BB Healthcare Trust

BB Healthcare Trust plc

Annual Report and Accounts

For the year ended 30 November 2021

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 2021	30 November 2020
Net asset value ("NAV") per Ordinary Share (cum income)	184.91p	172.51p
Ordinary Share price	186.20p	172.00p
Ordinary Share price premium/(discount) to NAV[1]	0.7%	(0.3)%
Ongoing charges ratio ("OCR")[1]	1.08%	1.10%

Performance summary

	% change[2] 30 November 2021	% change[2] 30 November 2020
Share price total return per Ordinary Share[1,4]	11.4%	22.5%
NAV total return per Ordinary Share[1,4]	10.3%	24.6%
MSCI World Healthcare Index total return (GBP)[4]	16.3%	10.3%

1 These are Alternative Performance Measures.
2 Total returns in sterling terms for the year ended 30 November 2021.
3 Total returns in sterling terms for the year ended 30 November 2020.
4 Including dividends reinvested in the year.
Source: Bloomberg.

Alternative Performance Measures ("APMs")

The financial information and performance summary data highlighted in the footnote to the above tables represent APMs of the Company. 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 page 20. Definitions of these APMs together with how these measures have been calculated can be found on pages 93 and 94.

CHAIRMAN'S STATEMENT

Dear Shareholders

This is the fifth annual report of your Company, and the third consecutive report overshadowed by the COVID-19 pandemic. As previously, may I extend the Board's and Investment Manager's heartfelt condolences to those readers who have lost loved ones.

I remain satisfied that, as both a Board and as a Company, we have continued to operate effectively over the past twelve months and remain well served by our service providers, who have maintained their usual excellent service.

The fifth anniversary is another important milestone in the development of the Company and should allow us to garner further investor interest through the publication of an additional longer-term performance metric.

Performance

Over the financial year, the Company's Net Asset Value ("NAV") rose 7.2% to 184.91p. The total NAV return (i.e. including reinvestment of dividends) over the last financial year was 10.3%. In contrast the comparator index, the MSCI World Healthcare Index (the "Index") produced a total return of 16.3%.

The returns are summarised in the following table.

Standardised discrete performance (%)

12-month total return	1 year Nov 20 – Nov 21	2 years Nov 19 – Nov 21	3 years Nov 18 – Nov 21	4 years Nov 17 – Nov 21	5 years Nov 16 – Nov 21	since inception
NAV return (inc. dividends)	10.3%	36.6%	46.0%	77.5%	114.0%	114.0%
Share price	11.4%	37.5%	46.6%	81.8%	113.0%	113.0%
MSCI World Healthcare Index (GBP)	16.3%	28.9%	40.1%	66.2%	88.2%	91.2%

Source: Bloomberg & Bellevue Asset Management (UK) Ltd., 29.11.2021.
All returns are adjusted for dividends paid during the period, assuming reinvestment in relevant security.
Note: Past performance is not a guide to future performance. The value of an investment and the income from it may fall as well as rise and is not guaranteed.

Though the Company underperformed the Index over the last financial year, I hope that readers will agree that over a five-year period the Investment Manager has delivered attractive returns that compare very favourably to its peer group. The Investment Manager provides more analysis of performance elsewhere in this report; I would highlight that there were periods of the year that the Company was materially ahead of its benchmark.

Short-term variations should never change an investment process – and hence it is important to assure investors that the Investment Manager remains true to its investment process and continues to focus on bottom-up fundamental analysis to drive stock selection predicated on superior long-term returns.

Board Composition and evaluation

On 2 July 2021, Kate Bolsover joined the Board and Committees as a Non-Executive Director. Kate brings a wealth of experience in investment trusts, corporate governance, sales and marketing. She is already an integral part of the Board and has contributed significantly to many areas.

After our financial year end, on 21 December 2021, Professor Justin Stebbing stepped down from the Board. I would like to take this opportunity to thank Justin for all his contributions to the Company, first as the founding Chairman and then as a Non-Executive Director.

The Board considers the composition, skills and competencies of all members on a regular basis as well as succession planning. We have no immediate plans for recruiting a new Board member at the time of writing. The current Board composition is compliant with the recommendations of the Hampton-Alexander Review, and the Parker Review.

As per the AIC Code, the Board undertakes an annual evaluation of its performance and that of its Committees, individual Directors and Investment Manager, Bellevue Asset Management (UK) Limited ("Bellevue"). Following last year's external evaluation, this year an internal evaluation was undertaken and I am satisfied that the Directors and Investment Manager are operating effectively and showing the necessary commitment to the effective fulfilment of their duties.

Fees & charges

During the year the Board undertook a review of fees and ongoing charges. We agreed to leave the management fee we pay to Bellevue unchanged, except that going forward Bellevue will absorb the majority of marketing costs and third-party support costs for investor relations on behalf of the Company. Bellevue's continuing expansion of its support for the Company should help to further reduce the Company's Ongoing Charges Ratio ("OCR") during the current year. Of note, unlike many peers, we do not pay any performance fees.

Our OCR at 1.08% was found to be highly competitive. All other factors being equal, we would expect the OCR to decline further in 2022 as the assets under management rise and the Board continually endeavours to minimise expense growth in other areas.

Portfolio Positioning

The portfolio continues to remain US-centric and thus we have unhedged US Dollar exposure. The Investment Mandate has few constraints beyond liquidity, giving the Investment Manager free reign to pursue a 'best ideas' approach and optimise the risk/return potential of the Company's (intentionally) concentrated investment portfolio.

The portfolio is exposed to companies that are Small/Mid-cap in size – *in the context of the US market*. The Investment Manager provides more details of this and the subsector exposures in the following pages.

One specific point I would highlight is that the definition of 'Small-Cap' used by our Investment Manager is a company worth less than $2bn. This is considerably larger than the size of company that is often referred to as 'Small-Cap' *in a UK market context*. The smallest company in the portfolio at the end of November 2021 was MacroGenics with a market capitalisation at that time of $1.08bn.

CHAIRMAN'S STATEMENT

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Portfolio disclosure

Historically we have only disclosed our top ten positions. As the Company has grown in size, we are increasingly likely to make disclosures relating to individual positions in line with local regulatory requirements. Hence, beginning with this report we are disclosing our full portfolio, which can be found on page 16. We appreciate that this is also important for some institutional investors, mainly for regulatory, risk management or due diligence reasons.

Our Investment Management team write a monthly factsheet with updates on their thinking and the Company's top ten current holdings which are available on our web site. I trust you will find these reports very informative and readable documents, and I commend them to you.

The intent, at the time of purchase of a new holding, is a three to five-year holding period; however, we live in particularly 'interesting times'. Thus, readers should consider the portfolio as an expression of 'strong opinions, loosely held'.

Portfolio turnover, i.e. traded value less capital inflows and forced sales for acquisitions of holdings) fell in 2021 compared to the highly elevated levels seen in 2020, but remains above the five-year average. This is likely to remain the case whilst the pandemic continues to alter the operating environment for healthcare companies. Our active share versus the benchmark as at 30 November 2021 was 92.4%.

Gearing

Just after the fiscal year end, on 17 December 2021 we renewed our multi-currency revolving credit facility ("RCF") with The Bank of Nova Scotia, London Branch. The amended RCF gives the Company access to up to $235million of committed facilities for three years to December 2024, drawn down at the Investment Manager's discretion (within limits agreed by the Board), should it see attractive opportunities.

As at 30 November 2021, the Company's leverage ratio (under the "gross method") was 105%.

Responsible Investing

Both the Company and the Investment Manager, Bellevue, are committed to reflecting Environmental, Social & Governance issues ("ESG") as a core focus within the capital allocation process. More details around this topic can be found on pages 32 to 38 of the Annual Report, which highlights how we can be a positive agent for change by our engagement with investee companies. We hope that Shareholders find that the ESG statement is a positive expression of the Company's values.

Share Capital and issuance

The Company's issued share capital was 558.9 million Ordinary Shares as at 30 November 2021, versus 488.7 million Ordinary Shares as at 30 November 2020, an increase of 14.4%. A further 20.8 million Ordinary Shares have been issued since the Company's year end via the Company's block listing facility and the number of shares in issue stood at 579.7 million as at 24 February 2022, being the last practicable date prior to the publication of this document.

At the AGM, we will be seeking a new authority to issue up to a maximum of 57.9 million new Ordinary Shares to meet potential investor demand and to fulfil the scrip dividend commitment.

As a reminder, shares issuance through placing and tap issues can only be done at a premium to NAV, thus our share issuance is not dilutive to existing holders. The Board discusses the capacity of the investment strategy with the Investment Managers regularly and is satisfied that the ongoing expansion of the Company does not impact the Investment Manager's ability to optimise stock selection. Continued issuance has been possible because the Company's shares again traded at a premium to NAV over much of the year.

The decrease in OCR reflects one of the benefits of scale that I mentioned in last year's annual report. I would refer readers to the previous report for a discussion of the other benefits of increasing scale.

Shareholder communication

On a number of occasions in the last year we wrote to our larger Shareholders offering meetings or calls with myself or other members of the Board. We appreciate that Shareholders vary by size and resources – but let me emphasise that our investor relations team, our Investment Manager, my fellow Directors and I are keen to engage with Shareholders, whatever their size.

Board fees

Recently our senior independent director ("SID") led a review of Board remuneration, which considered both third party benchmarking against comparable investment companies, and the time and effort involved by Board members in the governance of the Company. Accordingly, there has been an upward adjustment in Board fees.

In order to ensure alignment of interests, Directors are continuing the commitment to investing (post-tax) fees in shares and holding for a minimum of three years.

Corporate advisers/brokers

On 18 January 2021 we appointed Alvarium Securities as joint brokers alongside J.P. Morgan Securities plc (who conduct their UK investment banking activities as J.P. Morgan Cazenove). We previously were represented by Peel Hunt who were our brokers since IPO (and later joined by J.P. Morgan Cazenove) and I wish to express our gratitude to them. Appointing Alvarium reunites us with a sales team we have worked with since inception.

Dividends

The Company targets an annual dividend of 3.5% of preceding year end NAV, paid out in two equal instalments. The Company paid a final dividend of 2.50p in respect of the year ended 30 November 2020, on 30 April 2021 and an interim dividend of 3.015p in respect of the financial year ended 30 November 2021 was paid on 3 September 2021.

The Board has proposed a final dividend of 3.015p per Ordinary Share in respect of the financial year ended 30 November 2021 and, if approved at the forthcoming AGM, this will be paid to Shareholders in April 2022.

Regarding the financial year ending 30 November 2022; the Board is proposing a total dividend of 6.47p per Ordinary Share, composed of interim and final dividends of 3.235p per Ordinary Share, to be paid in August/September 2022 and March/April 2023 respectively, subject to Shareholder approval.

In July 2019, the Company introduced a scrip dividend alternative, allowing Shareholders to elect for their cash dividend to be automatically subscribed on their behalf for new Ordinary Shares. Certificated Shareholders who have already joined the scrip dividend scheme through the Registrar's website need take no further action to continue in the scheme.

Certificated Shareholders who wish to elect for the scrip dividend alternative for the first time can do so online or by contacting the Company's Registrar. Further details can be found on page 98. Uncertificated Shareholders can make an election via the CREST system.

STRATEGIC REPORT GOVERNANCE FINANCIALS OTHER INFORMATION

CHAIRMAN'S STATEMENT

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Annual General Meeting ("AGM")

The next AGM will be held on 22 April 2022. In view of the changing rules and regulations relating to COVID-19 we will provide more information nearer the time as to the arrangements.

Even when such events are permissible, we recognise it is not possible for all Shareholders to attend an AGM, hence may I remind readers that we have a dedicated email address for Shareholders to submit any enquiries or feedback they might have: **shareholder_questions@bbhealthcaretrust.co.uk** – I encourage you to make use of this facility.

In the meantime, we will continue to post content from the Investment Manager onto the Company's website to keep you informed of the Company's progress.

Outlook

Continuing on from previous reports, a big driver of market sentiment continues to be the pandemic and in that regard I make no predictions in my outlook. It is clear that this situation has thrown into stark relief that innovation is continuously needed in healthcare and perhaps the rate of that innovation is speeding up.

The pandemic has also led to a large backlog of need, thus as we 'normalise' it is likely that there will be a lot of 'pent-up demand'.

Your Board continues to believe that your Company is and will continue to be well placed to capitalise on investment opportunities in healthcare to achieve the stated investment objective.

On behalf of the Board, may I wish you both a prosperous and healthy year ahead and thank you for your continued support of BB Healthcare Trust Plc.

Randeep Grewal
Chairman of the Board of Directors
25 February 2022

INVESTMENT MANAGER'S REPORT

Performance Review

Performance summary – macro musings

The financial year ended 30 November 2021 was a very challenging period for active investment managers, especially in healthcare. From calendar Q4 2020, generalist investors eschewed defensive growth sectors such as healthcare in favour of pro-cyclical, pro-consumer and latterly pro-inflation assets as the "great re-opening" got underway. Value outperformed growth in the early part of 2021.

The COVID-19 pandemic is sadly not yet over, but investor psyche moved on long ago and the overwhelming view is that we can live with this virus and largely return to normality: the MSCI World Index rose >23% during this period and the FTSE All-Share Index >17%. The former broke new all-time highs several times during 2021 and the latter index is currently trading close to its all-time highs from early 2020.

One could devote many pages to a quantitative discussion of the meretricious aspects of such a dynamic, but it would serve little purpose. The past is another country that, like many others currently, one cannot visit. Suffice to say that, for now at least, the price of earnings growth has been rebased upward. Amidst this rumbustious revivification, investors should not forget that, whatever market wisdom suggests, it still feels far from "normal" on the streets and we are not behaving in the same way as we were pre-COVID-19.

In some respects, the reluctance to embrace healthcare during this market recovery phase was understandable; the industry will necessarily be among the last to remove all vestiges of physical and temporal distancing, so activity levels returning to pre-pandemic norms in the shorter-term was always looking like a challenging assumption, as we highlighted in a number of monthly factsheets. All other factors being equal, it feels appropriate then that the MSCI World Healthcare Index would lag the overall return of its parent Index, delivering 16.3% during the year in review.

Performance summary – healthcare highlights

To our minds, there were two main debates in healthcare during the year, both relating to the pandemic. The first revolved around the sustainable demand outlook for vaccines, COVID-19 treatments and diagnostics, and the second over the volume of elective procedures that could be sustained in the short-to-medium term given ongoing infection control precautions and enduring consumer willingness to defer elective treatment.

As several countries have gone as far as to offer booster #2 (i.e. a fourth dose of vaccine) and more and more countries jab ever younger children despite a lack of robust evidence that it has a positive risk/benefit, vaccine demand in the developed world is proving more resilient than we could have imagined. Even in light of this, valuations of COVID-19 vaccine suppliers seemed stretched to us because history shows that vaccine pricing always comes under sustained pressure within a few years and it is unsurprising to have seen them falling back in recent months.

With regard to COVID-19 treatments, the debate has largely moved on from antibodies to anti-virals. With the second-generation drugs such as Pfizer's Paxlovid (Gilead's Veklury being the first generation), it does appear we now have the weapons in our armamentarium to take the case fatality rate for COVID-19 down to levels below that for influenza and richer countries will stockpile these treatments. Diagnostic testing volumes have peaked and, with the approval of ever-more providers, prices have come down. We would judge that the market has done a good job at assessing the value proposition around testing.

