align Technology Inc	9.2%
Anthem Inc	7.3%
Illumina Inc	6.5%
Celgene Corp	5.7%
Intuitive Surgical Inc	5.5%
Shire Plc	5.1%
Walgreens Boots Alliance Inc	5.0%
Eli Lilly & Co	4.6%
AmerisourceBergen Corp	4.2%
Incyte Corp	3.9%
	56.9%
Other holdings	43.1%
Total	**100.0%**

SUB SECTOR BREAKDOWN	
Medical Technology	24.1%
Biotechnology	17.3%
Pharmaceuticals	9.7%
Dental	9.2%
Specialty Pharmaceuticals	8.0%
Managed Care	7.3%
Diagnostics	7.3%
Health Tech	5.9%
Other Healthcare	5.0%
Distributors	4.2%
Facilities	2.1%
Total	**100.0%**

MARKET CAPITALISATION BREAKDOWN



GEOGRAPHICAL BREAKDOWN (OPERATIONAL HQ)



Source: Bellevue Asset Management, 30.11.17.

DIRECTORS' REPORT

The Directors present their report and accounts for the period from incorporation on 7 October 2016 to 30 November 2017. Business operations commenced on 2 December 2016, when the Company's Ordinary Shares were listed on the London Stock Exchange.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 1 to 17.

Corporate governance

The Corporate Governance Statement on pages 24 to 28 forms part of this report.

Legal and taxation status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company conducts its affairs in order to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. The Company has received initial approval as an investment trust and the Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the period ended 30 November 2017.

Alternative Investment Fund Manager ("AIFM")

The Company has appointed Mirabella Financial Services LLP as the AIFM of the Company. The AIFM is appointed to act as Alternative Investment Fund Manager of the Company for the purposes of the AIFM Directive subject to the overall control and supervision of the Board. The AIFM has delegated responsibility for the management of the Company's portfolio to the Portfolio Manager, by way of the Delegated Portfolio Management Agreement.

Under the terms of the AIFM Agreement and with effect from First Admission, the AIFM shall be entitled to receive from the Company an initial fee of £8,500 plus a monthly fee of £6,000 for the term of the agreement. In addition, the AIFM shall be entitled to fees for Annex IV reporting of £5,000 in respect of the first reporting schedule and £2,000 for each subsequent filing. The AIFM is also entitled to reimbursement of reasonable expenses incurred by it in the performance of its duties.

The AIFM Agreement is terminable by either the AIFM or the Company giving to the other not less than 6 months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency, on a change of control of the AIFM or in the event of a material breach which fails to be remedied within 30 days of receipt of notice. The AIFM Agreement shall terminate immediately if the Delegated Portfolio Management Agreement is terminated for whatever reason.

Portfolio Manager

The Company's Portfolio Manager is Bellevue Asset Management AG (the 'Portfolio Manager'). A Delegated Portfolio Management Agreement dated 10 November 2016 is in place between the Company, the AIFM and the Portfolio Manager, pursuant to which the Portfolio Manager is appointed to act as Portfolio Manager of the Company with responsibility to manage the assets of the Company and to advise the AIFM on a day to day basis in accordance with the investment policy of the Company and subject to the overall policies and communicated directions of the AIFM, which shall at all times be in accordance with the investment policy and investment restrictions of the Company. Under the terms of the Delegated Portfolio

Management Agreement, the Portfolio Manager has discretion to buy, sell, retain, exchange or otherwise deal in investment assets for the account of the Company.

The Portfolio Manager is entitled to receive a management fee payable monthly in arrears and calculated at the rate of one-twelfth of 0.95% per calendar month of market capitalisation. Market capitalisation means the average of the mid-market prices for an ordinary share, respectively, as derived from the daily official list of the London Stock Exchange on each business day in the relevant calendar month multiplied by the number of ordinary shares, respectively, in issue on the last business day of the relevant calendar month excluding any ordinary shares held in treasury.

There is no performance fee payable to the Portfolio Manager.

The Delegated Portfolio Management Agreement may be terminated on 12 months' written notice, such notice to expire, in the case of notice given by the AIFM to the Portfolio Manager, on or at any time after the third anniversary of First Admission. The Delegated Portfolio Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency, on a change of control of the Portfolio Manager or in the event of a material breach which fails to be remedied within 30 days of receipt of notice.

The Delegated Portfolio Management Agreement shall terminate immediately if the AIFM Agreement is terminated for whatever reason. The Delegated Portfolio Management Agreement may also be terminated by the AIFM on not less than 6 months' notice in writing to the Portfolio Manager if, without the prior written consent of the Company, a Key Man Event occurs prior to the third anniversary of First Admission. For these purposes, a "Key Man Event" will be deemed to occur if: (a) either of Daniel Koller or Paul Major ceases to be employed full time by the Portfolio Manager or any member of its group; or (b) Daniel Koller ceases to be actively involved in respect of the Portfolio Manager's obligations under the Delegated Portfolio Management Agreement; or (c) Paul Major ceases to be actively involved in respect of the Investment Adviser's obligations under the Investment Advisory Agreement.

The Portfolio Manager has appointed Bellevue Advisors Limited, its UK subsidiary, to provide investment advisory services to it in relation to the Company and its portfolio.

Management engagement

The Directors are satisfied that the AIFM and the Portfolio Manager have the suitable skills and experience to manage the Company's investments and believe that the continuing appointment of the AIFM and the Portfolio Manager is in the interests of shareholders as a whole.

Alternative Investment Fund Portfolio Managers' Directive ("AIFMD")

In accordance with the AIFMD, the Company has appointed Mirabella Financial Services LLP as its AIFM. The AIFM must ensure that an annual report containing certain information on the Company is made available to investors for each financial year. The investment funds sourcebook of the FCA (the "Sourcebook") details the requirements of the annual report. All the information required by those rules are included in this Annual Report.

The AIFM is required to make certain disclosures on its remuneration in respect of the AIFM's relevant reporting period. These disclosures are available on request from the AIFM.

Leverage (under AIFMD)

The AIFM is required to set leverage limits as a percentage of net assets for the Company utilising methods prescribed under AIFMD. These methods are known as the gross method and the commitment method. Under both methods the AIFM has set current maximum limits of leverage for the Company of 120%.

DIRECTORS' REPORT

CONTINUED

A leverage percentage of 100% equates to nil leverage. The Company's leverage under each of these methods at its year end is shown below:

	Gross method	Commitment method
Maximum leverage limit	120%	120%
Actual leverage at 30 November 2017	104%	104%

Share issues

The authority to issue new shares pursuant to the placing programme, detailed in the Company's prospectus dated 10 November 2016, expired on 9 November 2017.

The maximum number of Ordinary Shares which can be admitted to trading on the London Stock Exchange without the publication of a prospectus is 20% of the Ordinary Share Capital on a rolling previous 12 month basis at the time of admission of the shares.

The Board is investigating the possibility of publishing a new prospectus during the current financial year, detailing a further placing programme, and therefore the Board recommends that the Company is granted a new authority to issue up to a maximum of 200,000,000 Ordinary Shares and to disapply pre-emption rights when issuing those Ordinary Shares. Resolutions to this effect will be put to shareholders at the Annual General Meeting.

Any Ordinary Share issues will be issued at a premium to (cum income) net asset value.

Treasury shares

The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. Ordinary Shares will not be sold from treasury at a price less than the (cum income) net asset value ("NAV") per existing Ordinary Share at the time of their sale. No Ordinary Shares were bought back during the period ended 30 November 2017.

Discount management

The Company may seek to address any significant discount to NAV at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an ad hoc basis.

The Directors have the authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue on First Admission. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. Ordinary Shares will be repurchased only at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining Shareholders.

It is intended that a renewal of the authority to make market purchases will be sought from Shareholders at each annual general meeting of the Company. Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board. Any purchase of Ordinary Shares would be made only out of the available cash resources of the Company. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

Purchases of Ordinary Shares may be made only in accordance with the Act, the Listing Rules and the Disclosure Guidance and Transparency Rules.

Investors should note that the repurchase of Ordinary Shares is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of Ordinary Shares that may be repurchased.

Redemption facility

The Company has a redemption facility through which Shareholders will be entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The first redemption point for the Ordinary Shares was 30 November 2017.

The Company announced on 1 December 2017 that valid redemption requests in respect of 181,880 Ordinary Shares were received for the 30 November 2017 redemption point.

The process for the redemption of Ordinary Shares, including the calculation of redemption price, is set out in Part 3 of the Securities Note published by the Company on 13 September 2017.

All of the 181,880 Ordinary Shares were matched with buyers and sold at a calculated redemption price of 115.15 pence per share and all shareholders who validly applied to have shares redeemed received this redemption price per Ordinary Share.

Life of the Company

The Company has no fixed life.