This leaves the second point of elective procedure volumes as the ongoing conundrum. Broadly speaking, we feel that we judged this situation correctly; the market was too optimistic initially about a return to pre-pandemic procedure volumes and, especially for the lower acuity procedures such as orthopaedics, many companies have disappointed relative to their own early recovery expectations.

INVESTMENT MANAGER'S REPORT

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Overall, this weighed on sentiment. Nonetheless, the valuations of some of these companies at the low acuity end of the procedure spectrum continued to rise during the year: former holding Intuitive Surgical, for example, rose 35% in sterling terms to achieve further record valuation on forward-looking metrics despite 2022 and 2023 revenue estimates simply returning to pre-pandemic levels; we have struggled to rationalise these outliers.

Figure 1 below illustrates the performance of the healthcare index versus the wider market and Figure 2 the contribution by sub-sector to that performance. Per Figure 1, one can observe that Healthcare actually kept broad pace with the rise of the wider market until the late summer, when it was hit harder in the early September sell-off. Healthcare began to recover with the broader market in early October but the healthcare rally ran out of steam in early November and then reversed. Indeed, the last three months accounted for more than half of the sector's yearly underperformance versus the wider market.

Figure 1:

Figure 2:

Total Return (GBP)	Weighting)	Perf (GBP)
Healthcare Technology	0.7%	53.7%
Dental	0.7%	42.4%
Tools	8.0%	39.4%
Other HC	1.4%	33.2%
Services	2.5%	31.8%
Facilities	1.1%	25.6%
Managed Care	9.0%	23.9%
Focused Therapeutics	9.0%	13.4%
Diagnostics	2.2%	12.9%
Conglomerate	11.8%	12.6%
Diversified Therapeutics	34.2%	9.7%
Distributors	1.2%	6.1%
Med-Tech	15.7%	(1.1%)
Generics	0.6%	(20.7%)
Healthcare IT	1.9%	(22.6%)
Index return (ex. Dividends)		**14.3%**

Generally speaking, long-term returns data supports the argument that one is better off owning a portfolio of small and mid-sized companies (in terms of market capitalisation). This makes intuitive sense: more focused, younger companies are likely to have more inherent growth potential. Healthcare is a very valuable industry, so companies tend to be quite large. We thus define 'Small-Cap' as a company worth less than $2bn, a 'Mid-Cap' as between $2 and $10bn, a 'Large-Cap' as $10-$50bn and a 'Mega-Cap' as a company worth greater than $50bn. For reference, the smallest company in the UK FTSE100 Index of Britain's biggest companies had a market value of $6.2bn at the time of writing.

Since the MSCI World Healthcare Index is, by design, a global index of the world's leading healthcare companies and is weighted by market capitalisation, it does not contain any Small-Caps. However, one can illustrate the performance dispersion by market value by looking at three US Indices: 1) the S&P500 Healthcare Index (broader across market capitalisation spectrum ($8-460bn), but still Mega-Cap dominated), 2) the Russell 2000 Healthcare Index of smaller capitalisation companies ($30m to $8bn) and 3) the Nasdaq Biotech Index (broad and across full market cap spectrum – $100m to $176bn, but not so dominated by Mega-Cap stocks).

Figure 3:

Index	GBP Annual Return (11/2000 – 11/2020)	GBP Annual Return (11/2010 – 11/2020)
MSCI World Healthcare	7.7%	16.0%
S&P 500 Healthcare	7.7%	17.6%
Russell 2000 Healthcare	10.8%	19.8%
Nasdaq Biotech	8.0%	19.7%

INVESTMENT MANAGER'S REPORT

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Figure 4 illustrates the performance dispersion by market capitalisation of the MSCI World Healthcare Index over the Company's past three financial years. If all categories delivered equal returns, then the proportion of the return would match the proportion of the Index. If we look at 2019 as the last 'normal' (i.e. pre-COVID-19) year, we see the expected pattern of a higher return coming from outside the Mega-Cap grouping, with the smallest companies doing the best. 2020 was more unusual, but the returns from moving down the market cap spectrum were, in aggregate, still all positive. 2021 was particularly noteworthy in that the returns from the smaller companies were negative:

Figure 4:

		Mega-Cap	Large-Cap	Mid-Cap
2019	Proportion of the Index	72.6%	23.1%	3.8%
	Proportion of Index Return	55.1%	34.9%	9.7%
2020	Proportion of the Index	71.8%	26.1%	2.1%
	Proportion of Index Return	86.7%	13.8%	1.3%
2021	Proportion of the Index	71.8%	26.1%	2.1%
	Proportion of Index Return	71.0%	22.0%	-1.3%

This was not specific to the MSCI World Healthcare Index either. Below we reproduce the data for Figure 3 for the 2021 Financial year.

Figure 5:

Index	GBP Annual Return (11/2020 – 11/2021)
MSCI World Healthcare	16.1%
S&P 500 Healthcare	20.9%
Russell 2000 Healthcare	(9.9%)
Nasdaq Biotech	7.4%

Performance summary – The Company

Before we look at the Company's performance in more detail, it bears repeating that the stated investment strategy leads to a portfolio with certain inherent characteristics: dollar domination, Mid-cap focus and low benchmark correlation. In light of the macro-dominated narrative and dispersion of returns by market capitalisation across healthcare during the period in review, it is unsurprising that the strategy underperformed its benchmark, per Figure 6.

Figure 6:

Total Return (GBP)	Fiscal 2021	Rolling 3 Year	Rolling3 Year (annual eq.)	Since Inception (1-12-16)
BBH Share Price	11.4%	46.0%	13.4%	114.0%
BBH NAV	10.3%	46.6%	13.6%	113.0%
MSCI World Healthcare Index	16.3%	40.1%	11.9%	91.2%
Relative to MSCI World Healthcare Index				
BBH Share Price	(4.9%)	5.9%	1.5%	4.6%
BBH NAV	(6.0%)	6.5%	1.7%	11.0%
Performance of other comparator indices				
MSCI World Total Return Index	23.2%	56.1%	16.0%	93.2%
FTSE All Share Total Return Index	17.4%	16.9%	5.4%	31.1%

Source: Bloomberg. All performance figures are calculated as total return with dividends being reinvested in the relevant security, calculated in GBP and with the relevant period ending on 30 November 2021.

However, the nature of this underperformance does warrant some discussion. The evolution of the return on a relative basis is illustrated in Figure 7. The Company's financial year started very strongly and by April 2021, we were on track for a very solid outperformance (+10% relative to the MSCI World Healthcare Index). This faded dramatically in May as Insmed (6.2% of the portfolio) fell ~33% on the back of a poorly handled fundraising round and another five holdings totalling more than 12%, fell more than 20% for various, but arguably trivial, reasons that did not really relate to the longer-term investment case.

We gradually recovered relative performance through late June and were >6% ahead of the benchmark again by month end. Thereafter we struggled to build sustained momentum but spent more days (75%) ahead of the MSCI World Healthcare Index than behind. However, the year end proved very challenging and, somewhat mirroring the Index relative return to the wider market, the vast majority of our outperformance was lost in the final weeks of the financial year.

INVESTMENT MANAGER'S REPORT

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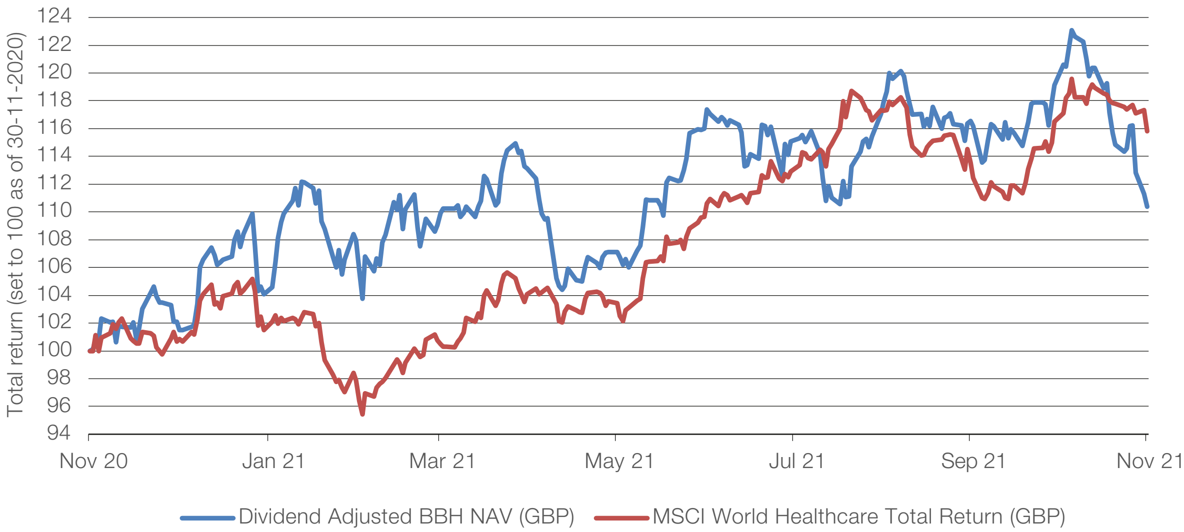
Figure 7:



Although we cannot be satisfied with the relative performance, this has clearly been a very unusual and challenging market dynamic and one that is driven by top-down macro factor considerations rather than bottom-up, company-specific news flow. Indeed, 21 of the 28 companies that were in the portfolio at the start of the year were still there at the end (and three were acquired).

This clearly would not be the case had the underlying fundamentals so deteriorated during the second half of the year. We did not, and will not be, changing our investment approach or philosophy and continue to believe that the correct way to look at returns is on an annualised basis over a multi-year period.

As we have already noted, this was a difficult market for the majority of active managers, with stock selection lagging behind macro factors, size and sub-sector weightings as the key determinants of performance. Benchmark hugging and passive approaches won the day in 2021. But, as the saying goes, even a broken clock is right twice a day.

Coming back to actively managed products – if one takes a longer-term view on annualised returns (three or five years), the performance gap between BBH and its closed end UK healthcare peer group[1] actually increased over 2021. The Company remains the best performing product on a total return basis since its inception and the only one to have beaten the index over that five year period to 30 November 2021.

The ferocity and irrationality of the Small and Mid-Cap focused healthcare sell-off in late 2021 has enabled us to snap up some veritable bargains and left a very compelling set-up as we move into 2022. Notwithstanding the continued volatility that has made an unwelcome return in the New Year, we are as optimistic as we have ever been about the potential for our current portfolio to accrete value for our investors in the longer-term.

1 UK Healthcare peer group consists of Worldwide Healthcare Trust, Polar Capital Global Healthcare Trust, Biotech Growth Trust and International Biotech Trust. We have excluded RTW Venture Fund as they do not yet have three and five-year track records and are focused mainly on private companies and likewise exclude Syncona as this is also focused on private companies.

Portfolio evolution

During fiscal 2021, the Company held positions in 40 companies (unchanged from the prior period), via 41 securities, two of which were Contingent Value Rights ("CVRs"): one that was issued as part consideration when Alder was acquired by Lundbeck in October 2019 and the other a fungible CVR issued by Bristol-Myers Squibb in respect of its acquisition of Celgene in November 2019, and has now expired.

These figures also include the stake in NMC Health, which has been valued at zero throughout the year and remains classified as an inactive holding. The Alder CVR is also not considered an active position, since it is non-fungible. This simply reflected the right for the Company to receive a contingent payment totalling $1.2m upon EU approval of Lundbeck's Vyepti. This was triggered in February 2022 and the monies have been received. As such, the CVR ceased to exist after this date. The NAV impact of this payment was positive, but not material.

We thus began the fiscal year with 28 active positions and ended with 31 active positions, with an average of 30 across the year. We added 11 new holdings to the portfolio during the year and exited eight positions. There was also one position where we exited and then re-invested two months later, following a material decline in the share price. None of the 11 additions were previous holdings for the Company. We did not participate in any initial public offerings or reverse listing transactions during the year.

Of the eight exits, three were M&A related and the Bristol-Myers CVR expired. Of the remaining four, three were exits because of a change in our view on the investment case and one was because the investment case and valuation had reached their obvious conclusion.

The evolution of the portfolio at a sub-sector level is illustrated in Figure 8 below. Investors can find commentary on the month-by-month evolution of the sub-sector exposure in the monthly factsheets. The table illustrates a few broad trends: decreased exposure to Diversified and Focused Therapeutics, increased exposure to Healthcare IT, Healthcare Technology and Services and intra-year swings in our Medical Technology and Diagnostics holdings.

Toward the end of calendar year 2020, we continued to favour a somewhat more defensive positioning, eschewing low acuity (i.e. elective) procedural exposures and preferring the more certain revenues of essential medicines, services provided under long-term contracts and testing revenues.

Valuations in certain sub-sectors became highly elevated during calendar year 2020 (e.g. Healthcare IT and Healthcare Technology) and so we sold down much of our weightings in these areas. As 2021 began to unfold, we thankfully saw a growing recognition that the pandemic was far from over and thus the final stage of the recovery in elective procedure volumes would take considerable time. This took some of the froth out of certain sub-sectors where valuations had become stretched, enhancing our confidence in putting additional capital to work in these areas.

A material proportion of our overall Medical Technology exposure was in Hill-Rom, which was acquired by Baxter in December 2021 (the deal was first speculated in mid-2021 and we sold out of the shares when they appropriately reflected the proposed deal terms), so our exposure to this sub-sector declined from its highs at the middle of the year. Our remaining exposures tilt toward high acuity procedures.

A similar situation occurred in Diagnostics, following the acquisition of Genmark. Our sub-sector holdings rose again as we re-entered a position in CareDx at what we consider to be a very attractive valuation, having sold out of it at much higher levels in the preceding few months.

INVESTMENT MANAGER'S REPORT

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Figure 8:

Subsector Allocation as at 30 November	November 2020	May 2021	November 2021	% Change
Conglomerates	0.0%	0.0%	0.0%	0.0%
Dental	0.0%	0.0%	0.0%	0.0%
Diagnostics	10.6%	5.5%	9.5%	(1.1%)
Distributors	0.0%	0.0%	0.0%	0.0%
Diversified Therapeutics	15.9%	14.5%	10.9%	(5.0%)
Facilities	0.0%	0.0%	0.0%	0.0%
Focused Therapeutics	37.0%	26.1%	28.7%	(8.3%)
Generics	0.0%	0.0%	0.0%	0.0%
Healthcare IT	2.2%	6.5%	8.2%	+6.0%
Healthcare Technology	0.0%	2.9%	4.3%	+4.3%
Managed Care	12.9%	13.3%	14.7%	+1.8%
Medical Technology	12.6%	18.0%	10.0%	-2.6%
Services	5.4%	9.3%	11.5%	+6.1%
Tools	3.4%	3.8%	2.1%	(1.3%)
Other HC	0.0%	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	

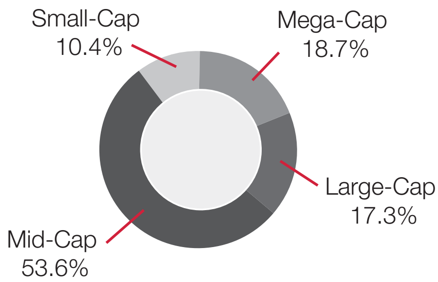
Our top five and bottom five contributors to the evolution of the NAV are summarised below, along with their share price development in sterling over the fiscal year (which does not necessarily correspond to their performance for the Company, since the size and duration of our holding may differ). We would note that the top three performers were all M&A targets:

Figure 9: Top 5 Performers and Bottom 5 Performers

Top 5 Performers		Bottom 5 Performers	
Company	**Performance (GBP)**	**Company**	**Performance (GBP)**
GW Pharmaceuticals	+50.3%	Adaptive Biotechnologies	(45.5%)
Hill Rom	+65.0%	Accolade	(50.2%)
Genmark Diagnostics	+72.4%	Vertex Pharmaceuticals	(17.4%)
Charles River Laboratories	+57.1%	Jazz Pharmaceuticals	(14.2%)
Alnylam Pharmaceuticals	+42.4%	Insmed	(29.0%)

Figure 10:

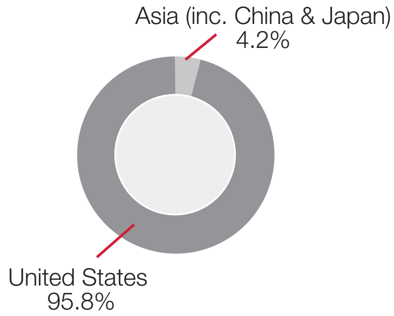
Market capitalisation breakdown



Source: Bellevue Asset Management.
Data as of 30 November 2021
Mega Cap >$50bn, Large Cap >$10bn, Small-Cap <$2bn.

Figure 11:

Geographical breakdown (operational HQ)



INVESTMENT MANAGER'S REPORT

CONTINUED

Full investment portfolio as at 30 November 2021

	Company	Sub-sector classification	% Portfolio
1	VERTEX PHARMACEUTICALS	Focused Therapeutics	7.3
2	JAZZ PHARMACEUTICALS	Diversified Therapeutics	7.0
3	INSMED	Focused Therapeutics	6.6
4	ANTHEM	Managed Care	5.4
5	HUMANA	Managed Care	5.1
6	OPTION CARE HEALTH	Services	5.1
7	SAREPTA THERAPEUTICS	Focused Therapeutics	4.6
8	TANDEM DIABETES CARE	Health Tech	4.3
9	UNITEDHEALTH GROUP	Managed Care	4.1
10	BRISTOL MYERS SQUIBB	Diversified Therapeutics	3.9
	Total Top 10		**53.6**
11	AMEDISYS	Services	3.6
12	CAREDX	Diagnostics	3.6
13	ACCOLADE	Healthcare IT	3.1
14	EXACT SCIENCES	Diagnostics	3.1
15	ADAPTIVE BIOTECHNOLOGIES	Diagnostics	2.9
16	AXONICS MODULATION TECH.	Med-Tech	2.8
17	EVOLENT HEALTH	Healthcare IT	2.6
18	VOCERA COMMUNICATIONS	Healthcare IT	2.5
19	HUTCHMED	Focused Therapeutics	2.3
20	SILK ROAD MEDICAL	Med-Tech	2.3
21	ALNYLAM PHARMACEUTICALS	Focused Therapeutics	2.1
22	BIO-RAD LABORATORIES	Tools	2.1
23	ATRICURE	Med-Tech	1.9
24	VENUS MEDTECH	Med-Tech	1.8
25	CHARLES RIVER	Services	1.7
26	AXSOME THERAPEUTICS	Focused Therapeutics	1.6
27	MACROGENICS	Focused Therapeutics	1.5
28	NEKTAR THERAPEUTICS	Focused Therapeutics	1.5
29	APELLIS PHARMACEUTICALS	Focused Therapeutics	1.1
30	HOLOGIC	Med-Tech	1.1
31	NEOGENOMICS	Services	1.1
32	ALDER CVR	Focused Therapeutics	0.1
	Total portfolio		**100.0**
	Gross exposure		**£1,083.6 million**
	Net value of investments		**£1,033.5 million**

Recent trading and outlook

If the last two years have taught us anything, it is that everything changes very quickly in such a febrile environment. Sadly, we are not so naive as to imagine this situation will normalise (whatever that means) in the short-term and so we will refrain from offering a sub-sector outlook as in previous years. We recommend that investors rely upon the detailed and discursive monthly factsheets for an up-to-date view on the outlook. These can be found on the Company's website[1].

Regarding recent trading, the period from end November 2021 to 15 February 2022 has seen a continuation of the very difficult environment that we saw in October and November, with a very macro-led environment due to inflationary and geo-political factors and attended volatility, especially for Small and Mid-cap companies. Indeed, January 2022 saw the second-worst month performance-wise for the MSCI World Healthcare Index since the inception of the Company and indeed the fourth worst month in the last 20 years, despite no material deterioration in the medium-to-longer term outlook for the sector.

Nonetheless, over this period, the Company's net asset value has declined 2.5%, as compared to 3.1% for the MSCI World Healthcare Index. The wider MSCI World Index has declined 3.5%. We have increased the gearing ratio to enhance gross exposure and benefit from the likely recovery of Small and Mid-cap healthcare valuations, which have become significantly depressed in recent months and we remain optimistic for the year ahead. More details can be found in the December and January factsheets.

Paul Major and Brett Darke
Bellevue Asset Management (UK) Ltd
25 February 2022

1 www.bbhealthcaretrust.co.uk/en/news/factsheets-articles.

INVESTMENT POLICY, RESULTS AND KEY PERFORMANCE INDICATORS

Investment policy

The Company invests 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 is 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 90 per cent of the portfolio may be liquidated in a reasonable number of trading days) 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 are 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 does 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 Net Asset Value. In the event that 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.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

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.

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 dividends, the Company cancelled the amount of £146,412,136 standing to the credit of its share premium account immediately following first admission of its Ordinary Shares to trading on the London Stock Exchange in order to create 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's revenue return after tax for the year amounted to a profit of £357,000 (2020: profit of £615,000). The Company made a capital return after tax of £86,893,000 (2020: £157,348,000). Therefore, the total return after tax for the Company was £87,250,000 (2020: £157,963,000).

The Company targeted a total dividend for the year ended 30 November 2021 of 6.03p per Ordinary Share.

- Interim dividend of 3.015p paid on 3 September 2021
- Final dividend of 3.015p to be paid on 28 April 2022 (to Shareholders on the register at the close of business on 18 March 2022), subject to Shareholder approval at the AGM to be held on 22 April 2022.

Target total dividend for the year ending 30 November 2022

As announced by the Company on 3 December 2021, for the financial year ending 30 November 2022, the target total dividend will be 6.47p per Ordinary Share, this being 3.5% of the audited net asset value per Ordinary Share of 184.91p (including current financial year revenue items) as at 30 November 2021. The Board intends to declare an interim dividend of 3.235p per Ordinary Share, being half of the target total dividend for the financial year ending 30 November 2022, in July 2022 and intends to pay this dividend in August/September 2022. The Board intends to propose a final dividend of 3.235p per Ordinary Share for the financial year ending 30 November 2022, in February/March 2023 and intends to pay this dividend in March/April 2023. At the Company's AGM in March 2019, a resolution was passed allowing Shareholders the right to elect to receive their entitlement to the interim dividend in new Ordinary Shares instead of cash in respect of the whole or part of any dividend. The resolution was passed with 99.99% of the proxy votes cast (including discretionary votes) being in favour of the resolution. Shareholders can elect to receive their entitlement to the interim dividend in new Ordinary Shares instead of cash in respect of the whole or part of any dividend.

INVESTMENT POLICY, RESULTS AND KEY PERFORMANCE INDICATORS CONTINUED

	Interim dividend	Final dividend	Total dividend
Dividends paid/payable			
Year ended 30 Nov 2020	2.50p	2.50p	5.00p
Year ended 30 Nov 2022	3.015p	3.015p	6.03p
Target dividend*			
Year ending 30 Nov 2021	3.235p	3.235p	6.47p

* This is a target and should not be taken to imply a profit forecast.

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 three year period

The NAV total return from 1 December 2018 to 30 November 2021 was 46.6%. The total return of the MSCI World Healthcare Index (in sterling terms) over the same period was 40.1%.

The Investment Manager's report on pages 7 to 17 incorporates a review of the highlights during the financial year ended 30 November 2021. The Investment Manager's report on pages 7 to 17 gives details on investments made during the year and how performance has been achieved.

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

The NAV total returns from 1 December 2018 to 30 November 2021 was 46.6%.

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

The Company targeted a total dividend of 6.03p per Ordinary Share for the year ended 30 November 2021. The Company paid an interim dividend of 3.015p per Ordinary Share in September 2021 and proposes a final dividend in respect of the year to 30 November 2021 of 3.015p per Ordinary Share.

(iv) Discount/premium to NAV

The discount/premium relative to the NAV per Ordinary Share represented by the share price is monitored by the Board. The share price closed at a 0.7% premium to the NAV as at 30 November 2021 (2020: 0.3% discount).

(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 year ended 30 November 2021 the Company's ongoing charges figure calculated in accordance with the Association of Investment Companies ("AIC") methodology was 1.08% (2020: 1.10%). The Board expects the ongoing charges figure to reduce slightly as the Company grows in size.

RISK AND RISK MANAGEMENT

Principal and emerging risks and uncertainties

The Board is responsible for the management of risks faced by the Company and delegates this role to the Audit and Risk Committee (the "Committee"). The Committee carries out, at least annually, a robust assessment of principal and emerging risks and uncertainties and monitors the risks on an ongoing basis. The Committee has a dynamic risk assessment programme in place to help identify key risks in the business and oversee the effectiveness of internal controls and processes, providing a visual reflection of the Company's identified principal and emerging risks.

The Committee considers both the impact and the probability of each risk occurring and ensures appropriate controls are in place to reduce risk to an acceptable level. The Committee continues to be concerned with the risks posed by the COVID-19 pandemic which has a significant impact on all risk categories. In addition to implementing more regular reviews of investment performance with the Investment Manager, the Committee has worked closely with the Company's key service providers to ensure high standards of service were maintained whilst hybrid working models were implemented.

Further information on how the Committee has considered COVID-19 when assessing its effect on the Company's ability to operate as a going concern and the Company's longer-term viability can be found on page 25.

The principal and emerging risks, together with a summary of the processes and internal controls used to manage and mitigate risks where possible are outlined below.

(i) Market risks

Economic conditions

Changes in general economic and market conditions including, for example, impact of pandemics on global economies and national responses to ameliorate such challenges, interest rates, 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 while this is a manageable risk, 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.

Further details on how the COVID-19 pandemic affects the health companies can be found in Chairman and Investment Manager's statements.

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.

RISK AND RISK MANAGEMENT CONTINUED

The impact on the portfolio from Brexit and other geopolitical changes, including the trade war between the US and China are monitored and discussed regularly at Board meetings. While it is difficult to quantify the impact of such changes, it is not anticipated that they will fundamentally affect the business of the Company or make the Company's investment case any less desirable.

Management of risks

The Directors acknowledge that market risk is inherent in the investment process. The Company is invested in a diversified portfolio of investments and has a well-defined investment policy that 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.

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

In addition to regular market updates from the Investment Manager and reports at Board meetings, the Board convenes more often during periods of extreme volatility, for example during the COVID-19 pandemic.

(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 Investment 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 external agencies are outlined on page 41 of the Directors' Report.

The main risk areas arising from the above contracts relate to allocation of the Company's assets by the Investment Manager, and the professional execution of their duties of 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. Cyber security risks could lead to breaches of confidentiality, loss of data records and inability to make investment decisions.

Management of risks

The Board has appointed experienced service providers. 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.

All key service providers produce annual internal control reports for review by the Audit and Risk Committee. These reviews include consideration of their business continuity plans and the associated cyber security risks. The Company's key service providers report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber-attack. Penetration testing is carried out by the Investment Manager and key service providers at least annually.

(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 Investment Manager, Depositary and Administrator provide regular reports to the Audit and Risk Committee on their monitoring programmes. The Investment Manager monitors investment positions and the Investment Manager and Administrator monitor the level of forecast income and expenditure. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representations would be made to seek to ensure that the special circumstances of investment trusts are recognised.

(v) Key person risk

The Company depends on the diligence, skill and judgement of the Investment Manager's investment professionals and the information and ideas they generate during the normal course of their activities. The Company's future success depends on the continued service of key personnel. The departure of any of these individuals without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations.

Management of risks

The strength and depth of investment management team provides comfort that there is not over-reliance on one person with alternative investment managers available to act if needed. The Board meets regularly with other members of the wider team employed by the Investment Manager.

(vi) Business interruption

Failure in services provided by key service providers, meaning information is not processed correctly or in a timely manner, resulting in regulatory investigation or financial loss, failure of trade settlement, or potential loss of investment trust status.

The failure or breach of information security could potentially lead to breaches of confidentiality, data records being compromised and the inability to make investment decisions. The failure or breach of physical security could lead to damage or loss of equipment, with consequential negative results.

Management of risks

Each service provider has comprehensive business continuity policies and procedures in place which facilitate continued operation of the business in the event of a service disruption or a major disruption event. Breaches of any nature are reported to the Board.

The Committee receives the Administrator's report on internal controls and the reports by other key third-party providers are reviewed by the Investment Manager and Company Secretary on behalf of the Committee. The Depositary reports on custody matters, including the continued safe custody of the Company's assets.

RISK AND RISK MANAGEMENT CONTINUED

Cyber security risks are considered and continually monitored by the Investment Manager as these threats evolve and become increasingly sophisticated. The integrity of the Company's information security is closely monitored by the Board, with each of the key service providers providing a regular report through its internal audit function which covers information technology security and provides comfort to the board that appropriate safeguards are in place. All physical locations have security in place and all third-party service providers have disaster recovery plans.

The failure or breach of information security could potentially lead to breaches of confidentiality, data records being compromised and the inability to make investment decisions. The failure or breach of physical security could lead to damage or loss of equipment, with consequential negative results.

(vii) Global pandemic risk

The pandemic is an ongoing risk with both primary and consequential negative effects, such as supply chain disruption. Its impact has been significant with restrictions to movement of people and disruption to business operations affecting global portfolio company valuations positively and negatively and potentially affecting the operational resilience of the Company's service providers. Market volatility has also been heightened.

Management of risks

During the year, the Board continued to monitor, together with the Investment Manager, the market and operational risks associated with the COVID-19 pandemic and the ongoing economic impact on the underlying investee companies. The Board is satisfied that the Investment Manager and the key service providers have in place robust plans and infrastructure to minimise the impact on the Company's operations so that it can continue to trade, meet its regulatory obligations, and report and meet Shareholder requirements.

Due to the ongoing impact of the COVID-19 pandemic, the Audit and Risk Committee requested assurances from the Company's key service providers that business continuity plans had been enacted where necessary, with the majority of service providers enabling remote working arrangements. This provided a satisfactory level of assurance that there had not been, and there was no anticipation of any disruption to service quality.

(viii) Climate change risk

The financial risks from climate change are typically classified as physical or transitional risks. Physical risks are those arising from specific weather events and transitional risks are those arising from the changes to regulations, such as the move to net-zero carbon.

Management of risks

The portfolio is well diversified to mitigate against physical risks. Changes in climate change focused regulation, governing both the Company and investee companies, will create some uncertainty. In comparison to the broader economy, the portfolio has a relatively low carbon footprint and the Investment Manager's parent company is currently deploying a CO_2 reduction strategy. This strategy encompasses measures such as an independent audit of its CO_2 footprint according to ISO14064-1 and GHG protocols, implementation of corporate CO_2 reduction and offsetting of excess emissions with high-quality climate projects. Bellevue Group is targeting a reduction in CO_2 emissions per FTE of at least 30% by 2030. Moreover, the Bellevue Group was certified as carbon neutral by Swiss Climate in late 2021.