Market information

The Company's share capital is listed on the London Stock Exchange. The NAV per share is calculated in sterling for each business day that the London Stock Exchange is open for business. The daily NAV per share is published through a regulatory information service.

Revolving credit facility

The Company agreed a multi-currency revolving credit facility with Scotiabank (Ireland) Designated Activity Company on 23 February 2017. Under the terms of the facility, the Company may draw down up to an aggregate of £30 million. The facility expires on 22 February 2019.

Depositary

CACEIS Bank, UK Branch has been appointed as the Company's depositary.

Company Secretary and Administrator

PraxisIFM Fund Services (UK) Limited has been appointed as the Company Secretary of the Company and to provide administration services to the Company including calculation of its daily net asset value.

DIRECTORS' REPORT

CONTINUED

Capital structure and voting rights

In the period to 30 November 2017 the Company's issued share capital comprised 50,001 Management Shares and 259,569,268 Ordinary Shares of 1p nominal value. Each Ordinary Share held entitles the holder to receipt of dividends and to one vote, there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Meeting and Form of Proxy and are in accordance with the Companies Act 2006.

There are no restrictions on the transfer of Ordinary Shares, nor are there any limitations or special rights associated with the Ordinary Shares.

Significant shareholders

The Directors have been notified of, or have identified, as at 30 November 2017, the following shareholdings comprising 3% or more of the issued share capital of the Company.

Name	Holding	%
Schroders plc	13,211,425	5.09%
J.M. Finn & Co Ltd	10,995,350	4.24%
Heartwood Wealth Management Limited	10,813,202	4.17%
Erich Hunziker	10,000,000	3.85%

Since the period end, the Company has not been notified of any changes to the above shareholdings, apart from Schroders plc which is now below 5%.

Settlement of ordinary share transactions

Ordinary share transactions in the Company are settled by the CREST share settlement system.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment.

Notice of general meetings

At least twenty-one days' notice shall be given to all the members and to the auditors. All other general meetings shall also be convened by not less than twenty-one days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen days has been passed, in which case a general meeting may be convened by not less than fourteen days' notice in writing. A special resolution will be proposed at the Annual General Meeting to reduce the period of notice for general meetings other than the Annual General Meeting to not less than fourteen days.

Going concern

The Directors have adopted the going concern basis in preparing the accounts. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. 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 at 30 November 2017 were £299.6 million. As at 30 November 2017, the Company held £312.2 million in quoted investments and cash of £0.8 million. The total expenses (excluding finance costs and taxation) for the period ended 30 November 2017 were £2.9 million, which represented approximately 1.37% of average net assets during the period. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

Auditor information

Each of the Directors at the date of the approval of this report confirms that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) the Director has taken all steps that he ought to have taken as Director to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put forward at the forthcoming Annual General Meeting.

By order of the Board

Anthony Lee
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary
13 February 2018

CORPORATE GOVERNANCE

Introduction

The Board of the Company has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. A copy of the AIC Code can be viewed on the AIC's website **www.theaic.co.uk/aic-codeof- corporate-governance-0**.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide more relevant information to Shareholders than solely reporting against the UK Corporate Governance Code.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Corporate Governance Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Corporate Governance Code and the related disclosure requirements contained in the Listing Rules.

With effect from First Admission, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to: the role of the chief executive; executive Directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company and the Company does not therefore comply with them.

The Board

Composition

At the date of this report, the Board consists of five non-executive Directors including the Chairman. All the Directors have served during the entire period since their appointment on 2 November 2016 and 17 October 2016 for Josephine Dixon.

The Board believes that during the period ended 30 November 2017 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Portfolio Manager. All of the Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are given below.

Professor Justin Stebbing (Chairman)

Justin is a clinical oncologist and has published over 500 peer-reviewed papers on cancer. He is a Fellow of the Royal College of Physicians, the American Board of Internal Medicine and the Royal College of Pathologists and sits on a number of advisory boards. He also has previous investment management experience as a healthcare analyst and also acts as a consultant to another UK-based asset management firm.

Josephine Dixon (Chair of the Audit Committee)

Josephine is a chartered accountant who sits on the boards of Standard Life Equity Income Trust plc, JP Morgan European Investment Trust plc, Strategic Equity Capital plc and F&C Global Smaller Companies Trust plc. Her executive experience includes finance, governance and general commercial roles in a number of sectors.

Randeep Grewal (Chair of the Management Engagement Committee)

Randeep is a London-based Fund Manager at Trium, with over 17 years of healthcare investment experience, including F&C Asset Management, ICAP Equities and Tudor. Randeep trained as a Vascular and General Surgeon and read both Medicine and Computer Science at Cambridge University. He sits on the board of Tissue Regenix.

Paul Southgate

Paul is a London-based Portfolio Manager at Pictet Asset Management, with over 20 years' investment experience. Before joining Pictet, he was a managing partner at Eisenstat Capital Partners (ECAP) and managed European equities for both Deephaven Capital and Fortress Investment Group. He began his career with UBS Asset Management.

Siddhartha Mukherjee

Siddhartha is a cancer physician and professor at Columbia University. In addition to his extensive academic publications, he has written several books, including The Emperor of All Maladies (winner of a Pulitzer Prize in 2011). He is a Rhodes scholar and graduated from Stanford University, University of Oxford, and Harvard.

All of the Directors will retire and offer themselves for election at the first Annual General Meeting of the Company to be held on 22 March 2018. The Board recommends all the Directors for election for the reasons highlighted above and in the performance appraisal section of this report.

The Directors have appointment letters which do not provide for any specific term. They are subject to re-election by Shareholders at a maximum interval of three years. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new Directors receive an induction and relevant training is available to Directors on an ongoing basis.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

A policy of insurance against Directors' and officers' liabilities is maintained by the Company.

Board committees

The Company has established an Audit Committee which is chaired by Josephine Dixon and consists of all the Directors. A report of the Audit Committee is included in this Annual Report. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee examines the effectiveness of the Company's risk management and internal control systems. It reviews the half-yearly and annual reports and also receives information from the AIFM and/or the Portfolio Manager. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor.

The Company has established a Management Engagement Committee which is chaired by Randeep Grewal and consists of all the Directors. The Management Engagement Committee's principal duties are to consider the terms of appointment of the Portfolio Manager and the AIFM and it annually reviews those appointments and the main terms of the Delegated Portfolio Management Agreement and the AIFM Agreement.

The Board as a whole fulfils the function of the Remuneration Committee and Nomination Committee.

CORPORATE GOVERNANCE

CONTINUED

Meeting attendance

In the period from the Company's listing on the London Stock Exchange on 2 December 2016 to the Company's financial period end, the Directors have attended the following meetings.

	Quarterly Board	Audit Committee
Number held	**4**	**2**
Justin Stebbing	4/4	2/2
Josephine Dixon	4/4	2/2
Randeep Grewal	4/4	2/2
Paul Southgate	4/4	2/2
Siddhartha Mukherjee*	2/4	1/2

*Siddhartha Mukherjee was unable to attend two of the Board meetings due to other commitments.

There were also a number of Board and committee meetings to deal with administrative matters and approval of documents. The Management Engagement Committee met after the period end. The meeting was attended by Justin Stebbing, Randeep Grewal, Paul Southgate and Siddhartha Mukherjee.

Board diversity

The Company's policy is that the Board should have a broad range of skills. Consideration is given to the recommendations of the AIC Code and other guidance on boardroom diversity.

Performance appraisal

A formal annual performance appraisal process is performed on the Board, the committees, the individual Directors and the Company's main service providers.

A programme consisting of open and closed ended questions was used as the basis for the appraisal. The results were reviewed by the Chairman and the Chairman of the Management Engagement Committee and discussed with the Board. A separate appraisal of the Chairman has been carried out by the other members of the Board and the results reported back by the Chairman of the Management Engagement Committee to the Chairman. The results of the performance evaluation were positive and demonstrated that the Directors showed the necessary commitment for the fulfilment of their duties.

Internal control

Prior to the Company's listing a detailed review was carried out on the financial position, prospects and procedures applicable to the Company.

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports. The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the year and up to the date of this report.

Financial aspects of internal control

The Directors are responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by the Portfolio Manager, the Administrator and the Company's Custodian to provide reasonable assurance on the effectiveness of internal financial controls.

The key procedures include review of management accounts and net asset value and monitoring of performance at quarterly Board meetings, supervision by Directors of the valuation of securities, segregation of the administrative function from that of securities and cash custody and from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures. In addition, procedures have been put in place for authorisation of all expense payments.

The Statement of Directors' Responsibilities in respect of the accounts is on page 36 and a Statement of Going Concern is on pages 22 and 23. The Report of the Independent Auditor is on pages 37 to 43.