The Board encourages the Investment Manager to consider ESG factors when selecting and retaining investments and this has been a major topic of discussion in the past year. The Investment Manager's formal ESG guidelines cover areas such as compliance with global norms (UN Global Compact, Guiding Principles for Business and Human Rights, ILO standards), value-based exclusions, controversies, climate change factors and active ownership (management engagement, voting policies, etc.).

The Company's ESG statement is updated annually and is available on the AIC website and on pages 32 to 38 of this report. Investment trusts are currently exempt from TCFD disclosure, but the Board will continue to monitor the situation.

VIABILITY STATEMENT

The Directors have assessed the viability of the Company for the five years to 30 November 2026 (the "Period"), which the Directors consider to be an appropriate time horizon, taking into account the long-term nature of the Company's investment objective and recommendation by the Financial Reporting Council.

In reaching this conclusion, the Directors have considered each of the principal and emerging risks, including climate change and the liquidity and solvency of the Company over the next five years. 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 under all stress test scenarios reviewed by the Directors.

The Company has a redemption facility through which Shareholders are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. 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 last redemption point of 30 November 2021, redemption requests in respect of 514,135 Ordinary Shares were received. All of the 514,135 Ordinary Shares, representing 0.09% of the issued share capital at that date, were matched with buyers and there was no change to the Company's share capital. The Company's redemption facility is subject to approval by the board.

The detailed review of the issues arising from the COVID-19 pandemic as discussed in the Chairman's Statement on page 2, the Investment Manager's Report on page 7 and in the Risk and Risk Management section on page 24.

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.

STAKEHOLDER ENGAGEMENT

This section of the Annual Report covers the Board's considerations and activities in discharging their duties under s.172(1) of the Companies Act 2006, in promoting the success of the Company for the benefit of its members as a whole.

This statement includes consideration of the likely consequences of the decisions of the Board in the longer term, how the Board has taken wider stakeholders' needs into account and the impact of the Company's operations on the environment.

The Board is ultimately responsible for all stakeholder engagement. As an externally managed investment company, the Company does not have any employees; rather it employs external suppliers to fulfil a range of functions, including investment management, secretarial, administration, public relations, corporate brokering, depositary and banking services. All of these service providers who are stakeholders in the Company themselves help the Board to fulfil its responsibility to engage with the Shareholders and other stakeholders.

The Board has identified the major stakeholders in the Company's business. On an ongoing basis the Board monitors both potential and actual impacts of the decisions it makes in respect of the Company upon those major stakeholders identified.

Key Stakeholders	Importance of Engagement	Examples of Engagement and Key Decisions
Shareholders	The Board's principal concern is the interests of the Company's Shareholders and potential investors. As a public company listed on the London Stock Exchange, the Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. The Listing Rules include a listing principle that a listed company must ensure that it treats all Shareholders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares.	With the assistance of regular discussions with and the formal advice of the Company's legal counsel, secretary and corporate broker; the Board abides by the Listing Rules at all times.
	The investment objective of the Company is to provide Shareholders with capital growth and income over the long term, through investment in listed or quoted global healthcare companies.	The Board recently announced that for the financial year ended 30 November 2022, the target total dividend will be 6.47p per Ordinary Share, this being 3.5% of the audited net asset value per Ordinary Share of 184.91p (including current financial year revenue items) as at 30 November 2021. This is the fifth consecutive year of dividend growth for the Company, with an 84.9% increase in distributions over the past five years and a 7.3% increase on last year's level of distribution.

Key Stakeholders	Importance of Engagement	Examples of Engagement and Key Decisions
Shareholders continued	The Board maintains open dialogue between Shareholders, the Investment Manager and other service providers. The Investment Manager and Chairman, along with the Company's corporate broker meets regularly with the Company's Shareholders to provide Company updates and to foster regular dialogue. Feedback from meetings between the Investment Manager and Shareholders is communicated with the Board.	The Board encourages Shareholders to attend and participate in the Company's AGM in normal circumstances and the Investment Manager attends to answer any questions Shareholders may have. The Company values any feedback and questions it may receive from Shareholders ahead of and during the AGM. The Board recognises that it is not possible for everyone to attend the AGM and therefore encourage Shareholders to submit any enquiries or feedback to the dedicated email address: **shareholder_questions@ bbhealthcaretrust.co.uk** The Company published a statement to Shareholders on 14 April 2021 outlining that the highest priority of the Board was the health and wellbeing of its stakeholders, and it was for this reason that all Shareholders were requested not to attend the AGM in person and were encouraged to appoint a proxy instead. The Board worked with the Investor Meet Company platform to ensure Shareholders were able to attend the AGM remotely and arranged a dynamic Question and Answer session hosted by the Chairman and Investment Management team. Questions for the Board or the Investment Manager could either be submitted before the AGM, or via a Q&A function during the AGM itself. The Company's forthcoming AGM is expected to be open to Shareholders.

STAKEHOLDER ENGAGEMENT CONTINUED

Key Stakeholders	Importance of Engagement	Examples of Engagement and Key Decisions
Shareholders continued		The Company's Annual and Interim Reports are made available on the Company's website and are also circulated to Shareholders as requested. This information is supplemented by the daily calculation and publication of the NAV per Ordinary Share and a monthly factsheet, which are announced via a Regulatory Information Service feed and are also available on the Company's website. The Board has appointed a professional PR company, Maitland, and an independent research consultancy, Kepler, to ensure that information and news about the Company is regularly available for existing and potential Shareholders. On a number of occasions during the year the Board wrote to the Company's larger Shareholders offering meetings or calls with the Chairman or other members of the Board. The Board appreciate that Shareholders vary by size and resources but the Company's investor relations team, Investment Manager and Board of Directors are pleased to engage with Shareholders, whatever their size.

Key Stakeholders	Importance of Engagement	Examples of Engagement and Key Decisions
Investment Manager	The most significant service provider for the Company's long-term success is Bellevue Asset Management (UK) Limited, who have been engaged as the Company's Investment Manager. The Investment Manager is responsible for the management of the Company's portfolio in accordance with the Company's investment policy and the terms of the Investment Management Agreement. The Investment Manager has also been appointed as the Company's AIFM in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), for the purpose of providing investment advisory services to the Company. The Investment Manager has placed trust in the investee companies to respond appropriately to operational challenges and to ensure that high standards of corporate governance and regard for Shareholders are at the forefront of managerial decision-making.	The Board monitors the Company's investment performance in relation to its objectives and investment policy and strategy. The Board regularly assesses the experience and resources of the Investment Management team and the commitment of the Investment Manager; to promote the Company and foster Shareholder relations and to ensure that the Company's objective of providing capital growth combined with dividend income for its investors are met. The Board receives and reviews regular reports and presentations from the Investment Manager. An open and active relationship is maintained with the Investment Manager at Board meetings and additional meetings when needed. The Management Engagement Committee met during the year and unanimously endorsed the continued appointment of the Company's Investment Manager.

STAKEHOLDER ENGAGEMENT CONTINUED

Key Stakeholders	Importance of Engagement	Examples of Engagement and Key Decisions
Service Providers	As an externally managed investment trust, the Company conducts all its business through its key service providers. Before the engagement of a service provider, the Board ensures that the Company's business outlook as well as its values are similar to those of the service provider. A list of the Company's key service providers can be found on page 41 of this Report. On an annual basis, the Board reviews the continuing appointment of each service provider to ensure re-appointment is in the best interests of the Company's Shareholders. The Board has strong working relationships with the Investment Manager, Joint Brokers, Company Secretary, Administrator and Depositary and receives reports on the performance of the key service providers by the Investment Manager and Company Secretary.	The Board has strong working relationships with the Investment Manager, Joint Brokers, Company Secretary, Administrator and Depositary. The Board receives internal control reports from the service providers and the Investment Manager. During the year, the Board appointed Alvarium Securities as joint brokers alongside J.P. Morgan Securities plc (who conduct their UK investment banking activities as J.P. Morgan Cazenove). During the year under review, the Board sought and received reassurance that all key service providers had appropriate business continuity plans in place. All key service providers have maintained a high standard of service and demonstrated operational resilience whilst working remotely during the lockdowns caused by the COVID-19 crisis. The Auditor is invited to attend the Audit and Risk Committee meeting twice a year. The Audit and Risk Committee Chair maintains regular contact with the Audit partner to ensure the audit process is undertaken effectively.

Key Stakeholders	Importance of Engagement	Examples of Engagement and Key Decisions
Regulators	The Company and its appointed professional suppliers keep abreast of the rules and regulations affecting the investment company sector. The Board, Company Secretary and AIFM are responsible for ensuring that various regulatory and statutory obligations are met. As AIC members, the Board can draw on the resources available detailing any regulatory changes.	During the year under review, the Board have considered emergency legislation brought in to help companies engage effectively with Shareholders during periods of COVID-19 enforced social distancing. These include the ability to conduct virtual AGM's and extend publication of accounts where necessary.
Wider community and environment	The Investment Manager, as steward of the Company's assets engages with the investee companies to ensure high standards of governance.	In making investment decisions, the Investment Manager takes into account qualitative measures such as the environmental and social impact of a company as well as financial and operational measures. The Company Secretary and AIFM regularly report to the Board any changes in the regulatory environment. The Company has articulated its ESG policy on pages 32 to 38. The ESG policy is also available on the AIC website.

In summary, the Directors are cognisant of their duties enshrined in Section 172 of the Companies Act 2006 to make decisions taking into account the long-term consequences of all the Company's key stakeholders and reflect the Board's belief that the long-term sustainable success of the Company is linked directly to its key stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") POLICY

Overview

The following section summarises the Investment Manager's position on integrating ESG factors, from both a Company perspective at the BB Healthcare Trust level and at the appointed Investment Manager level from a Bellevue Asset Management ('Bellevue') standpoint.

Bellevue has viewed the integration of ESG factors as a core principle for a number of years now. It launched its first ESG-focused healthcare fund in 2018 and became a signatory to the United Nations Principles of Responsible Investment ("UN PRI") in 2019, publicly demonstrating its commitment to having incorporated ESG issues into investment practice.

PRI signatories must provide a report on their ESG approach. Bellevue will make its next PRI report public once it becomes available; the PRI's publication of all 2021 reports was pushed back into 2022 due to technical challenges with the implementation of a new reporting framework. In light of this, and feedback from various stakeholders, the next reporting cycle has been delayed until early 2023.

At a corporate level, Bellevue's parent company is deploying a CO2 reduction strategy. This encompasses measures such as an independent audit of its CO2 footprint according to ISO14064-1 and GHG protocols, implementation of corporate CO2 reduction and offsetting of excess emissions with high-quality climate projects. Bellevue Group is targeting a reduction in CO2 emissions per FTE of at least 30% by 2030. Moreover, the Bellevue Group was certified as carbon neutral by Swiss Climate in late 2021.

At the portfolio management level, Bellevue has been consistently refining and adapting its ESG investment guidelines and processes to remain at the forefront of what is a rapidly evolving field, in terms of what investors consider to be best practice and also to reflect the UK and European regulations around implementation and disclosure.

The integration of ESG research and consideration of sustainability opportunities and risks are core aspects from the very beginning of the investment process and are documented. Bellevue's formal ESG guidelines cover areas such as compliance with global norms (UN Global Compact, Guiding Principles for Business and Human Rights, ILO standards), value-based exclusions, controversies, climate change factors and active ownership (management engagement, voting policies, etc.). This can be summarised in two guiding principles:

- Companies that are involved in serious violations of internationally recognised norms regarding the environment, human rights and business ethics are excluded from all portfolios.
- Companies with controversial business activities that exceed generally accepted revenue thresholds as set forth by norms-based criteria are excluded from all portfolios (these exclusion thresholds are detailed below).

Management of ESG factors within the BB Healthcare Trust investment portfolio

As noted previously, the consideration of ESG factors is a core part of the initial stages of the investment process, so as to screen out companies that would not meet our criteria as early as possible. Since inception, there have been several companies where we have decided not to progress into detailed due diligence because they have failed to meet our hurdle. The most common reasons for this have been the governance structure or reporting quality.

Whilst the vast majority of investors recognise the importance and value of ESG within the broader investment process, it is a truism that the assessment of ESG considerations is often over-simplified to the level of significant controversies or an aggregated ESG score provided by third party agencies. We remain firmly of the view that the process must reflect the pitfalls of an over-simplified "one size fits all" approach, especially in an industry as diverse and complex as human healthcare.

In the case of the Company, we use MSCI ESG reports for qualitative and quantitative input. Where MSCI does not yet cover an investee company, or the available data is not comprehensive, we rely on other third-party data providers and internal evaluations. MSCI continues to broaden the scope of its coverage and the proportion of investee companies where detailed ratings were available increased again during FY2021.

MSCI assessment criteria are aligned with the Sustainability Accounting Standards Board ("SASB") recommendations. SASB provides a set of industry-specific guidelines which identify relevant issues and their associated metrics for a particular industry and is one of two most widely used standards. SASB dominates in the US, whereas the Global Reporting Initiative ("GRI") standards are more prevalent in Europe.

The differences between these two standards are somewhat conceptual: GRI emphasises broad and comprehensive disclosures on organisational impacts and does not differentiate on emphasis between market sectors, whereas SASB focuses on a subset of financially material issues and applies specific criteria to each industry sector. In short, one is more qualitative and the other more quantitative in emphasis.

As the disclosure of data regarding ESG factors becomes more regulated, we expect the approaches taken by investee companies and third-party reviewing agencies to converge on an approach that encompasses both of these standards and we consider our existing internal processes to already reflect aspects of both approaches.

As noted above, MSCI reports are only part of the process; we have our own internally-generated metrics as well that form the basis of decision-making so we are not solely reliant on third-party data or adherence to a singular industry standard as the basis of our approach. We do not apply specific scoring criteria for exclusion from our portfolio because we feel that an external rating or scoring approach has significant limitations and we see these more as tools to consider within a much more comprehensive and holistic approach.

Since both the Company and Bellevue are committed to ESG as a core principle, we will increase the visibility of the various ESG initiatives over time. However, we are loathe to give named examples of situations where we have elected not to invest in a company or where we have an active engagement on a specific issue. We feel these conversations are far more likely to be effective if they take place in private. We are also of the view that the ESG rating industry (and its approach and processes) are still immature and so we are not going to devote significant space to any quantitative analysis of such metrics at this stage, although we do recognise this is the inevitable direction of travel from a regulatory perspective.

With those caveats having been made, we would note that the aggregate rating of our portfolio based on MSCI ESG ratings has risen from 'BBB' in November 2020 to 'A' in November 2021 (for reference, the MSCI World Healthcare Index is also rated 'A' overall) and the vast majority of the companies within it have seen improved scores and/or overall ratings during the past financial year, many having been rated in detail for the first time. Whilst the portfolio has inevitably changed over the past year, were we to have back tested the November 2021 portfolio by applying its November 2020 ratings, we would similarly see a positive evolution from a 'BBB' rating to an 'A' rating.

This is not so much because the businesses have changed, but more typically because there has been a mutual engagement between the Company and the rating analyst that has enabled a better understanding of the business and its practices. Even so, we still see what we consider to be fundamental misunderstandings or unfair comparisons for pre-commercial or early-stage commercial companies all too frequently and we feel these scores will only really be of quantitative value when that is no longer the case.

Since some readers may disagree with our opinions on the current value of scores and ratings, the MSCI ESG quality score for the Company's portfolio was 6.40 as at the end of November 2021, compared to 6.24 for the MSCI World Healthcare Index: our views on the utility of these metrics is not because we have something we wish to hide; it is because we are trying to be candid with the Company's Shareholders regarding the limitations of such scores in isolation and thus the extent to which one should rely upon them to judge the merits of a particular investment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") POLICY CONTINUED

Why do we continue to dismiss these quantitative metrics? Conceptually, making ESG comparisons between companies or portfolios appears simple, but it is actually rather complex. Fundamentally, the composite ESG ratings reflect how well a company compares to its peers. For healthcare, the environment element is limited in importance, but the Social and Governance pillars each make up ~40% of the overall score.

It is a truism that larger companies can afford (in both monetary and temporal terms) to invest more in areas such as human capital development, charitable access, etc. As a consequence, we still see very strong correlations between company size, maturity and overall scores. Since our investment strategy leads us to own focused mid-sized companies in preference to the larger diversified ones that dominate all the recognised benchmarks, the portfolio's ESG score might tend to an unflattering disadvantage versus the wider MSCI World Healthcare Index.

Bellevue seeks to interact with companies that it feels have been misunderstood during this rating process and offers guidance on how to communicate more effectively around the issues deemed contentious by external agencies such as MSCI. We have, on occasion, also sought to interact directly with MSCI when we have felt that the approach they have taken is not appropriate.

Thus, notwithstanding the portfolio's positive relative score, we think that a reductive snapshot such as a single rating or composite score remains unhelpful in accurately reflecting the Company's broad adoption of ESG as a core investment principle and the inherent ESG qualities of the companies that we own. In time, we hope that we will view this situation differently; we would welcome a scenario where a convergence in approach across the marketplace meant that consistent and comparable third-party data on ESG factors for investee companies were widely available to all investors.

Responsible stewardship

Responsible investing does not end with the due diligence process and selection of the investee companies; the importance of ongoing engagement with management teams cannot be overstated. Active fund management arguably derives a material proportion of its alpha generation opportunities through the ability to proactively consider and debate potential issues with company management teams and we are pleased to note that the pandemic has not adversely impacted the availability of management teams for regular or ad hoc meetings to discuss such topics.

Both Bellevue and the Company's Board take our voting obligations very seriously and there are multiple structures in place to ensure that we vote in all Shareholder meetings. Over the period in review, we took part at 30 votable meetings (covering 259 resolutions). For all of those meetings, we voted in line with management recommendations (although we have voted against management teams in the past when we felt it appropriate to do so). 27 meetings were for companies in the USA, the remainder abroad.

Engagement is one part of the process. If we find that management teams are not receptive to our concerns, then we are happy to escalate to the point where we exercise our voting power to encourage change. However, one must recognise that we are but one of many Shareholders and that it will often be the case that even exercising our voting power is not enough to elicit change. In such a situation, we would divest our holding. The Investment Managers would argue the fact we have yet to divest a holding due to ESG factor considerations stands as evidence that the initial screening approach at the beginning of the investment process is robust in helping us to avoid potentially controversial investments.

Although we want to be supportive of investee management teams and their plans to grow their businesses, we are quite happy to exit positions when we lose confidence in management or strategy and several examples of such situations can be found in our monthly factsheets (we have talked publicly about our exits from Teladoc and Illumina around M&A transactions that we could not support for example). We aim to be firm but fair; one should not be trying to be popular with companies, but rather respected for the robustness and quality of the interactions that we have with them. Most importantly, there are no sacred cows in the Company's portfolio.

Specific exclusion criteria and tolerance thresholds

It would be very easy to claim that one has a blanket ban on investing in everything that's bad or that all one's investments are sustainable. However, some points of view are subjective – is nuclear power really a bad thing?

Finally, one must recognise that rarely are matters so clear cut as to be able to definitively state a company has zero involvement or exposure to a controversial area (e.g. does the on-site shop at a manufacturing site sell cigarettes?, what about the activities of the investment's key suppliers?).

As such, it makes more sense to operate by a set of guiding principles based on data that can be simply ascertained from management and that are realistically achievable for the portfolio overall.

The parameters that Bellevue has selected and agreed with the Board of the Company are detailed in the table below. These are aligned with, or go further than, the criteria enshrined by Bellevue Asset Management's group-wide policies. These have been adopted for CY2022 and beyond.

Some readers may wonder why a healthcare fund might chose to take a formal position on some of these issues: are we really ever going to end up with exposure to fossil fuel extraction for example? Again, our approach reflects the relative immaturity of the processes being put in place by the custodians holding our shares on behalf of investors.

There is still a "one size fits all" approach to the assessment of ESG factors, such that we would likely be deemed non-compliant if we lacked a policy on any of the widely agreed contentious topics, whether they are relevant to us or not (ESG factors are not alone in this regard – the Company is required by law to have a modern slavery disclosure, even though it is an investment company and thus has no employees).

Thus, the table below exists as much a documentary 'terms of reference' for people compiling such reports on behalf of underlying investors as it does to inform Shareholders about what we are doing in respect of running the portfolio.

Potential Issue/ controversy	Comment	Exclusion Criteria (max % revenues)
Environmental considerations		
Thermal Coal	The company would not knowingly invest in a holding involved in the production of any fossil fuels.	2%
Other Fossil Fuels	The company would not knowingly invest in a holding involved in the exploration for, or production of, any fossil fuels. This encompasses fracking and other unconventional oil sources.	2%
Nuclear Power	The company would not knowingly invest in a holding involved in the production of nuclear energy	2%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") POLICY CONTINUED

Potential Issue/ controversy	Comment	Exclusion Criteria (max % revenues)
Palm Oil	Palm oil and derivatives such as tocopherol are widely used excipients in biomedical preparations and unlikely to be avoidable within the investment mandate. We try to ensure that investee companies are committed to sustainable sourcing of such products and are thus not promoting deforestation.	5%
Responsible Mineral Sourcing	To the extent that it is relevant, we aim to ensure that investee companies source raw materials such as minerals from responsible suppliers who comply with relevant global standards around the environmental and social impact (e.g. no forced labour, conflict minerals etc.) of mining activities.	2%
Environmentally damaging agricultural chemicals (insecticides, herbicides etc.)	The investment focus of the Company is on human healthcare and so we would not intentionally invest into companies manufacturing or supplying agricultural products that may have an environmental impact. However, there is a long-standing historical linkage between the chemical, pharmaceutical and agrochemical industries and it is possible that such legacy business tie-ups do persist, therefore we apply a higher threshold.	10%
Social considerations		
Alcohol production (beverages)	The Company would not knowingly invest in a holding involved in the production of alcoholic beverages, but alcohol is a common constituent of medicinal products and sterilisation solutions.	2%
Tobacco production	The Company would not knowingly invest in a holding involved in the production of tobacco products.	2%
Tobacco sales	Indirect exposure to tobacco sales through retail outlets or peripheral activities is hard to fully discount, hence we allow for a higher threshold versus other considerations.	10%
Cannabis-based products	The Company can invest, and has invested, into holdings that offer therapeutic products derived from, or containing cannabinoids. However, the Company would not knowingly invest into a holding involved in the production or supply of recreational cannabis products.	n/a
Pornography	The Company would not knowingly invest in a holding involved in the production or sale of pornographic material/content.	2%
Gambling	The Company would not knowingly invest in a holding involved in the provision of gambling services or the operation of gambling venues.	2%

Potential Issue/ controversy	Comment	Exclusion Criteria (max % revenues)
Predatory lending practices & price gouging	We seek to ensure that, where applicable, investee companies do not supply products under terms that would constitute unfair, deceptive or predatory terms to customers or engage intentionally in price gouging during periods of tight supply.	2%
Animal testing and related animal welfare issues	The use of animal disease models in pharmaceutical R&D and the undertaking of pre-clinical testing in animal species are integral parts of the regulatory pathway for approving new medicines. Given the risks involved in unproven medicines and the human suffering such products alleviate, we agree such testing is morally and ethically justified at the current time due to the absence of credible alternatives. We therefore limit our focus to ensuring that investee companies adhere to the highest standards of welfare in respect of the animals that are used for such purposes.	n/a
Genetic research	Whilst we appreciate that some investors find the manipulation of genetic material in animals or human cell lines to be controversial, it has the potential to greatly enhance our understanding of human disease and, via gene therapy, gene editing and gene silencing to be directly deployed as a therapeutic intervention, particularly in areas of high unmet need. As such, we do not consider this to be controversial, as long as research follows accepted ethical guidelines and is appropriately supervised.	n/a
Use of embryonic stem cells	Whilst the utilisation of embryonic stem cells (gathered historically from aborted foetuses, more commonly today from unwanted IVF embryos that are donated with informed consent or taken from similarly donated umbilical cord material) is undoubtedly controversial, it also has the potential to greatly enhance our understanding of human disease and there are not currently viable alternatives in many cases. There are ethics guidelines (most notably those of the US National Institutes of Health, 2009) and our focus is to ensure that, where such research is undertaken, it is performed in line with these guidelines.	5%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") POLICY CONTINUED

Potential Issue/ controversy	Comment	Exclusion Criteria (max % revenues)
Conventional weapons & military contracts	The Company would not knowingly invest in a holding involved primarily in the provision of armaments. We would note that, as large employers in many countries with their own dedicated healthcare infrastructure, many investee companies will have contracts to supply the military forces of a country with healthcare products and/or services. Military personnel are just as entitled to good healthcare as anyone else, so we do not see this as an issue.	2%
Unconventional weapons	Bellevue Group maintains a list of companies connected with the supply of unconventional weapons and investment into such companies is prohibited.	0%
Governance considerations		
Dealing with oppressive regimes	Whilst it may be unpalatable to deal with corrupt or oppressive regimes, it would only compound the misery and suffering of the oppressed people if they were also denied access to healthcare products and services. As such, we do not judge our companies on who they chose to supply life-saving products and services to.	n/a
Bribery & Corruption	The managers are committed to investigating serious allegations of bribery or corruption made against investee companies and discussing these with management.	n/a
Equitable access to products for developing countries	Within the healthcare sector, affordable access to products for less developed countries is rightly highlighted as a controversial area and an important topic. We do engage with management teams around this topic. However, you cannot supply regulated products into markets where those products have not yet been approved and this point is often misunderstood in certain external ESG ratings, with smaller companies unfairly penalised when they only have approvals in a handful of developed countries.	n/a
Human capital development and diversity	It is laudable that external rating agencies focus on human capital development and diversity. However, one must be pragmatic and take into account the size and geographic focus of a company. A small, research stage entity based in one location is simply not going to be able to match the diversity of a broad-based multi-national, nor will it be at a stage where it is hiring inexperienced people with a view to training them up. We see inappropriate comparisons being made in these areas all too frequently.	n/a

OTHER INFORMATION

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. Investment trusts are currently exempt from TCFD disclosure, but the Board will continue to monitor the situation.

Employees

The Company has no employees. As at 30 November 2021 the Company had six Directors, four of whom were male (66%) and two of whom were female (33%). Since the year end, on 22 December 2021, Professor Justin Stebbing resigned from the Board. The Board's policy on diversity is contained in the Corporate Governance Report (on page 51).

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.

Modern slavery disclosure

Due to the nature of the Company's business, being a company that does not offer goods or services to consumers, the Board considers that it is not within the scope of modern slavery. The Board considers the Company's supply chains, dealing predominately with professional advisers and service providers in the financial service industry, to be low risk in relation to this matter.

Outlook

The outlook for the Company is discussed in the Chairman's Statement on page 6.

Strategic Report

The Strategic Report set out on pages 1 to 39 of this Annual Report was approved by the Board of Directors on 25 February 2022.

For and on behalf of the Board

Randeep Grewal
Chairman
25 February 2022

DIRECTORS' REPORT

The Directors present their annual report and accounts for the year ended 30 November 2021.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 1 to 39.

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 year ended 30 November 2021.

Alternative Investment Fund Manager ("AIFM")

Bellevue Asset Management (UK) Ltd ("Bellevue") is authorised and regulated by the Financial Conduct Authority ("FCA") to undertake the regulated activities as defined in the Alternative Investment Fund Managers Directive (2011/611/EU) ("AIFMD").

On 1 April 2020, it was announced that Bellevue had been appointed as AIFM to the Company, subject to the overall control and supervision of the Board. Under the terms of the AIFM agreement, Bellevue performs the activity of portfolio management in accordance with the investment policy of the Company and has discretion to buy, sell, retain, exchange or otherwise deal in investment assets for the account of the Company.

The Investment 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.

As allowed under the AIFMD, Bellevue has delegated the activity of Risk Management to Bellevue Asset Management AG (the "Delegated Risk Manager").

The AIFM agreement may be terminated on 12 months' written notice and may be terminated with immediate effect on the occurrence of certain events, including insolvency, on a change of control of the Investment Manager or in the event of a material breach which fails to be remedied within 30 days of receipt of notice.

As an AIFM, Bellevue must ensure that it, together with the Company, is fully compliant with the terms of the AIFMD. In order to accomplish this, the required regulatory obligations are met through the cooperation of both parties as well as with significant input from the Delegated Risk Manager.

Bellevue has agreed with the Delegated Risk Manager, and in full compliance with the AIFMD, a Risk Framework in respect of the Company. The Risk Framework seeks to govern the investment and operational risks as well as ensuring that all risk limits are complied with. All required risk reporting is completed by the Delegated Risk Manager.

The Delegated Risk Manager monitors the Company on a daily basis in order to ensure that Bellevue is operating within the risk limits contained in the risk policy and seeks to identify breaches. If Bellevue breaches a risk management limit, then it is required to notify the Delegated Risk Manager of the breach as soon as possible, and by the day after the infraction occurred at the latest. In addition to providing details of the breach, Bellevue confirm how and when the breach was resolved or when and how it is intended that the breach will be resolved.

The AIFMD Annex IV reporting requirements are undertaken by the AIFM, Administrator and other selected service providers.

Brokers

The Company's joint brokers are J.P. Morgan Cazenove and Alvarium Securities.

Depositary

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

Company Secretary and Administrator

PraxisIFM Fund Services (UK) Limited provide company secretarial and administration services to the Company, including calculation of its daily Net Asset Value.

Following the Company's year end, Sanne Group plc acquired the PraxisIFM Funds Business and subsequently the name of the Company's Administrator and Company Secretary changed from PraxisIFM Fund Services (UK) Limited to Sanne Fund Services (UK) Limited.

Management engagement

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

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

In accordance with the AIFMD, 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 or is or will be made available on the Company's website (**www.bbhealthcaretrust.com**).

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%.

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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 2021*	105%	107%

* Definitions of this APM together with how these measures have been calculated can be found on pages 93 and 94.

Share issues

During the year ended 30 November 2021, the Company issued 70,191,215 Ordinary Shares, through the ongoing share issuance programme. The number of Ordinary Shares in issue at 30 November 2021 was 558,910,904 Ordinary Shares.

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 Company published a new prospectus on 5 November 2018, for the issuance of up to 345 million Ordinary Shares by way of an Initial Placing, Offer for Subscription and Intermediaries Offer, and pursuant to a new share issuance programme. A supplementary prospectus was issued on 20 February 2019.

At the AGM of the Company held on 23 April 2021, the Directors were granted authority to allot up to 50,734,545 Ordinary Shares on a non-pre-emptive basis. This authority will expire at the conclusion of the forthcoming AGM.

A Circular and Notice of General Meeting was sent to Shareholders on 13 December 2021 to seek Shareholder authority to allot up to a further 56,563,590 new Ordinary Shares on a non-pre-emptive basis, to enable the Company to carry out a series of placings or tap issues, providing the Company with the ability to issue new Ordinary Shares over a period of time to meet investor demand and help with managing the premium at which the Ordinary Shares typically trade.