Other aspects of internal control

The Board holds quarterly meetings, plus additional meetings as required. Between these meetings there is regular contact with the Portfolio Manager, the Company Secretary and the Administrator.

The Board has agreed policies with the Portfolio Manager on key operational issues. The Portfolio Manager and/or the AIFM reports in writing to the Board on operational and compliance issues. The Portfolio Manager reports directly to the Audit Committee concerning the internal controls.

The Directors review detailed management accounts from the Administrator, including holdings in the portfolio, transactions and other aspects of the financial position of the Company. The Depositary provides oversight reports for the quarterly Board meetings. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Corporate Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

This contact with the AIFM, Portfolio Manager, Administrator and the other key service providers enables the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored and a formal review, utilising a detailed risk assessment programme has been completed. This included consideration of the Administrator's, the Depositary and the Registrar's internal controls report. There are no significant findings to report from the review.

Principal risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed is set out in the Strategic Report.

CORPORATE GOVERNANCE

CONTINUED

Shareholder relations

The Company encourages all shareholders to attend the Annual General Meeting and seeks to provide a minimum of twenty working days' notice of that meeting. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for each substantive issue. The Portfolio Manager has a programme of meetings with shareholders and reports back to the Board on its findings. The Chairman and the Board welcome direct feedback from shareholders.

Exercise of voting powers and stewardship code

The Company and the Portfolio Manager support the UK Stewardship Code issued by the Financial Reporting Council.

Social and environmental policy

The Company has no staff, premises, manufacturing or other operations.

DIRECTORS' REMUNERATION POLICY REPORT

This policy report provides details of the remuneration for the Directors of the Company (the "Remuneration Policy"). The Remuneration Policy will be put forward for approval by shareholders at the AGM to be held on 22 March 2018. The provisions set out in this policy apply until they are next put forward for shareholder approval. The Remuneration Policy must be put forward for shareholder approval at a maximum interval of three years. In the event of any proposed material variation to the policy, shareholder approval will be sought for the proposed new policy prior to its implementation.

All the Directors are non-executive directors and the Company has no other employees.

Service contracts

The Directors do not have service contracts with the Company. The Directors have appointment letters and, following initial election by shareholders, are subject to re-election by shareholders at a maximum interval of three years.

Fees

The Directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits. The Directors' fees will be paid at fixed annual rates and do not have any variable elements. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

The non-executive Directors shall be entitled to fees at such rates as determined by the Board.

The Directors shall also be entitled to be reimbursed for all expenses incurred in performance of their duties. These expenses are unlikely to be of a significant amount.

Fees are payable from the date of appointment as a Director of the Company and cease on date of termination of appointment. The Directors are not entitled to compensation for loss of office.

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors.

DIRECTORS' REMUNERATION POLICY REPORT

CONTINUED

Current and future policy

Component	Director	Annual rate	Purpose of reward	Operation
Annual fee	Chairman of the Board	See note 1 below	For services as Chairman of a plc	Determined by the Board
Annual fee	Other Directors	See note 1 below	For services as non-executive Directors of a plc	Determined by the Board
Additional fee	Chairman of the Audit Committee	See note 1 below	For additional responsibility and time commitment	Determined by the Board
Additional fee	Chairman of the Management Engagement Committee	See note 1 below	For additional responsibility and time commitment	Determined by the Board
Expenses	All Directors	Not Applicable	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

1 Annual rates are determined by the Board subject to the limit set out in the Company's Articles of Association.

Statement of consideration of conditions elsewhere in the Company

As stated above the Company has no employees. Therefore the process of consulting with employees on the setting of the Remuneration Policy is not applicable.

Review of the Remuneration Policy

The Directors' remuneration will be reviewed on an annual basis by the Board and any changes are subject to approval by the Board. The remuneration payable to the Directors will take into account a number of factors, inter alia, the experience of the Directors, the complexity of the Company and prevailing market rates for the investment trust sector.

Effective date

This Remuneration Policy will be put forward for shareholder approval at the Annual General Meeting to be held on 22 March 2018 and, if approved by shareholders, will be effective from that date.

Justin Stebbing
Chairman of the Board of Directors
13 February 2018

DIRECTORS' REMUNERATION IMPLEMENTATION REPORT

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of this report will be put forward at the forthcoming Annual General Meeting.

The Directors' Remuneration Implementation Report is put forward for approval by shareholders on an annual basis. The result of the shareholder resolution on the Implementation Report is non-binding on the Company, although it gives shareholders an opportunity to express their views, which will be taken into account by the Board.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures are audited they are indicated as such. The auditor's opinion is on page 37.

Remuneration

The Company currently has five non-executive Directors.

As detailed in the Company's prospectus dated 10 November 2016, Directors' fees are payable at the rate of £27,500 per annum for each Director other than the Chairman, who is entitled to receive £40,000. The Chairman of the Audit Committee is entitled to additional fees of £5,000 per annum and the Chairman of the Management Engagement Committee is entitled to additional fees of £2,500 per annum. Net fees payable to the Directors, other than the US resident Director, are settled in Ordinary Shares.

The Board believes that these fees appropriately reflect prevailing market rates for an investment trust of the Company's complexity and size, and will also enable the Company to attract appropriately experienced additional Directors in the future.

The Board reviews the fees payable to the Directors on an annual basis.

Directors' service contracts

The Directors do not have service contracts with the Company. The Directors are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term. However, they are subject to re-election by shareholders at a maximum interval of three years. There are no restrictions on transfers of the Company's shares held by the Directors or any special rights attached to such shares.

Directors' indemnities

Subject to the provisions of the Companies Act 2006 and certain provisions contained in the deeds of indemnity issued by the Company, the Company has indemnified each of the Directors against all liabilities which each Director may suffer or incur arising out of or in connection with any claim made or proceedings taken against him/her, or any application made under sections 661(3), 661(4) or 1157 of the Companies Act 2006 by him/her, on the grounds of his/her negligence, default, breach of duty or breach of trust, in relation to the Company or any Associated Company. The indemnities would provide financial support from the Company after the level of cover provided by the Company's Directors and Officers insurance policy has been fully utilised.

Director search and selection fees

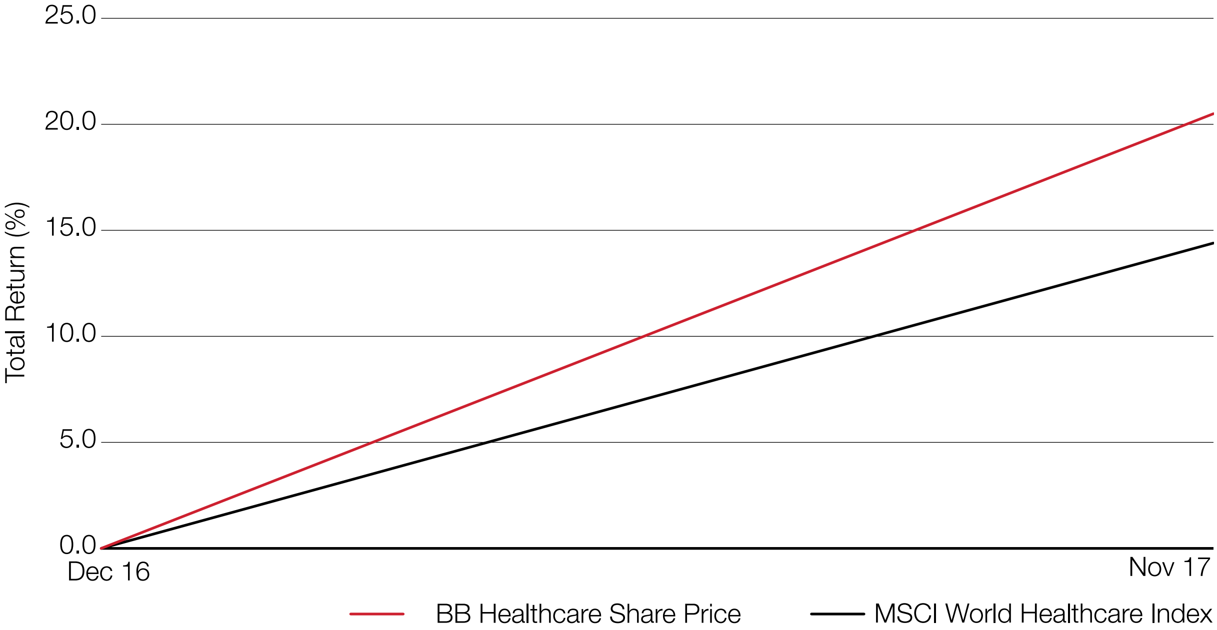
No Director search and selection fees were incurred during the period to 30 November 2017.

DIRECTORS' REMUNERATION IMPLEMENTATION REPORT

CONTINUED

Performance

The following chart shows the performance of the Company's share price by comparison to the MSCI World Healthcare Index, on a total return basis.



Directors' emoluments for the period ended 30 November 2017 (audited)

The Directors who served during the period received the following remuneration for qualifying services.

	Fees and taxable benefits to November 2017 £'000
Professor Justin Stebbing	40.0
Josephine Dixon	32.5
Randeep Grewal	30.0
Paul Southgate	27.5
Siddhartha Mukherjee	27.5
	157.5

There are no other taxable benefits payable by the Company other than certain expenses which may be deemed to be taxable. None of the above fees was paid to third parties.

A non-binding ordinary resolution to approve the Directors' Remuneration Implementation Report contained in the Annual Report for the period ended 30 November 2017 will be put forward for approval the Company's first Annual General Meeting to be held on 22 March 2018

Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to the distributions to shareholders by way of dividends and share buybacks, and the management fees and other expenses incurred by the Company.

	2017 £'000
Income	1,919
Directors' fees	157
Management fees and other expenses	2,876
Dividends paid and payable to shareholders	7,993

Directors' holdings (Audited)

The Directors held the following shareholdings at 30 November 2017 and as at the date of this report. Net fees payable to the Directors, other than the US resident Director, are settled in Ordinary Shares quarterly.

The Board consists of 1 female and 4 male Directors.

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

	Ordinary Shares as at 30 November 2017	Ordinary Shares as at date of this report
Professor Justin Stebbing*	14,833	18,915
Josephine Dixon	37,318	40,634
Randeep Grewal	36,418	39,479
Paul Southgate	35,567	38,373
Siddhartha Mukherjee	25,000	25,000

* restated from previously reported position.

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the financial period to 30 November 2017:-

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the financial period to 30 November 2017; and

(c) the context in which the changes occurred and decisions have been taken.

Justin Stebbing
Chairman of the Board of Directors
13 February 2018

REPORT OF THE AUDIT COMMITTEE

Role of the Audit Committee

The AIC Code of Corporate Governance (the "Code") recommends that Boards should establish audit committees consisting of at least three, or in the case of smaller companies, two independent non-executive directors. The Board is required to satisfy itself that at least one member of the audit committee has recent and relevant financial experience. The main role and responsibilities of the Audit Committee should be set out in written terms of reference covering certain matters described in the Code. The Company complies with the Code.

The Audit Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and objectivity, and remuneration of the auditor and to review the annual accounts and half-yearly financial report. The Audit Committee also reviews the Company's internal financial controls and its internal control and risk management systems. Where non-audit services are provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement are considered before proceeding. The Audit Committee has considered the non-audit work of the auditor this year and does not consider that this compromises its independence.

Composition

All of the Directors of the Company are members of the Audit Committee. The Audit Committee has formal written terms of reference and copies of these are available on the Company's website or on request from the Company Secretary. The Audit Committee as a whole has recent and relevant financial experience. The Audit Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company. The Audit Committee keeps the need for an internal audit function under periodic review. The chairman of the Company is a member of the Audit Committee. The Board and the Audit Committee believe that this is appropriate as he has recent and relevant financial experience and he is independent.

Meetings

There have been two Audit Committee meetings in the period to 30 November 2017.

Financial statements and significant accounting matters

The Audit Committee considered the following significant accounting issues in relation to the Company's Financial Statements for the period ended 30 November 2017:

Valuation and existence of investments

The Company holds the majority of its assets in quoted investments. The valuation and existence of these investments is the most material matter in the production of the financial statements. Investments are valued using independent pricing sources and the holding quantities at the year end were agreed to the Depositary's records. The Audit Committee has reviewed the Administrator's procedures in place for ensuring accurate valuation and existence of investments and is comfortable that these are appropriate.

Recognition of income

Income may not be accrued in the correct period, or could be accrued when not warranted or with error and/or incorrectly allocated to revenue or capital. The Audit Committee has reviewed the Administrator's procedures for recognition of income and is comfortable that these are appropriate. The Audit Committee reviews the treatment of any special dividends receivable in the period to ensure that these have been treated appropriately.

Conclusion with respect to the Annual Report and financial statements

The Audit Committee has concluded that the Annual Report for the period ended 30 November 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's business model, strategy and performance. The Audit Committee has reported its conclusions to the Board of Directors. The Audit Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the annual report.

Audit tenure

Ernst & Young LLP was selected as the Company's auditor at the time of the Company's launch following a competitive process and review of the Auditor's credentials. The appointment of the external auditor will be reviewed annually by the Audit Committee and the Board and is subject to approval by Shareholders. In accordance with the FRC guidance, the audit will be put out to tender within ten years of the initial appointment of Ernst & Young LLP.

Effectiveness of external audit

The Audit Committee is responsible for reviewing the effectiveness of the external audit process. The Audit Committee received a presentation of the audit plan from the external auditor prior to the commencement of the audit and a presentation of the results of the audit following completion of the main audit testing. The Audit Committee performed a review of the external auditor following the presentation of the results of the audit. The review included a discussion of the audit process and the ability of the external auditor to fulfil its role. Following the above review, the Audit Committee has agreed that the re-appointment of the Auditors should be recommended to the Board and the Shareholders of the Company.

Provision of non-audit services

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent.

Ernst & Young LLP were paid fees in respect of reporting accountant services to the Company in the period ended 30 November 2017. These services were in respect of the Company's initial prospectus (prior to their appointment as the Company's Auditor), the updated prospectus issued in September 2017 and the audit of the Company's initial accounts and the Half-yearly Report. The independence of the Auditor was considered prior to the provision of these services.

13 February 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the financial statements under International Financial Reporting Standards as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of the year and of the net return for the year. In preparing these accounts, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the Company's website at **www.bbhealthcaretrust.com** which is maintained by the Company's Portfolio Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since being initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation statement

The Directors each confirm to the best of their knowledge that:

(a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

(b) this Annual Report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Randeep Grewal
Director
13 February 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BB HEALTHCARE TRUST PLC

Opinion

We have audited the financial statements of BB Healthcare Trust plc (the 'Company') for the period from 7 October 2016 to 30 November 2017, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ('IFRSs').

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 November 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 13 to 15 describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 36 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on pages 22 and 23 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BB HEALTHCARE TRUST PLC

CONTINUED

- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 15 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate income recognition. • Incorrect valuation and claim of ownership of the investment portfolio.
Materiality	• Overall materiality of £3.00m which represents 1% of Net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our response to the risk	What we concluded to the Audit Committee
Incomplete or inaccurate income recognition *Refer to the Report of the audit committee (page 34); accounting policies (page 49); and Note 5 of the Financial Statements (page 52)* As can be seen in note 5 to the financial statements, the Company has reported investment income for the period to 30 November 2017 of £1.9m. Income is received primarily in the form of dividends from UK and overseas investments in quoted companies. Overseas dividends are recorded gross of withholding tax. Special dividends by their nature require the exercise of judgement as to whether the income receivable should be classified as 'revenue' or 'capital' for the purposes of s1158 Corporation Tax Act 2010 ("CTA"). The revenue column of the Income Statement is the main driver of the minimum dividend calculation. There is therefore a risk that an incorrect classification could potentially result in an under distribution of income and put the Company's status as an investment trust at risk	We performed the following procedures: • Obtained an understanding of Bellevue Asset Management AG's (the 'Manager') and PraxisIFM Fund Services (UK) Limited's (the 'Administrator') processes and controls surrounding revenue recognition and identification and allocation of special dividends by performing a walkthrough to evaluate the design and effectiveness of controls. • Reviewed the Company's Income Report to identify special dividends received in the period and noted that the Administrator had not identified any special dividends. Nevertheless, special dividends are still considered to be a fraud frisk as there is still considered to be a risk of misstatement in respect of the completeness of special dividends. The risk is that the dividends have not been correctly categorised between ordinary and special dividends or some special dividends have been missed altogether. • To assess the completeness of special dividends for a sample of investments, reviewed the investee company announcements per an independent source to test that all dividends announced during the year by the investee companies have been recognised in the income report, and to identify if there were additional special dividends that should have been recorded.	The results of our procedures identified no issues with the accuracy or completeness of income receipts. We did not identify any special dividends receivable by the Company during the period. Based on the work performed we had no matters to report to the Audit Committee.