The General Meeting was held on 11 January 2021 and both resolutions put forward at the meeting were passed. The authorities have been used to carry out a series of tap issues, providing the Company with the ability to issue new Ordinary Shares over a period of time, to meet investor demand and help with managing the premium at which the Ordinary Shares typically trade.

The authorities have the following benefits for Shareholders:

- Enable the Company to continue to take advantage of opportunities to make further investments in accordance with its investment objective and policy;
- Increase the market capitalisation of the Company, helping to make the Company attractive to a wider investor base;
- A greater number of Ordinary Shares in issue should improve liquidity in the secondary market for the Ordinary Shares and make the Ordinary Shares more attractive to a wider range of investors; and
- Grow the Company, thereby spreading the Company's fixed running costs across a larger equity capital base which should reduce the level of ongoing expenses per Ordinary Share.

It must be noted that the price at which any new Ordinary Shares are issued to satisfy market demand is never less than the prevailing Net Asset Value (cum-income) per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue, therefore Shareholders will not suffer any dilution to the Net Asset Value (cum-income) per Ordinary Share as a result of any such issue.

The Board recommends that the Company is granted a new authority to issue up to a maximum of 57,975,236 Ordinary Shares (representing 10% of the shares in issue at the date of this document) and to disapply pre-emption rights when issuing those Ordinary Shares. Resolutions to this effect will be put to Shareholders at the AGM to be held on 22 April 2022.

This authority would be used to fulfil demand for the scrip dividend alternative and to carry out a series of placings or tap issues, providing the Company with the ability to issue new Ordinary Shares over a period of time to meet investor demand and help with managing the premium that the shares typically trade at.

Scrip dividend

At the Company's AGM in March 2019, a resolution was passed allowing Shareholders the right to elect to receive new Ordinary Shares instead of cash in respect of the whole or part of any dividend (the "Scrip Dividend Scheme").

For good corporate governance purposes, a resolution will be put to Shareholders at the Company's forthcoming AGM on 22 April 2022 to renew the Scrip Dividend Scheme. If passed, this will renew the authority for Shareholders to elect to receive new Ordinary Shares instead of cash in respect of the whole or part of any dividend.

The Scrip Dividend Scheme is advantageous to Shareholders because it enables Shareholders to increase their shareholding in the Company in a simple manner without paying dealing costs. The Scrip Dividend Scheme is advantageous to the Company (and therefore to the Shareholders in general) since the relevant cash dividend amounts payable to Shareholders who have elected to participate in the Scrip Dividend Scheme are reinvested in the Company as additional share capital.

On 19 July 2021, the Board declared an interim dividend for the six months ended 31 May 2021 of 3.015p per Ordinary Share and offered Shareholders the opportunity to participate in the Scrip Dividend Scheme. Accordingly, the Company posted to Shareholders a Circular setting out details of the Scrip Dividend Scheme.

On 16 August 2021, the Company announced a scrip dividend reference price of 186.00p for the interim dividend, payable on 3 September 2021. The scrip dividend reference price was the unaudited net asset value per Ordinary Share as at close of business on 13 August 2021.

On 18 August 2021, in line with the Company's Scrip Dividend Scheme, 320,080 Ordinary Shares were allotted and issued to Shareholders who elected for their interim dividend to be automatically subscribed on their behalf for new Ordinary Shares. Any Ordinary Shares issued for cash were issued at a premium to (cum income) net asset value.

Shareholders who do not elect to participate in the Scrip Dividend Scheme receive their dividends in cash.

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) NAV per existing Ordinary Share at the time of their sale. No Ordinary Shares were bought back during the year ended 30 November 2021. There are no shares held in treasury.

DIRECTORS' REPORT

CONTINUED

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. As outlined above, no Ordinary Shares have bought back by the Company.

The Directors currently have the authority to make market purchases of up to 76,051,083 Ordinary Shares. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5% 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 AGM of the Company and authority for the Company to purchase up to 86,904,879 Ordinary Shares (subject to a maximum of 14.99% of the Ordinary Shares in issue at the date of the AGM) will be sought at the forthcoming AGM. 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 Companies 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 are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The redemption facility is entirely at the discretion of the Directors.

The Company announced on 3 November 2021 that valid redemption requests in respect of 514,135 Ordinary Shares were received for the 30 November 2021 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 as part of the prospectus published by the Company on 5 November 2018.

All of the 514,135 Ordinary Shares, representing 0.09% of the then issued share capital, were matched with buyers and sold at a calculated redemption price of 187.20 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 admitted to the Premium Segment of the Official List of the FCA and is admitted to trading 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 ("RCF")

During the year, the Company had a multi-currency revolving credit facility with Scotiabank (Ireland) Designated Activity Company ("Scotiabank"). Under the terms of the facility, the Company could draw down loans up to an aggregate value of USD $100 million. The facility also had an uncommitted accordion option which, subject to the agreement of Scotiabank, provided the Company with the flexibility to increase the facility by a further USD $50 million. The facility expired in January 2021 and on 26 January 2021 the Company announced that it had renewed and amended its multi-currency RCF. The lender was novated from Scotiabank to The Bank of Nova Scotia, London Branch. Under the terms of the amended RCF, the Company may draw down loans up to an aggregate value of USD $150 million. The new facility was due to expire in January 2022, however on 17 December 2021, the Company renewed and amended its multi-currency RCF with The Bank of Nova Scotia, London Branch. Under the terms of the amended RCF, the Company may draw down loans up to an aggregate value of USD 235 million. The new facility will expire in December 2024. The terms of the facility are unchanged.

As at 30 November 2021, the aggregate of loans draw down was £67.8 million (2020: nil).

Capital structure and voting rights

As at 30 November 2021, the Company's issued share capital comprised 50,001 Management Shares and 558,910,904 Ordinary Shares of 1p nominal value. Each Ordinary Share held entitles the holder to one vote and 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. Management Shares shall not carry any right to receive notice of, nor to attend or vote at any general meeting of the Company.

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

As at 30 November 2021, the Company had been formally notified of the following shareholdings comprising 3% or more of the issued share capital of the Company.

Name	Number of Ordinary Shares held	% of voting rights*
Brewin Dolphin Wealth Management	28,953,376	5.92
Tilney Smith & Williamson Limited	27,767,503	5.01
Quilter plc	20,671,091	4.23
Schroders plc	15,482,819	3.17

* Based on Ordinary Shares in issue as at 30 November 2021.

Following the year end, the Company has not been formally notified of any significant shareholdings comprising 3% or more of the issued share capital of the Company.

Settlement of Ordinary Share transactions

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

DIRECTORS' REPORT

CONTINUED

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 of an Annual General Meeting. 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 2021 were £1,033.5 million (2020: £843.1 million).

As at 30 November 2021, the Company held £1,083.6 million (2020: £753.4 million) in investments, cash of £28.0 million (2020: £92.8 million) and bank loans of £67.8 million (2020: nil). Further details on the Company's Bank loans are detailed in note 12. The total expenses (excluding finance costs and taxation) for the year ended 30 November 2021 were £10.8 million (2020: £7.7 million), which represented approximately 1.08% (2020: 1.10%) of average net assets during the year. The Company also incurred finance costs of £0.5 million (2020: £1.1 million).

At the date of approval of this report, based on the aggregate of investments and cash held, the Company has substantial asset cover against its loan facility and also substantial operating expenses cover.

In light of the COVID-19 pandemic, the Directors have fully considered and assessed the Company's portfolio of investments. A prolonged and deep market decline could lead to falling values in the Company's investments or interruptions to cashflow. However, the Company currently has readily realisable investments to meet any future obligations, under all stress test scenarios reviewed by the Directors. During the year, the Directors are satisfied that the Company was in compliance with all key financial covenants of the loan facility.

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

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the COVID-19 pandemic, that the Company will continue in operational existence for a period of at least 12 months.

Auditor information

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor are unaware; and
- the Director has taken all steps that he or she ought to have taken as Director to make himself/herself aware of any relevant information and to establish that the Company's auditor is 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 auditor will be put forward at the forthcoming AGM.

By order of the Board

Brian Smith
For and on behalf of
Sanne Fund Services (UK) Limited
Company Secretary
25 February 2022

CORPORATE GOVERNANCE

Introduction

The Board of the Company has considered the Principles and Provisions of the 2019 Association of Investment Companies Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code 2018 (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company, as an investment trust. The AIC Code is available on the AIC website (**www.theaic.co.uk**).

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council ("FRC"), provides more relevant information to Shareholders. AIC members who report against the AIC Code and the AIC Guide fully meet their obligations under The UK Code and the related disclosure requirements contained in the Listing Rules.

The Company has complied with the Principles and Provisions of the AIC Code.

During the financial year ended 30 November 2021, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive Directors' remuneration; and
- the need for an internal audit function.

The Board considers that these provisions are not relevant to this externally managed investment company. The Company has no employees and the day-to-day management and administrative functions are outsourced to third parties.

The Board

Composition, independence and succession planning

As at 30 November 2021, the Board consisted of six non-executive Directors, including the Chairman. All Directors have served since the Company's inception, with the exception of Professor Tony Young and Ms Kate Bolsover, who were appointed to the Board on 23 September 2020 and 2 July 2021 respectively. On 21 December 2021, Professor Justin Stebbing resigned from the Board.

The Board's current composition comprises 40% female members and 60% male members and one member of an ethnic minority. Hence, the Board are compliant with the recommendations of the Hampton-Alexander review and the Parker review.

All of the Directors are independent of the Investment Manager. All of the Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Board believes that during the year ended 30 November 2021 its composition was appropriate for an investment company of the Company's nature and size. The Board's policy for the appointment of Non-Executive Directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including but not limited to gender diversity.

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

Randeep Grewal (Chairman and Chair of the Management Engagement Committee)

Randeep is an ex-Fund Manager, with over 19 years of Healthcare investment experience, including Trium Capital, F&C Asset Management, ICAP Equities, Hox Therapeutics, Tissue Regenix and Tudor. Randeep trained as a Vascular and General Surgeon and read both Medicine and Computer Science at Cambridge University.

Josephine Dixon (Chair of the Audit and Risk Committee and Senior Independent Director)

Josephine is a chartered accountant who sits on the boards of JP Morgan European Growth & Income plc, Ventus VCT plc, Strategic Equity Capital plc, Alliance Trust plc and BMO Global Smaller Companies plc. Her executive experience includes finance, governance and general commercial roles in a number of sectors.

Paul Southgate

Paul is a London-based Portfolio Manager at Pictet Asset Management, with over 23 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 Investments Group. He began his career with UBS Asset Management.

Professor Tony Young OBE

Tony is a practicing frontline NHS Consultant Urological Surgeon, Director of Medical Innovation at Anglia Ruskin University, President of the Institute of Decontamination Sciences, and National Clinical Director for Innovation for the NHS. He has founded four Med-Tech start-ups and also co-founded the £500 million Anglia Ruskin Med-Tech Campus. Tony was previously a member of the Royal College of Surgeon's Commission on the Future of Surgery (2017 – 2018). In the 2019 New Year's Honours list, Professor Young was awarded the OBE for services to clinical leadership.

Kate Bolsover

Kate Bolsover worked in the City of London for over 25 years, initially as an analyst and thereafter running the mutual fund businesses of both Baring Asset Management and Cazenove Fund Management. Latterly, she was appointed Director of Corporate Communications for JPMorgan Cazenove. Kate is Chairman of Fidelity Asian Values and is an independent director at Invesco Bond Income Plus, TR Property Investment Trust and Baillie Gifford & Co.

Responsibilities of the Chairman, the Board, and its Committees

The Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The Company has adopted a document setting out the responsibilities of the Chairman, which is available on the website: **www.bbhealthcaretrust.com**

Director tenure

The Board recognises the benefits to the Company of having longer serving Directors together with progressive refreshment of the Board. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the AIC Code. The Board has adopted corporate governance best practice and has a succession plan in place. No Director of the Company has served for nine years or more and all Directors remain independent of the Company's Investment Manager.

CORPORATE GOVERNANCE

CONTINUED

The Board conducted a recruitment process during the year and engaged the services of recruitment specialists, Nurole Limited. Following an extensive search and thorough interview and selection process, the Committee recommended Kate Bolsover to the Board, who was appointed on 2 July 2021.

In line with corporate governance best practice, all of the Directors will offer themselves for election/re-election at the AGM of the Company to be held on 22 April 2022. The Board recommends all the Directors stand for re-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 and Risk Committee which is chaired by Josephine Dixon and consists of all the Directors.

A report of the Audit and Risk Committee is included in this Annual Report. The Board considers that the members of the Audit and Risk Committee have the requisite skills and experience to fulfil the responsibilities of the Audit and Risk Committee. The Audit and Risk Committee examines the effectiveness of the Company's risk management and internal control systems. It reviews the half-yearly and annual reports and other financial information. 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 AIFM and it annually reviews those appointments and the main terms of the AIFM Agreement.

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

Meeting attendance

The actual number of formal meetings of the Board and Committees during the year under review is given below, together with individual Director's attendance at those meetings. The first number in the table is the meetings attended by the individual Director a

	Quarterly Board	Audit and Risk Committee	Management Engagement Committee
Number held	**4**	**3**	**2**
Randeep Grewal	4/4	3/3	2/2
Josephine Dixon	4/4	3/3	2/2
Justin Stebbing	4/4	3/3	2/2
Paul Southgate	4/4	3/3	2/2
Tony Young	4/4	3/3	2/2
Kate Bolsover*	2/2	1/1	0/0

* Kate Bolsover was appointed to the Board on 23 July 2021 and has attended all meetings since her appointment.

Board diversity

The Company's policy is that the Board should have an appropriate level of diversity in the boardroom, taking into account relevant skills, gender, social and ethnic backgrounds, cognitive and personal strengths. Consideration is given to the recommendations of the AIC Code and the Company supports the recommendations of the Hampton-Alexander Review and Parker review.

Performance appraisal

The Board recognise the importance of the AIC Code's recommendation in respect of evaluating the performance of the Board as a whole, the Committees of the Board and individual Directors.

Following the Company's year end an internal review was conducted of the Board, its Committees, the Directors individually and the Investment Manager, through formal questionnaires and the results of the evaluation were reviewed by the Chairman and discussed with the Board. The conclusions of the performance evaluation were positive and demonstrated that the Board and Investment Manager were operating effectively and showed the necessary commitment to the effective fulfilment of their duties. To note, an external valuation was conducted for the year ended 30 November 2020.

A formal annual performance appraisal process was performed on the Company's main service providers. The results were reviewed by the Chairman of the Management Engagement Committee and discussed with the Board. The results of the service provider performance evaluation were positive and demonstrated that the service providers were fulfilling their duties effectively.

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.

CORPORATE GOVERNANCE

CONTINUED

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. The Board receives and reviews reports on the internal control environments of key suppliers, in order 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, 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 64 and a Statement of Going Concern is on page 46. The Report of the Independent Auditor is on pages 65 to 72.

Other aspects of internal control

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

The Board has agreed policies with the Investment Manager on key operational issues. The Investment Manager and/or the AIFM reports in writing to the Board on operational and compliance issues. The Investment Manager reports directly to the Audit and Risk 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 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, 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 are set out in the Strategic Report on pages 21 to 24.