<table>
<tr><th>Key Audit Matter</th><th>Our response to the risk</th><th>What we concluded to the Audit Committee</th></tr>
<tr><td>There is also a risk that inappropriate journal entries applied to the income account could result in a manipulation of the Company's revenue to support performance and dividend targets.</td><td>• Agreed a sample of dividends from the income report to the corresponding announcement made by the investee company and agreed the holdings of the investment at that date to the transactions report. We then recalculated the dividend amount received and agreed cash received to bank statements.
• Agreed a sample of dividends paid on investments held from an independent source to the income recorded by the Company.
• Agreed 100% of accrued dividends to an independent source to assess whether the dividend obligation arose prior to 30 November 2017. We agreed the dividend rate to corresponding announcements made by the investee company and agreed the holdings of the investment at that date to the transactions report. We then recalculated the dividend amount receivable and agreed cash received to post period end bank statements, where possible.
• Tested a sample of manual journal entries posted to the income account during the period for their appropriateness and reviewed journal entries either side of the year end to ensure that correct cut-off of income had been applied.</td><td></td></tr>
<tr><td>Incorrect valuation and claim of ownership of the investment portfolio
Refer to the Report of the audit committee (page 34); Accounting policies (page 49); and Note 4 of the Financial Statements (pages 51 and 52)
The Company holds a portfolio of quoted investments both in the UK and overseas valued at £312.2m at 30 November 2017.
In accordance with the requirements of IFRS, the Company's accounting policy is to value the investment portfolio at its fair value in the statutory financial statements. Fair value is measured as the bid price at the close of business on the relevant date on the exchange on which the investment is listed.
There is a risk of incorrect valuation of the investment portfolio, including incorrect application of exchange rate movements or failure to assess stock liquidity appropriately that could result in the Statement of Financial Position and Statement of Comprehensive Income being materially misstated.
Certificates of investment ownership are held by CACEIS Bank (UK Branch) ('the Depository') and not held directly by the Company.
There is a risk of assets being misappropriated and the ownership of investments being unsecured.</td><td>We performed the following procedures:
• Obtained an understanding of the Manager's and Administrator's processes and controls surrounding investment valuation and existence by performing a walkthrough to evaluate the effectiveness of the design of controls.
• Agreed 100% of the quoted investment valuations to a relevant independent source.
• Agreed the exchange rates used to translate foreign currency holdings to sterling at the period-end to an independent source and investigated any discrepancies.
• Reviewed the Investment ledger to identify investments valued at nil. We noted no nil value investments.
• Obtained and reviewed stale pricing reports to assess the liquidity of the investment portfolio and to ensure that investments were appropriately classified within the fair value hierarchy table. Our review of these reports identified no instances of stale prices within the investment portfolio.
• Obtained independent confirmation from the Depositary of all securities held at the period end and performed a reconciliation of the Company's records to those of the Depositary noting no reconciling items.</td><td>Based on the work performed we had no matters to report to the Audit Committee.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BB HEALTHCARE TRUST PLC

CONTINUED

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.00m, which is 1% of net assets. We believe that net assets to be the most important financial metric on which shareholders would judge the performance of the Company.

During the course of our audit, we re-assessed initial materiality in the context of the Company's performance and this resulted in no change from our original assessment of materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality for the Company was 50% of our planning materiality, namely £1.50m. We have set performance materiality at this lower threshold as this is a first year audit engagement.

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £33k for the revenue column of the Statement of Comprehensive Income, being 5% of the revenue return before taxation.

Reporting threshold

Our reporting threshold is defined as "an amount below which identified misstatements are considered as being clearly trivial".

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.15m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 36, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 36** – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 34 and 35** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 24** – the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

STRATEGIC REPORT GOVERNANCE FINANCIALS OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BB HEALTHCARE TRUST PLC

CONTINUED

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.

- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.
- We assessed whether the Company's control environment is adequate for the size and operating model of such a listed investment company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Company in 2017 to audit the financial statements for the period ending 30 November 2017 and subsequent financial periods.
- The period of total interrupted engagement including previous renewals and reappointments is 1 year, covering the current period.
- The non-audit services prohibited by the FRC's Ethical Standards were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

James Beszant (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

13 February 2018

Notes:
1. The maintenance and integrity of the BB Healthcare Trust Plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM INCORPORATION ON 7 OCTOBER 2016 TO 30 NOVEMBER 2017

			2017	
	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments	4	–	33,960	33,960
Gains on currency movements		–	522	522
Net investment gains		**–**	**34,482**	**34,482**
Income	5	1,919	–	1,919
Total income		**1,919**	**34,482**	**36,401**
Portfolio management fees	6	(417)	(1,668)	(2,085)
Other expenses	7	(791)	–	(791)
Profit before finance costs and taxation		**711**	**32,814**	**33,525**
Finance costs	8	(43)	(170)	(213)
Operating profit before taxation		**668**	**32,644**	**33,312**
Taxation	9	(272)	–	(272)
Profit for the period		**396**	**32,644**	**33,040**
Return per Ordinary Share	**10**	**0.21p**	**17.42p**	**17.63p**

There is no other comprehensive income and therefore the 'Profit for the period' 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 48 to 61 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2017

	Note	£'000
Non-current assets		
Investments held at fair value through profit or loss	4	312,238
Current assets		
Cash and cash equivalents		842
Income receivable		228
		1,070
Total assets		**313,308**
Current liabilities		
Purchases for future settlement		484
Bank loans payable	11	12,786
Other payables		425
Total liabilities		**13,695**
Net assets		**299,613**
Equity		
Share capital	13	2,609
Share premium account		120,934
Special distributable reserve	14	143,355
Capital reserve		32,644
Revenue reserve		71
Total equity		**299,613**
Net asset value per Ordinary Share	16	115.43p

Approved by the Board of Directors on 13 February 2018 and signed on its behalf by:

Randeep Grewal
Director

The notes on pages 48 to 61 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM INCORPORATION ON 7 OCTOBER 2016 TO 30 NOVEMBER 2017

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 7 October 2016	–	–	–	–	–	–
Profit for the period	–	–	–	32,644	396	33,040
Transfer to special distributable reserve	–	(146,412)	146,412	–	–	–
Issue of Ordinary Shares	2,596	271,014	–	–	–	273,610
Issue of Management Shares	13	–	–	–	–	13
Share issue costs	–	(3,668)	–	–	–	(3,668)
Dividend paid	–	–	(3,057)	–	(325)	(3,382)
Closing balance as at 30 November 2017	**2,609**	**120,934**	**143,355**	**32,644**	**71**	**299,613**

The notes on pages 48 to 61 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCORPORATION ON 7 OCTOBER 2016 TO 30 NOVEMBER 2017

	2017 £'000
Cash flows from operating activities	
Income*	1,690
Management expenses	(2,520)
Purchase of investments**	(371,220)
Sale of investments**	93,426
Foreign exchange losses	(204)
Taxation	(272)
Net cash flow used in operating activities	**(279,100)**
Cash flows from financing activities	
Bank loans drawn	13,512
Finance costs paid	(130)
Dividend paid	(3,382)
Proceeds from issue of shares	273,610
Share issue costs	(3,668)
Net cash flow from financing activities	**279,942**
Increase in cash and cash equivalents	**842**
Cash and cash equivalents at start of period	–
Cash and cash equivalents at end of period	**842**

* Cash inflow from dividends for the financial period was £1,688,000.

** Sales proceeds and purchases costs have been classified as components of cash flows from operating activities as investing activities form part of the Company's operations.

The notes on pages 48 to 61 form an 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 Mermaid House, 2 Puddle Dock, London EC4V 3DB. Business operations commenced on 2 December 2016 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange. The financial statements of the Company are presented for the period from 7 October 2016 to 30 November 2017.

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

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards 'IFRS', and the Disclosure Guidance and Transparency Rules ('DTRs') of the UK's Financial Conduct Authority.

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 November 2014 and updated in January 2017 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.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements.

The Directors have a reasonable expectation that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

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. 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 all expenses are paid in GBP as are dividends. All financial information presented in sterling have been rounded to the nearest thousand pounds.

Comparatives

There are no comparatives as this is the Company's first accounting period.

3. Accounting policies

(a) 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. Gains or losses are recognised in the capital column of the Statement of Comprehensive Income.

(b) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities, and non-monetary assets held at fair value denominated in foreign currencies are translated into sterling using London closing foreign exchange rates at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income within "gains on currency movements".

(c) Income from investments

Dividend income from shares is accounted for on the basis of ex-dividend dates. Overseas income is grossed up at the appropriate rate of tax.

Special dividends are assessed on their individual merits and may be credited to the Statement of Comprehensive Income as a capital item if considered to be closely linked to reconstructions of the investee company or other capital transactions. All other investment income is credited to the Statement of Comprehensive Income as a revenue item. Interest receivable is accrued on a time apportionment basis and reflects the effective interest rate.

(d) Capital reserves

Profits achieved in cash by selling investments and changes in fair value arising upon the revaluation of investments that remain in the portfolio are all charged to the capital column of the Statement of Comprehensive Income and allocated to the capital reserve.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are recognised through the Statement of Comprehensive Income as revenue items except as follows:

Management fees

In accordance with the Company's stated policy and the Directors' expectation of the split of future returns, 80% of investment management fees are charged as a capital item in the Statement of Comprehensive Income.

Finance costs

Finance costs include interest payable and direct loan costs. In accordance with Directors' expectation of the split of future returns, 80% of finance costs are charged as capital items in the Statement of Comprehensive Income. Loan arrangement costs are amortised over the term of the loan.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3. Accounting policies continued

(f) Cash and cash equivalents

Cash comprises cash at hand and demand deposits. Cash equivalents, which include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Taxation

Irrecoverable taxation on dividends is recognised on an accruals basis in the Statement of Comprehensive Income.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

(h) Financial liabilities

Bank loans and overdrafts are classified as loans and are measured at amortised cost. They are initially recorded at the proceeds received net of direct issue costs.

(i) New standards and interpretations effective in the current financial period

In the opinion of the Directors, there are no new standards that became effective during the period that had a material impact on the financial statements. At the date of approval of these financial statements, the following standard, which has not been applied in these financial statements, was in issue but not yet effective:

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2018, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

- Amendments to IAS 7 'Statement of Cash flows', is effective for annual periods beginning on or after 1 January 2017. The main objective of these amendments is to provide disclosures that enable users of financial statements to evaluate changes arising from financing activities. This should improve the information provided to users of financial statements about an entity's financing activities.

The Board is currently considering the impact of the above standard. Based on the initial assessment, the standard is not expected to have a material impact on the Company's financial statements.

(j) Equity shares

The Company has treated the Ordinary Shares and Management Shares as equity in accordance with IAS 32 Financial Instruments: Presentation, which classifies financial instruments into financial assets, financial liabilities and equity instruments. Both Share classes have an entitlement to the residual interest in the assets of the Company after deducting liabilities, suffice that the Management Shares have no participation in any surplus beyond their paid up capital. Although both share classes are subordinate to other share classes, the Ordinary Shares are further subordinate to the Management Shares. The Management Shares are not redeemable but the Ordinary Shares are subject to an annual redemption option at the discretion of the Directors. Ordinary Shares participate in dividends and any other profits of the Company.

4. Investment held at fair value through profit or loss

(a) Summary of valuation

	£'000
Investments held at fair value through profit or loss	
– Quoted in UK	15,984
– Quoted overseas	296,254
Closing valuation	312,238

(b) Movements in valuation

	£'000
Opening valuation	–
Opening unrealised gains/(losses) on investments	–
Opening book cost	–
Additions, at cost	371,704
Disposals, at cost	(78,057)
Closing book cost	**293,647**
Revaluation of investments	18,591
Closing valuation	**312,238**

Transaction costs on investment purchases for the period ended 30 November 2017 amounted to £343,000 and on investment sales for the financial period to 30 November 2017 amounted to £24,000.

(c) Gains on investments

	£'000
Realised gains on disposal of investments	15,369
Unrealised gains on investments held	18,591
Total gains on investments	**33,960**

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.

Level 3

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4. Investment held at fair value through profit or loss continued

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

	As at 30 November 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss – Quoted	312,238	–	–	312,238

There were no transfers between levels during the period to 30 November 2017.

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.

5. Income

	2017 £'000
Income from investments	
Overseas dividends	1,778
UK dividends	139
Other income	2
Total income	**1,919**

6. Portfolio management fee

	2017		
	Revenue £'000	Capital £'000	Total £'000
Management fee	417	1,668	2,085

The Company's Portfolio Manager is Bellevue Asset Management AG (the 'Portfolio Manager'). The Portfolio Manager is entitled to receive a management fee payable monthly in arrears and calculated at the rate of one-twelfth of 0.95% per calendar month of market capitalisation. Market capitalisation means the average of the mid-market prices for an Ordinary Share, as derived from the daily official list of the London Stock Exchange on each business day in the relevant calendar month multiplied by the number of Ordinary Shares, in issue on the last business day of the relevant calendar month excluding any Ordinary Shares held in treasury.

There is no performance fee payable to the Portfolio Manager.

7. Other expenses

	2017 £'000
Administration & secretarial fees	172
AIFM fees	104
Auditor's remuneration*	
– Statutory audit fee	37
– Non-audit fee	29
Broker fees	36
Custody services	82
Directors' fees	158
Printing and public relations	10
Registrar fees	24
Other expenses	139
Total	**791**

* Auditor's remuneration includes VAT of £11,000.

Non-audit fees of £29,000 related to the audit of the Company's initial accounts and Half-yearly Report and reporting accountant work in respect of the updated prospectus issued in September 2017. Prior to appointment as the Company's Auditor, the auditors received £44,000 (including VAT of £7,000) for non-audit initial public offering-related services, which have been treated as a capital expense and included in 'share issue costs' disclosed in the Statement of Changes in Equity on page 46.

8. Finance costs

	2017		
	Revenue £'000	Capital £'000	Total £'000
Loan interest	37	150	187
Other finance costs	6	20	26
Total	**43**	**170**	**213**

9. Taxation

(a) Analysis of charge in the period:

	2017		
	Revenue £'000	Capital £'000	Total £'000
Withholding tax expense	272	–	272
Total tax charge for the period (note 9b)	**272**	**–**	**272**

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. Taxation continued

(b) Factors affecting the tax charge for the period:

The effective UK corporation tax rate for the period is 19.33%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below:

	2017 Total £'000
Operating profit before taxation	33,312
UK Corporation tax at 19.33%	6,439
Effects of:	
Gains on investments not taxable	(6,665)
UK dividends not taxable	(27)
Overseas dividends not taxable	(344)
Withholding tax expense	272
Unutilised excess expenses	597
Total tax charge	**272**

The Company is not liable to tax on capital gains due to its status as an investment trust. The Company has an unrecognised deferred tax asset of £586,000 based on the prospective UK corporation tax rate of 19%. This asset has accumulated because deductible expenses exceeded taxable income for the period ended 30 November 2017. No asset has been recognised in the accounts because, given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

10. Return per share

Return per share is based on the profit for the period of £33,040,000 attributable to the weighted average number of Ordinary Shares in issue (excluding treasury shares) of 187,377,682 in the period from commencement of operation on 2 December 2016 to 30 November 2017. Revenue and capital profits are £396,000 and £32,644,000 respectively.

11. Bank loans

The Company agreed a multi-currency revolving credit facility with Scotiabank (Ireland) Designated Activity Company on 23 February 2017. Under the terms of the facility, the Company may draw down up to an aggregate of £30 million. The facility expires on 22 February 2019.

As at 30 November 2017, the Company's aggregate loans outstanding was £12,786,000. The table below shows the breakdown of the loans at 30 November 2017.

Currency of loans	Local currency amount	£'000	Interest rate per annum (%)	Maturity date
GBP loan	£500,000	500	1.60575	23 Feb. 2018
GBP loan	£1,700,000	1,700	1.60575	23 Feb. 2018
USD loan	$5,600,000	4,145	2.65389	28 Feb. 2018
USD loan	$4,000,000	2,961	2.68000	22 Mar. 2018
USD loan	$4,700,000	3,480	2.65167	02 Feb. 2018
Total		**12,786**		

A commitment fee is calculated at 0.35 per cent per annum, if the unutilised amount equals or exceeds 50 per cent of the total commitment; or 0.45 per cent per annum if the unutilised amount is less than 50 per cent of the total commitment.

In the opinion of the Directors, the fair value of the bank loans is not materially different to their amortised costs.

12. Dividend

The dividend relating to the period ended 30 November 2017, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered is detailed below:

	Pence per Ordinary Share	Total for period ended 30 November 2017 £'000	Allocation against special reserve £'000	Allocation against revenue reserve £'000
Interim dividend – paid	1.75p	3,382	3,057	325
Final dividend – payable	1.75p	4,611	4,540	71
	3.50p	**7,993**	**7,597**	**396**

The Directors recommend the payment of a final dividend for the period of 1.75p per share. Subject to approval at the Company's Annual General Meeting, the dividend will have an ex-dividend date of 22 February 2018 and will be paid on 29 March 2018 to shareholders on the register at 23 February 2018. The dividend will be funded from the Company's distributable reserves as per the table above.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. Share capital

As at	2017 No. of Shares	2017 £'000
Allotted, issued and fully paid:		
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	259,569,268	2,596
Management Shares of £1 each	50,001	13
Total	**259,619,269**	**2,609**

On incorporation, the issued share capital of the Company was 1 Ordinary Share of 1 penny issued to the subscriber to the Company's memorandum. On 2 November 2016, the Company's issued share capital was increased by £50,000 represented by 50,000 Management Shares of nominal value £1.00 each, which were subscribed for by the Portfolio Manager of which one quarter of the nominal value is fully paid up. This Ordinary Share was subsequently redesignated prior to the Company's listing and an additional Management Share was issued.

On 2 December 2016, 150,000,000 Ordinary Shares were allotted and issued to shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 10 November 2016. A further 109,569,268 Ordinary Shares have been allotted, issued and fully paid between 2 December 2016 and 30 November 2017.