Relations with Shareholders

The Board places great importance on communication with Shareholders. The Company's Investment Manager meets with larger Shareholders and reports to the Board. The Chairman also meets with Shareholders both with the Investment Manager and on his own. Shareholders wishing to communicate with the Chairman or any other Director may do so by writing to the Company Secretary at the registered office of the Company which is shown on page 97 or sending an email to **shareholder_questions@bbhealthcaretrust.co.uk**

Information is provided to all Shareholders via the annual and half-yearly accounts and also by the publication of daily NAVs and monthly factsheets.

The Company's Annual General Meeting provides a forum for communication with all Shareholders. The level of proxies lodged for each resolution is announced at the meeting and is published on the Company website, **http://www.bbhealthcaretrust.com**, subsequent to the meeting. Shareholders and potential investors may obtain up-to-date information on the Company from the website.

In line with governance recommendations, if 20% or more of votes cast are against any resolution, the Company would announce what action it intended to take to consult Shareholders views and would provide a summary of the outcome and actions it intended to take within six months of the date at which the vote was held. The board confirms that none of the resolutions put to Shareholders at the AGM in 2021 received 20% or more of the votes cast against.

Annual General Meeting

The Company seeks to provide a minimum of twenty-one days' notice of the AGM and in normal circumstances the Company would encourage all Shareholders to attend the AGM.

In line with the requirements of the Companies Act 2006, the Company will hold an Annual General Meeting ("AGM") of Shareholders to consider the resolutions laid out in the Notice of Meeting on page 98. The Board encourages Shareholders to attend and participate in the Company's forthcoming AGM on 22 April 2022 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH.

We recognise it is not possible for everyone to attend the AGM and I would remind Shareholders that any questions relating to the business of the AGM can be sent by email to **shareholder_questions@bbhealthcaretrust.co.uk**.

If Shareholders are unable to attend the meeting in person, they are strongly encouraged to vote by proxy and to appoint the "Chairman of the AGM" as their proxy. Details of how to vote, either electronically, by proxy form or through CREST, can be found in the Notes to the Notice of AGM on pages 101 to 104. The lodging of a form of proxy (or an appointment of a proxy through CREST) will not however prevent a Shareholder from attending the AGM and voting in person if they so wish (subject to any restrictions which may be imposed by the UK Government in response to the COVID-19 pandemic).

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.

CORPORATE GOVERNANCE

CONTINUED

All other general meetings shall 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 prior to the general meeting, 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 AGM to reduce the period of notice for general meetings, other than the AGM, to not less than fourteen days.

Exercise of voting powers and stewardship code

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

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 AGM.

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 Directors' Remuneration Policy was approved by Shareholders at the 2021 AGM. In accordance with statute, the policy must be put to Shareholders for approval every three years and the Board must only operate in accordance with the approved policy during the three-year cycle, unless Shareholder approval is sought to amend the policy. Accordingly, unless amended, the remuneration policy will next be put to Shareholders at the AGM to be held in 2024.

The Board has complied with the policy during the year ended 30 November 2021.

The law requires the Company's auditor to audit certain disclosures provided. Where disclosures are audited they are indicated as such. The auditor's opinion is on page 65.

Remuneration

The Company currently has five Non-Executive Directors.

Directors' fees with effect from 1 December 2020, were payable at the rate of £42,600 per annum for the Chairman of the Board; £34,800 per annum for the Chair of the Audit and Risk Committee and £29,600 per annum for the other Board members. An additional £1,500 per annum was payable to the Senior Independent Director and an additional £2,500 per annum was payable to the Chair of the Management Engagement Committee. Net fees payable to the Directors are settled in Ordinary Shares.

With effect from 1 April 2021, annual fees were increased by 3.6% and then rounded to the next £500, resulting in Directors' fees of £44,500 per annum for the Chairman of the Board; £36,500 per annum for the Chair of the Audit and Risk Committee and £31,000 per annum for the other Board members. An additional £1,500 per annum was payable to the Senior Independent Director and an additional £2,500 per annum was payable to the Chair of the Management Engagement Committee. Net fees payable to the Directors are settled in Ordinary Shares.

Following the year end and with effect from 1 December 2021, annual fees were increased, resulting in Directors' fees of £65,000 per annum for the Chairman of the Board; £48,000 per annum for the Chair of the Audit and Risk Committee and £38,000 per annum for the other Board members. An additional £1,000 per annum is payable to the Senior Independent Director and an additional £1,000 per annum is payable to the Chair of the Management Engagement Committee. Net fees payable to the Directors are settled in Ordinary Shares.

The Board believes that the level of increase and resulting fees appropriately reflects, the level of demands on the individual Directors, prevailing market rates for an investment trust of the Company's size and complexity, the increasing complexity of regulation and resultant time spent by the Directors on matters, and it will also enable the Company to continue to attract appropriately experienced Directors in the future. The Board also takes into consideration RPI, CPI and other inflationary measures and the impact to the Company's ongoing charges following a rise in fees. Board fees are not considered against any performance measure. The Board agreed that following the recent increase to Directors' fees, effective 1 December 2021, Directors' fees would only increase by the level of inflation over the next three years.

DIRECTORS' REMUNERATION IMPLEMENTATION REPORT

CONTINUED

Due to the size and nature of the Company, it was not deemed necessary to use a remuneration consultant although the Board did take into consideration views from external search consultants on the level of the Company's fees against prevailing market rates, and took these into account in its deliberations.

The Board reviews the fees payable to the Directors on an annual basis and have agreed to align the review of Board fees and any related changes to the Company's year end, as opposed to reviewing them after the year has already commenced.

The current aggregate remuneration that can be paid to Directors under the Company's Articles of Association is £500,000 per annum.

In accordance with the Shareholder Rights Directive. The Board confirms there were no variable pay awards made to the Directors and there were no deferral periods. The annual percentage change in remuneration in respect of the financial years prior to the current year in respect of each Director role is as follows:

Financial year to	30 Nov 2017	30 Nov 2018	30 Nov 2019	30 Nov 2020	30 Nov 2021*
Chair	–	–	3.1%	3%	4.5%
Non–executive Director	–	–	4.5%	3%	4.7%
Chair of the Audit and Risk Committee Supplement	–	–	3.8%	3%	5.8%
Chair of the Management Engagement Committee Supplement	–	–	4.1%	3%	0%
Senior Independent Director ("SID") Supplement	–	–	–	100%	0%

* With effect from 1 April 2021, the Board approved a 3.6% (rounded to next £500) increase to annual Directors' fees.

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, the Company may indemnify any person who is a Director, secretary or other officer (other than an auditor) of the Company, against (a) any liability whether in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company or (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office; and purchase and maintain insurance for any person who is a Director, secretary, or other officer (other than an auditor) of the Company in relation to anything done or omitted to be done or alleged to have been done or omitted to be done as Director, secretary or officer.

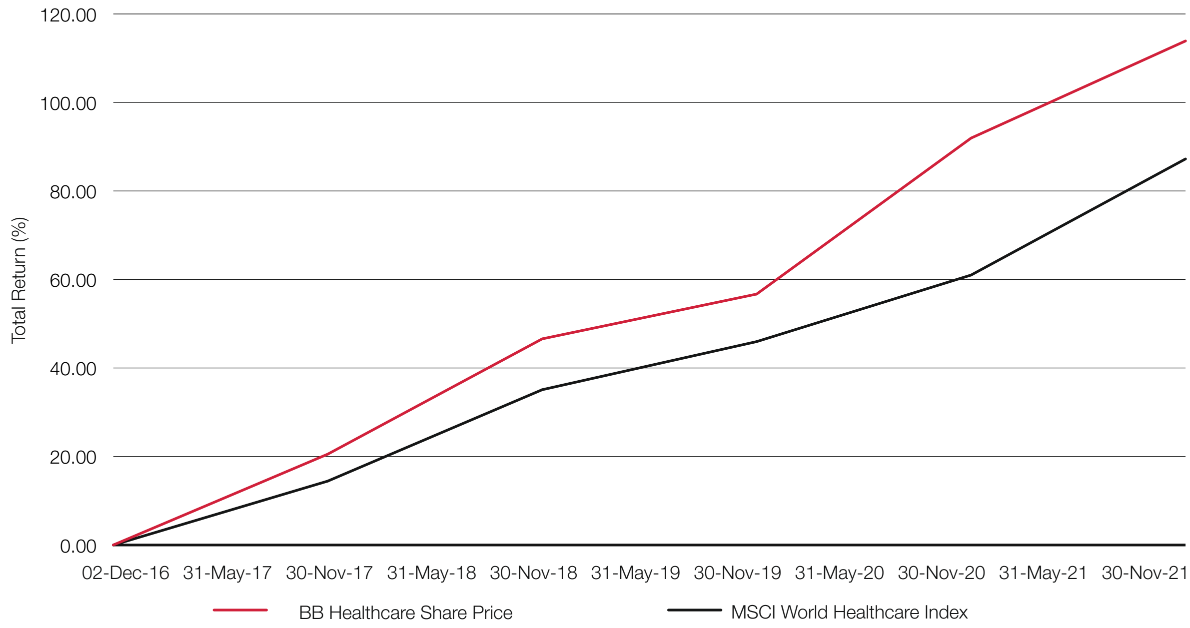
A policy of insurance against Directors' and officers' liabilities is maintained by the Company.

Director search and selection fees

During the year the Board began a recruitment process and engaged the services of recruitment specialists, Nurole Limited. Following an extensive search and thorough interview and selection process, the Board appointed Kate Bolsover to the Board on 5 July 2021.

Performance

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



Directors' emoluments for the year ended 30 November 2021 (Audited)

	Fees and taxable benefits to 30 November 2021 £'000	Fees and taxable benefits to 30 November 2020 £'000
Randeep Grewal	46.4	45.8
Josephine Dixon	37.4	36.1
Justin Stebbing	30.5	30.4
Paul Southgate	30.5	30.4
Tony Young*	30.5	5.6
Kate Bolsover**	12.9	–
Total	**188.2**	**148.3**

* Tony Young was appointed to the Board on 23 September 2020.
** Kate Bolsover was appointed to the Board on 5 July 2021.

DIRECTORS' REMUNERATION IMPLEMENTATION REPORT

CONTINUED

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 were paid to third parties.

A non-binding ordinary resolution to approve the Directors' Remuneration Implementation Report contained in the Annual Report for the year ended 30 November 2020 was put forward at the AGM held on 23 April 2021. The resolution was passed with 99.91% of the proxy votes cast (including discretionary votes) being in favour of the resolution.

A non-binding ordinary resolution to approve the Directors' Remuneration Policy contained in the Annual Report for the year ended 30 November 2020 was also put forward for approval at the Company's AGM held on 23 April 2021. The resolution was passed with 99.91% of the proxy votes cast (including discretionary votes) being in favour of the resolution.

The Directors' Remuneration Policy will next be put forward for approval at the AGM to be held in 2024.

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.

Year ended 30 November	2021 £'000	2020 £'000
Income	4,265	3,664
Directors' fees	188	148
Management fees and other expenses	10,838	7,672
Dividends paid and payable to Shareholders	33,876	24,349

Directors' holdings (Audited)

The Directors held the following shareholdings at 30 November 2021 and as at the date of this report. Net fees payable to the Directors, are settled in Ordinary Shares quarterly.

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

	Ordinary Shares as at 30 November 2021	Ordinary Shares as at date of this report	Ordinary Shares as at 30 November 2020
Randeep Grewal	97,247	101,333	80,926
Josephine Dixon	84,489	86,980	74,957
Justin Stebbing*	65,781	–	56,460
Paul Southgate	73,041	74,822	65,699
Tony Young**	9,507	11,497	–
Kate Bolsover***	3,116	5,106	–

* Justin Stebbing resigned from the Board on 21 December 2021
** Tony Young was appointed to the Board on 23 September 2020
*** Kate Bolsover was appointed to the Board on 5 July 2021

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 year to 30 November 2021;

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the financial year to 30 November 2021; and
- the context in which the changes occurred and decisions have been taken.

Randeep Grewal
Chairman
25 February 2022

REPORT OF THE AUDIT AND RISK COMMITTEE

Role of the Audit and Risk Committee

The AIC 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 and Risk committee has recent and relevant financial experience. The main role and responsibilities of the Audit and Risk Committee should be set out in written terms of reference covering certain matters described in the AIC Code. The Company complies with the Code.

The Audit and Risk 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 and Risk 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.

Composition

All of the Directors of the Company are members of the Audit and Risk Committee. The Audit and Risk 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 and Risk Committee as a whole has recent and relevant financial experience. The UK Code recommends that the Chairman of the Board should not be a member of the Audit and Risk Committee. However, as permitted by the AIC Code, the Directors believe that membership of the Audit and Risk Committee of the independent Chair of the Board, Randeep Grewal is appropriate, and welcome his contribution.

Internal audit

The Audit and Risk 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 and Risk Committee keeps the needs for an internal audit function under periodic review.

Meetings

There have been three Audit and Risk Committee meetings in the year to 30 November 2021. Meeting attendance is shown on page 51 of this Annual Report. Meetings held during the year have continued to be held via a combination of in-person and remote means, such as video conferencing. Committee members have operated effectively and there has been no break in service from the Company's service providers.

Financial statements and significant accounting matters

The Audit and Risk Committee considered the following significant accounting issues in relation to the Company's Financial Statements for the year ended 30 November 2021. The Audit and Risk Committee has reviewed the impact of market volatility related to the COVID-19 pandemic on the Company's portfolio and has received regular updates on portfolio performance from the Investment Manager. The Audit and Risk Committee has also reviewed the ability of key service providers (including the Investment Manager, the Depositary, the Administrator, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels. The Audit and Risk Committee is satisfied that the key service providers have the ability to continue their operations efficiently in a remote or virtual working environment.

Internal controls and risk management

The Directors have a dynamic risk register in place to help identify key risks and ensure there are measures in place to manage and mitigate risk; and oversee the effectiveness of internal controls and processes. The risk assessment programme provides a visual reflection of the Company's identified principal and emerging risks, including climate change and the COVID-19 pandemic and their potential impact on the Company's future development and prospects. The risk assessment programme also provides the mitigation measures which key service providers, including the Investment Manager, have in place to maintain operational resilience and business continuity. The Audit and Risk Committee carries out, at least annually, a robust assessment of the principal and emerging risks and uncertainties and monitors the risks on an ongoing basis.

The Board has overall responsibility for the Company's risk management and systems of internal controls and for reviewing their effectiveness. As is the case with most investment trusts, the investment management, accounting, company secretarial, registrar and depositary services have been delegated to third parties. The effectiveness of the internal controls is assessed on a continuing basis and the Committee receives regular reports. During the year ended 30 November 2021, committee members were particularly concerned to ensure that the internal controls environments of all third party providers remained robust during the extraordinary circumstances of the global pandemic. The Committee is satisfied that internal controls and processes remained resilient during this time of remote working, and that appropriate systems are in place.

Financial statements and significant accounting matters

The Audit and Risk Committee reviewed the financial statements and considered the following significant accounting issues in relation to the Company's financial statements for the year ended 30 November 2021.

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 and Risk 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

The Audit and Risk Committee has reviewed the Administrator's procedures for recognition of income and is comfortable that these are appropriate. The Audit and Risk Committee reviews the treatment of any special dividends receivable in the period to ensure that these have been treated appropriately as revenue or capital. During the year no special dividends were received by the Company. Revenue recognition accounting policy are disclosed page 78 of this Annual Report.