Since 30 November 2017, a further 3,900,000 Ordinary Shares have been issued raising aggregate proceeds of £4,507,500.

The Ordinary Redeemable Shares have attached to them full voting, dividend and capital distribution (including on winding-up) rights. They confer rights of redemption.

The Management Shares do not carry a right to receive notice of, or attend or vote at any general meeting of the Company unless no other shares are in issue at that time. The Management Shares have been treated as equity in accordance with the requirements of IFRS. Management Shares shall not confer the right to participate in any surplus remaining following payment of such amount.

In accordance with the Company's Prospectus, the Company have the right to issue C Shares of nominal value 10 pence each pursuant to any Subsequent Issue under the Share Issuance Programme. The Company had no C Shares in issue during the period to 30 November 2017.

14. Special distributable reserve

As indicated in the Company's prospectus dated 10 November 2016, following admission of the Company's Ordinary Shares to trading on the London Stock Exchange, the Directors applied to the Court to cancel the share premium account so as to create a new special distributable reserve which may be treated as distributable reserves and out of which tender offers and share buybacks may be funded. This reserve may also be used to fund dividend payments.

Following approval by the Court, the cancellation became effective on 3 May 2017 and an amount of £146,412,136 was transferred to the above special reserve at that time.

On 3 August 2017 a dividend payable of 1.75p per share was paid, of which £3,057,000 was allocated against the Special distributable reserves.

15. Distributable reserves

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

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

16. Net assets per ordinary share

Net assets per ordinary share as at 30 November 2017 is based on £299,613,000 of net assets of the Company attributable to the 259,569,268 Ordinary Shares in issue (excluding treasury shares) as at 30 November 2017. £12,500 of net assets as at 30 November 2017 was attributable to the Management Shares.

17. Related party transactions

Fees payable to the Portfolio Manager are shown in the Statement of Comprehensive Income. As at 30 November 2017, the fee outstanding to the Portfolio Manager was £237,000.

Since commencement of operations on 2 December 2016 fees have been payable at an annual rate of £40,000 to the Chairman, £32,500 to the Chair of the Audit Committee, £30,000 to the Chair of the Management Engagement Committee and £27,500 to the other Directors. Net fees payable to the Directors, other than the US resident Director, Siddhartha Mukherjee, are settled in Ordinary Shares quarterly, using the prevailing market price per share at the relevant quarter end.

18. Post balance sheet events

There are no post balance sheet events, other than those disclosed in Note 13.

19. Financial instruments and capital disclosures

(i) Market risks

The Company is subject to a number of market risks in relation to economic conditions and healthcare companies. Further details on these risks and the management of these risks are included in the Directors' report.

The Company's financial assets and liabilities at 30 November 2017 comprised:

Investments	Interest bearing £'000	Non-interest bearing £'000	Total £'000
Sterling	–	15,984	15,984
Euro	–	9,262	9,262
US Dollar	–	286,992	286,992
Total investment	**–**	**312,238**	**312,238**
Cash at bank			
Floating rate – £ sterling	842	–	842
Short term debtors	–	228	228
Short term creditors	(12,786)	(909)	(13,695)
Total	**(11,944)**	**311,544**	**299,613**

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19. Financial instruments and capital disclosures continued

Market price risk sensitivity

The effect on the portfolio of a 10.0% increase or decrease in market prices would have resulted in an increase or decrease of £31,224,000 in the investments held at fair value through profit or loss at the period end date, which is equivalent to 10.4% in the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

(ii) Liquidity risks

There is a risk that the Company's holdings may not be able to be realised at reasonable prices in a reasonable timeframe.

Financial liabilities by maturity at the period end are shown below:

	30 November 2017 £'000
Within one month	909
Between one and three months	9,825
Between three months and one year	2,961
More than one year	–
Total	**13,695**

Management of liquidity risks

The Company will typically seek to maintain a high degree of liquidity in its portfolio holdings (such that a position could typically be exited within 1 to 5 trading days, with minimal price impact) and as a consequence of the concentrated approach, it is unlikely that a position will be taken in a company unless a minimum holding of 1.0 per cent of gross assets at the time of investment can be achieved within an acceptable level of liquidity.

The Company's Portfolio Manager monitors the liquidity of the Company's portfolio on a regular basis. See note 10 for the maturity profiles of the loans. Other payables are typically settled within a month.

(iii) Currency risks

Although the Company's performance is measured in sterling, a high proportion of the Company's assets may be either denominated in other currencies or be in investments with currency exposure.

Currency sensitivity

The below table shows the strengthening/(weakening) of sterling against the local currencies over the financial year for the Company's financial assets and liabilities held at 30 November 2017.

	30 November 2017 % change*
Euro	(3.8%)
US dollar	7.3%

* Percentage change of sterling against local currency from commencement on 2 December 2016 to 30 November 2017.

Foreign currency risk profile

	30 November 2017		
	Investment exposure £'000	Net monetary exposure £'000	Total currency exposure £'000
Danish kroner	–	3	3
Euro	9,262	(477)	8,785
US dollar	286,992	(10,420)	276,572
Total	**296,254**	**(10,894)**	**285,360**

Based on the financial assets and liabilities at 30 November 2017 and all other things being equal, if sterling had weakened against the local currencies by 10%, the impact on the Company's net assets at 30 November 2017 would have been as follows:

	30 November 2017 £'000
Euro	879
US dollar	27,657
Total	**28,536**

Management of currency risks

The Company's Portfolio Manager monitors the currency risk of the Company's portfolio on a regular basis. Foreign currency exposure is regularly reported to the Board by the Portfolio Manager.

Currency risk will not be hedged using any sort of foreign currency transactions, forward transactions or derivative instruments.

(iv) Leverage risks

The Company may use borrowings to seek to enhance investment returns. While the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Ordinary Share.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs or redemptions) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19. Financial instruments and capital disclosures continued

The Company will pay interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

As at the period end, the Company's gearing ratio was 3.9%, based on the drawn down loans as a percentage of gross asset value.

As at the period end, the Company did not hold any derivative instruments.

Management of leverage risks

Gearing will be deployed flexibly up to 20 per cent of the Net Asset Value, at the time of borrowing, although the Portfolio Manager expects that gearing will, over the longer term, average between 5 and 10 per cent of the Net Asset Value. In the event the 20 per cent limit is breached as a result of market movements, and the Board considers that borrowing should be reduced, the Portfolio Manager shall be permitted to realise investments in an orderly manner so as not to prejudice Shareholders.

Further details of the Company's bank loans is disclosed in note 11.

(v) Interest rate risks

The Company pays interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

Management of interest rate risks

Prevailing interest rates are taken into account when deciding on borrowings.

The Company had bank loans denominated in GBP and USD in place during the period. The loan interest is based on a variable rate. Based on the loans outstanding at the period end a change of 0.25% in interest rates would increase/(decrease) annual profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant:

	Loans at 30 November 2017 £'000	Profit or loss 0.25% decrease £'000	Profit or loss 0.25% increase £'000
USD loan	10,586	26	(26)
GBP loan	2,200	6	(6)
Total	**12,786**	**32**	**(32)**

(vi) Credit risks

Cash and other assets that are required to be held in custody will be held by the depositary or its sub-custodians. Where the Company utilises derivative instruments, it is likely to take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default.

Management of credit risks

The Company has appointed Caceis as its depositary. The credit rating of Caceis was reviewed at the time of appointment and will be reviewed on a regular basis by the Portfolio Manager and/or the Board.

The Portfolio Manager monitors the Company's exposure to its counterparties on a regular basis and trades in equities are performed on a delivery versus payment basis.

The Company's assets are segregated from those of the Depositary or any of its sub-custodians.

At 30 November 2017, the Depository held £312,238,000 in respect of quoted investments and £842,000 in respect of cash on behalf of the Company.

(vii) Capital management policies and procedures

The Company considers its capital to consist of its share capital of Ordinary Shares of 1p each, Management Shares of £1 each, and reserves totalling £299,613,000.

The Company has a redemption facility through which Shareholders will be entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The first redemption point for the Ordinary Shares was 30 November 2017 and will be annual thereafter.

The Portfolio Manager and the Company's broker monitor the demand for the Company's shares and the Directors review the position at Board meetings.

The Company's policy on borrowings is detailed in the Director's Report on page 11.

Use of distributable reserves is disclosed in note 15.

The Company regularly monitors, and has complied, with the externally imposed capital requirements arising from the borrowing facility.

GLOSSARY

American Depositary Receipt or "ADR"	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.
AIC	Association of Investment Companies
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	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.
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Depositary	Certain AIFs must appoint depositaries under the requirements of AIFMD. A depositary's duties include, inter alia, safekeeping of the Company's assets and cash monitoring. Under AIFMD the depositary is appointed under a strict liability regime.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Gross assets	The Company's total assets adjusted for any leverage amount (outstanding bank loan).
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	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.
Large Cap	A company with a market capitalisation above $10 billion.

Leverage	An alternative word for "Gearing". 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. 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.
Liquidity	The extent to which investments can be sold at short notice.
Management Shares	Non-redeemable preference shares of £1.00 each in the capital of the Company.
Mega Cap	A company with a market capitalisation above $50 billion.
Net assets	An investment company's assets less its liabilities.
Net asset value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Ongoing charges	A measure of the regular, recurring annual costs of running an investment company, expressed as a percentage of average net assets.
Ordinary Shares	The Company's redeemable Ordinary Shares of 1p each.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Small Cap	A company with a market capitalisation less than $2 billion.
Total return	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.
Tracking error	A measure, expressed as a percentage, of how closely a portfolio follows an index over a period of time.
Treasury Shares	A company's own shares which are available to be sold by a company to raise funds.
Value at Risk	A statistical technique used to measure and quantify the level of financial risk within a portfolio over a specific time frame.
Volatility	A measure of how much a share moves up and down in price over a period of time.

DIRECTORS, PORTFOLIO MANAGER AND ADVISERS

Directors
Professor Justin Stebbing (Chairman)
Josephine Dixon
Randeep Grewal
Paul Southgate
Siddhartha Mukherjee

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London EC2Y 5ET

Depositary
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London EC2A 2DA

Registrar
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Legal Adviser
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London EC2M 7SH

Registered Office*
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2 Puddle Dock
London EC4V 3DB

Portfolio Manager
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Switzerland

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London SE1 9SG

Secretary & Administrator
PraxisIFM Fund Services (UK) Limited
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2 Puddle Dock
London EC4V 3DB

Auditors
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25 Churchill Place
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London E14 5EY

AIFM
Mirabella Financial Services LLP
Norfolk House
31 St James's Square
London SW1Y 4JJ

* Registered in England and Wales No. 10415235.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of BB Healthcare Trust plc will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH on 22 March 2018 at 11.00 a.m. for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 and 15 will be proposed as special resolutions.

1. To receive the Company's Annual Report and Accounts for the period from incorporation on 7 October 2016 to 30 November 2017, with the reports of the Directors and auditors thereon.
2. To approve the Directors' Remuneration Policy Report included in the Annual Report for the period from incorporation on 7 October 2016 to 30 November 2017.
3. To approve the Directors' Remuneration Implementation Report included in the Annual Report for the period from incorporation on 7 October 2016 to 30 November 2017.
4. To elect Justin Stebbing as a Director of the Company.
5. To elect Josephine Dixon as a Director of the Company.
6. To elect Randeep Grewal as a Director of the Company.
7. To elect Paul Southgate as a Director of the Company.
8. To elect Siddhartha Mukherjee as a Director of the Company.
9. To re-appoint Ernst & Young LLP as auditors to the Company.
10. To authorise the Directors to fix the remuneration of the auditors until the conclusion of the next Annual General Meeting of the Company.
11. To approve a final dividend of 1.75p per Ordinary Share of the Company in respect of the period ended 30 November 2017.
12. That the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (in substitution for all subsisting authorities to the extent unused) to exercise all the powers of the Company to allot up to 200,000,000 Ordinary Shares in the capital of the Company, such authority to expire (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired.
13. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1p each, provided that:
    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 39,494,043 (representing 14.99 per cent of the Company's issued Ordinary Share capital (excluding shares held in Treasury) at the date of the notice of this meeting);
    (b) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1p;
    (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (i) 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share and

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

(ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares;

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

14. That, subject to the passing of resolution 12, in substitution for any existing power under sections 570 and 573 of the Companies Act 2006 but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered (pursuant to sections 570 and 573 of the Companies Act 2006) to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in Resolution 12 above as if section 561 of the Act did not apply to any such allotment or sale, such power to expire (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired;

15. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

Registered Office:
Mermaid House
Puddle Dock
London EC4V 3DB

By order of the Board
Anthony Lee
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary

13 February 2018

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

Website address

1. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.bbhealthcaretrust.com

Entitlement to attend and vote

2. Only those holders of Ordinary Shares registered on the Company's register of members at 6.00 p.m. on 20 March 2018 or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.

Appointment of Proxies

3. Members entitled to attend, speak and vote at the meeting (in accordance with Note 2 above) are entitled to appoint one or more proxies to attend, speak and vote in their place. If you wish to appoint a proxy please use the Form of Proxy enclosed with this document or follow the instructions at note 7 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.

4. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Meeting" on the Form of Proxy and insert the full name of your appointee.

5. You can instruct your proxy how to vote on each resolution by ticking the "For" and "Against" boxes as appropriate (or entering the number of shares which you are entitled to vote). If you wish to abstain from voting on any resolution please tick the box which is marked "Vote Withheld". It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

   A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

Appointment of Proxy using Hard Copy Form

6. The Form of Proxy and any power of attorney (or a notarially certified copy or office copy thereof) under which it is executed must be received by Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF at 11.00 a.m. on 20 March 2018 in respect of the meeting. Any Forms of Proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Link Asset Services no later than 48 hours before the rescheduled meeting.

   On completing the Form of Proxy, sign it and return it to Link Asset Services at the address shown on the Form of Proxy in the envelope provided. As postage has been pre-paid no stamp is required.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Appointment of Proxy through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy's appointee through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

   All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged at 11.00 a.m. on 20 March 2018 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Link Asset Services no later than 48 hours before the rescheduled meeting.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF.

   In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 above then, subject to the paragraph directly below, your proxy will remain valid.

   Completion of a Form of Proxy will not preclude a member from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

   If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

Nominated Persons

9. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

   - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting.
   - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
   - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

   If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.

Questions at the Meeting

10. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

    - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question; or
    - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Issued Shares and total voting rights

11. As at the date of this Notice, the total number of shares in issue is 263,469,268 Ordinary Shares of 1p each. The total number of Ordinary Shares with voting rights is 263,469,268. On a vote by a show of hands, every holder of Ordinary Shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

Communication

12. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

    - calling Link Asset Services' shareholder helpline (lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays):

      (i) From UK: 0871 664 0300 (calls cost 12p per minute plus network extras);

      (ii) From Overseas: +44 371 664 0300 (calls from outside the UK are charged at applicable international rates); or in writing to Link Asset Services.

    You may not use any electronic address provided either in this notice of meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.

FORM OF PROXY

I/We ....

of ....
(BLOCK CAPITALS PLEASE)

being (a) member(s) of BB Healthcare Trust plc appoint the Chairman of the meeting, or ....

(see note 1) ....

of ....

as my/our proxy and, on a poll, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Stephenson Harwood, 1 Finsbury Circus, London, EC2M 7SH on 22 March 2018 at 11.00 a.m. and any adjournment thereof.

Please indicate with an 'X' in the spaces provided how you wish your votes to be cast on the resolutions specified.

	Resolution	For	Against	Withheld	Discretionary
1.	To receive and adopt the Annual Report and Accounts for the period ended 30 November 2017.				
2.	To approve the Directors' remuneration policy report.				
3.	To approve the Directors' remuneration implementation report.				
4.	To elect Justin Stebbing as a Director of the Company.				
5.	To elect Josephine Dixon as a Director of the Company.				
6.	To elect Randeep Grewal as a Director of the Company.				
7.	To elect Paul Southgate as a Director of the Company.				
8.	To elect Siddhartha Mukherjee as a Director of the Company.				
9.	To re-appoint Ernst & Young LLP as auditors to the Company.				
10.	To authorise the Directors to fix the remuneration of the auditors.				
11.	To approve a final dividend of 1.75p per Ordinary Share for the period ended 30 November 2017				
12.	To give authority to allot new shares.				
13.	To give authority for the Company to purchase its own shares.				
14.	To give authority to allot new shares free from pre-emption rights.				
15.	To authorise calling general meetings (other than Annual General Meetings) on 14 clear days' notice.				

Subject to any voting instructions so given the proxy will vote, or may abstain from voting, on any resolution as he may think fit.

Signature ....Dated this............................ day of............................... 2018

NOTES

1. If any other proxy is preferred, strike out the words "Chairman of the Meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
2. If the appointer is a corporation this form must be completed under its common seal or under the hand of some officer or attorney duly authorised in writing.
3. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for or against a resolution.
4. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
5. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
6. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company, Link Asset Services not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
7. The completion of this form will not preclude a member from attending the Meeting and voting in person.
8. Any alteration of this form must be initialled. Your completed and signed proxy form should be posted, in the enclosed reply paid envelope, to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF, so as to arrive before 11.00 a.m. on 20 March 2018.