COVID-19

The COVID-19 pandemic, which has engulfed the global economy and financial markets since the first quarter of 2020 created further uncertainty and volatility in 2021. The Audit and Risk Committee gave in-depth consideration to the potential effects on the Company, specifically the market and operational risks associated with the pandemic. The arrival of mass COVID-19 vaccination programmes, in developed markets at least, has enabled most of the Company's service providers to return to a hybrid blend of remote and office based work. The long-term effect of the pandemic on the global economy will become clearer in time and the Audit and Risk Committee will continue to monitor how COVID-19 (which is captured in our risk management register) develops.

REPORT OF THE AUDIT AND RISK COMMITTEE

CONTINUED

European Single Electronic Format ("ESEF")

The Audit and Risk Committee has noted ESEF Regulations which will apply to accounting years starting on or after 1 January 2021. The ESEF regulations will require the Company to publish their annual financial statements in a common electronic format and the regulations will first apply to the Company for the accounting year ending 30 November 2022.

Conclusion with respect to the Annual Report and financial statements

During the year ended 30 November 2021, the Audit and Risk Committee received reports from service providers, including the depository, which gives comfort that the operations throughout the year were in accordance with the reported statements.

The Audit and Risk Committee has concluded that the Annual Report for the year ended 30 November 2021, 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 and Risk Committee has reported its conclusions to the Board of Directors. The Audit and Risk 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 has been appointed as the Company's auditor since the Company's launch in October 2016 following a competitive process and review of the auditor's credentials. The re-appointment of the external auditor will be reviewed annually by the Audit and Risk 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.

In accordance with auditor rotation best practice, the current Audit Partner, James Beszant will be replaced as Audit Partner for the year ending 30 November 2022. The appointment of the auditor is reviewed annually by the Audit and Risk Committee and the Board and is subject to approval by Shareholders.

Effectiveness of external audit

The Audit and Risk Committee is responsible for reviewing the effectiveness of the external audit process. The Audit and Risk 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 and Risk 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.

Having reviewed the performance of the external auditors, including assessing the quality of work, the Audit and Risk 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 and Risk 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.

No non-audit fees were payable to the Auditor in the year ended 30 November 2021 (2020 : Nil).

Audit fees

The audit fees (excluding VAT) incurred during the year amounted to £45,000 (2020: £40,000). These fees represent an increase over the prior year. The Committee reviewed the audit fees being paid by similar comparative companies and concluded that the increase is in line with audit fee rises experienced across the investment trust sector. Audit firms generally have increased the fees that they charge to investment trusts in order to reflect the increased level of work that they have been required to perform, in the context of more rigorous levels of audit scrutiny and regulation.

Auditor independence

The Audit and Risk Committee considered the independence of the auditor and the objectivity of the audit process and is satisfied that Ernst & Young LLP has fulfilled its obligations to Shareholders and as independent auditor to the Company for the year.

After due consideration, the Audit and Risk Committee recommends the re-appointment of Ernst & Young LLP and their re-appointment will be put forward to the Company's Shareholders at the 2022 AGM.

Josephine Dixon
Audit and Risk Committee Chair
25 February 2022

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 Accounting Standards in conformity with the Companies Act 2006. 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 international accounting standards in conformity with the Companies Act 2006 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 Investment Manager. The work carried out by the auditor does not involve consideration of the maintenance and integrity of these websites and, accordingly, the auditor accepts 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:

- the accounts, prepared in accordance with international accounting standards in conformity with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- 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 and Risk 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
Chairman
25 February 2022

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 year ended 30 November 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 November 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act; 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. 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 FRC's Ethical Standard as applied to listed 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process and engaged with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the revenue forecast, for the period to 30 November 2023 which is at least eighteen months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We reviewed the Director's assessment of the impact on going concern in respect of the annual redemption facility.

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

CONTINUED

- We have reviewed the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.

- In relation to the Company's borrowing arrangements, we assessed the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We calculated the Company's compliance with debt covenants and reviewed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.

- We considered the mitigating factors included in the stress testing that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements.

- We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 November 2023 which is at least eighteen months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income • Risk of incorrect valuation or ownership of the investment portfolio
Materiality	• Overall materiality of £10.33m (2020: £8.43m) which represents 1% of the Company's Net Asset Value

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.

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.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income *Refer to the Report of the Audit and Risk Committee (page 62); Accounting policies (page 78); and Note 5 of the Financial Statements.* The Company has reported investment income for the year ended 30 November 2021 of £4.27m (2020: £3.67m), consisting of dividend income from listed equity investments. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income. The Company did not receive any special dividends during the year (2020: none).	We performed the following procedures: • We obtained an understanding of the processes and controls surrounding revenue recognition by performing walkthrough procedures. • For all dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We agreed amounts to bank statements and where applicable, agreed the exchange rates to an external source. • For dividends accrued, we reviewed the investee company announcement to assess whether the dividend obligation arose prior to 30 November 2021. We didn't identify any dividends accrued as at the year-end. • To test completeness of recorded income, we verified that expected dividends for a sample of investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. • For a sample of investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special. • Through enquiry we confirmed with management that no special dividends had been received during the year. Our procedures did not identify any special dividends.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income.

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

CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of incorrect valuation or ownership of the investment portfolio *Refer to the Report of the Audit and Risk Committee (pages 61); Accounting policies (pages 78); and Note 4 of the Financial Statements.* The Company's investment portfolio consists primarily of listed equity investments valued at £1,083.6m at 30 November 2021 (2020: £753.4m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date.	We performed the following procedures: • We obtained an understanding of the process and controls surrounding investment pricing and legal title by performing our walkthrough procedures. • For all investments in the portfolio, excluding immaterial level 3, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. • We inspected the stale pricing report produced by the Administrator to identify prices that have not changed and verified whether the listed price is a valid fair value through review of trading activity. We did not identify any stale prices as at the year-end with the exception of the CVR held. • We compared the Company's investment holdings at 30 November 2021 to independent confirmation received directly from the Company's Custodian.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

In the prior year, our auditor's report included a key audit matter in relation to the impact of COVID-19. The impact of COVID-19 on going concern continued to be relevant to our audit of the Company and we considered this as part of our overall work on going concern which is set out under "Conclusions relating to going concern".

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 £10.33 million (2020: £8.43 million), which is 1% (2020: 1%) of the Company's Net Asset Value. We believe that Net Asset Value is the most important financial metric on which shareholders would judge the performance of the Company.

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 was 75% (2020: 75%) of our planning materiality, namely £7.75m (2020: £6.32m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.52m (2020: £0.42m) being the greater of the reporting threshold and 5% of the net revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.52m (2020: £0.42m), 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 64 other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

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.

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 course of 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 themselves. 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.

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 year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the 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 the Directors' Report.

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:

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

CONTINUED

- 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.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 46;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 25;
- Directors' statement on fair, balanced and understandable set out on page 62;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 21 to 24;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 52; and
- The section describing the work of the Audit and Risk Committee set out on page 61.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 64, 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are International accounting standards in conformity with the requirements of the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk 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 the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items. 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 Company Secretary's 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.

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

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 27 November 2017 to audit the financial statements for the year ending 30 November 2017 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 30 November 2017 to 30 November 2021.
- The non-audit services prohibited by the FRC's Ethical Standard 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 and Risk Committee.

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

CONTINUED

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.

James Beszant (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25 February 2022

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 November 2021 Revenue £'000	Capital £'000	Total £'000	Year ended 30 November 2020 Revenue £'000	Capital £'000	Total £'000
Gains on investments	4	–	98,796	98,796	–	163,630	163,630
Losses on currency movements		–	(3,805)	(3,805)	–	(62)	(62)
Net investment gains		**–**	**94,991**	**94,991**	**–**	**163,568**	**163,568**
Income	5	4,265	–	4,265	3,664	–	3,664
Total income		**4,265**	**94,991**	**99,256**	**3,664**	**163,568**	**167,232**
Investment management fees	6	(1,923)	(7,691)	(9,614)	(1,342)	(5,368)	(6,710)
Other expenses	7	(1,224)	–	(1,224)	(962)	–	(962)
Profit before finance costs and taxation		**1,118**	**87,300**	**88,418**	**1,360**	**158,200**	**159,560**
Finance costs	8	(102)	(407)	(509)	(216)	(852)	(1,068)
Operating profit before taxation		**1,016**	**86,893**	**87,909**	**1,144**	**157,348**	**158,492**
Taxation	9	(659)	–	(659)	(529)	–	(529)
Profit for the year		**357**	**86,893**	**87,250**	**615**	**157,348**	**157,963**
Return per Ordinary Share	**10**	**0.07p**	**16.44p**	**16.51p**	**0.14p**	**34.60p**	**34.74p**

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

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.

STRATEGIC REPORT GOVERNANCE FINANCIALS OTHER INFORMATION

The notes on pages 77 to 92 form and integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	30 November 2021 £'000	30 November 2020 £'000
Non-current assets			
Investments held at fair value through profit or loss	4	1,083,590	753,375
Current assets			
Cash and cash equivalents		27,994	92,789
Sales of investments for future settlement		–	2,040
Dividend receivable		–	158
Other receivables	11	167	107
		28,161	**95,094**
Total assets		**1,111,751**	**848,469**
Current liabilities			
Purchases of investments for future settlement		9,326	4,554
Bank loans payable	12	67,850	–
Other payables	13	1,108	813
Total liabilities		**78,284**	**5,367**
Net assets		**1,033,467**	**843,102**
Equity			
Share capital	14	5,602	4,900
Share premium account		568,910	437,213
Special distributable reserve		64,392	93,676
Capital reserve		393,786	306,893
Revenue reserve		777	420
Total equity		**1,033,467**	**843,102**
Net asset value per Ordinary Share	16	**184.91p**	**172.51p**

Approved by the Board of Directors on 25 February 2022 and signed on their behalf by:

Randeep Grewal
Director

Registered in England and Wales with registered number 10415235.

The notes on pages 77 to 92 form and integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2021

	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 December 2020		4,900	437,213	93,676	306,893	420	843,102
Profit for the year		–	–	–	86,893	357	87,250
Issue of Ordinary Shares	14	702	132,562	–	–	–	133,264
Ordinary Share issue costs		–	(865)	–	–	–	(865)
Dividend paid	15	–	–	(29,284)	–	–	(29,284)
Closing balance as at 30 November 2021		**5,602**	**568,910**	**64,392**	**393,786**	**777**	**1,033,467**

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 December 2019		4,352	351,331	116,003	149,545	(195)	621,036
Profit for the year		–	–	–	157,348	615	157,963
Issue of Ordinary Shares	14	548	86,538	–	–	–	87,086
Ordinary Share issue costs		–	(656)	–	–	–	(656)
Dividend paid	15	–	–	(22,327)	–	–	(22,327)
Closing balance as at 30 November 2020		**4,900**	**437,213**	**93,676**	**306,893**	**420**	**843,102**

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

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

The notes on pages 77 to 92 form and integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Year ended 30 November 2021 £'000	Year ended 30 November 2020 £'000
Operating activities Cash flows		
Income*	4,425	3,468
Management expenses	(10,649)	(6,986)
Foreign exchange (gains)/losses	(1,617)	1,231
Taxation	(659)	(529)
Net cash flow used in operating activities	**(8,500)**	**(2,816)**
Cash flows from investing activities		
Purchase of investments	(864,728)	(571,632)
Sale of investments	640,120	604,753
Net cash flow (used in)/from investing activities	**(224,608)**	**33,121**
Cash flows from financing activities		
Bank loans drawn	65,663	(59,686)
Finance costs paid	(465)	(1,587)
Dividend paid	(29,284)	(22,327)
Proceeds from issue of Ordinary shares	133,264	87,086
Ordinary Share issue costs	(865)	(656)
Net cash flow from financing activities	**168,313**	**2,830**
(Decrease)/increase in cash and cash equivalents	**(64,795)**	**33,135**
Cash and cash equivalents at start of year	92,789	59,654
Cash and cash equivalents at end of year	**27,994**	**92,789**

* Cash inflow from dividends for the financial year was £3,764,000 (2020: £2,843,000). Bank deposits interest income received during the year was £nil (2020: £134,000).

	Year ended 30 November 2021 £'000	Year ended 30 November 2020 £'000
Opening balance	–	58,393
Repayment of bank loans	–	(59,686)
Proceeds from bank loans	65,663	–
Foreign exchange movements	2,187	1,293
Closing balance	**67,850**	**–**

The notes on pages 77 to 92 form and integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

BB Healthcare Trust plc is a closed-ended investment company, registered in England and Wales on 7 October 2016. The Company's registered office is 6th Floor, 125 London Wall, Barbican, London EC2Y 5AS. 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 year from 1 December 2020 to 30 November 2021.

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

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

In preparing these financial statements the directors have considered the impact of climate change as a risk as set out on page 24, and have concluded that there was no further impact of climate change to be taken into account. In line with IAS investments are valued at fair value, which for the Company is quoted bid prices for investments in active markets at the Statement of Financial Position date and therefore reflect market participants' view of climate change risk on the investments we hold.

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

Going concern

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

In forming this opinion, the directors have considered the adequacy of the Company's operational resources, liquidity of the investment portfolio, debt covenants and any potential impact of the COVID-19 pandemic on the going concern and viability of the Company. In making their assessment, the Directors have reviewed income and expense projections and the liquidity of the investment portfolio, and considered the mitigation measures which key service providers, including the Investment Manager, have in place to maintain operational resilience particularly in light of COVID-19.

The Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 30 November 2023 which is at least 18 months from the date the financial statements were authorised for issue.

Significant accounting estimates, judgements and assumptions

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 year in which the estimates are revised and in any future periods affected. Except for the Company's investment in the contingent variable right, there have been no estimates, judgements or assumptions, which have had a significant impact on the financial statements for the year. As detailed in note 4, the Investment Manager estimates the carrying value of the CVR.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. Basis of preparation continued

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 sterling as are dividends. All financial information that is presented in sterling has been rounded to the nearest thousand pounds.

3. Accounting policies

(a) Investments

Upon initial recognition investments are classified 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, the 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.

The valuation of Company's holding in a contingent variable right is detailed in note 4.

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.

(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 year 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 "Losses on currency movements".

(c) Income from investments

Dividend income from shares is recognised on 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.

(d) Reserves

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.

Special distributable reserve

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 at the time to create a 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.

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

Share premium

The share premium account arose from the net proceeds of sale of new shares. The excess of the issue price of a share over its nominal value.

Revenue reserves

The revenue reserve reflects all income and expenditure recognised in the revenue column of the income statement and is distributable by way of dividends.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses directly related to the acquisition or disposal of an investment (transaction costs) are taken to the income statement as a capital item.

Expenses are recognised through the Statement of Comprehensive Income as revenue items except as follows:

Investment 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.

(f) Cash and cash equivalents

Cash comprises cash at hand and on-demand deposits. Cash equivalents 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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3. Accounting policies continued

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 in the UK.

(h) Financial liabilities

Bank loans and overdrafts are classified as financial liabilities at amortised cost. They are initially recorded at the proceeds received, net of direct issue costs, and subsequently recorded at amortised cost using the effective interest method.

(i) Adoption of new IFRS standards

New standards, interpretations and amendments adopted from 1 January 2022

A number of new standards, amendments to standards are effective for the annual periods beginning after 1 January 2022. None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

New standards and amendments issued but not yet effective

The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. These standards are not expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023.

(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. 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.

Segmental reporting

The Board has considered the requirements of IFRS 8 – "Operating Segments". The Company has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the management of the Company's investment portfolio, subject to the overall supervision of the Board of Directors. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

The Directors are of the opinion that the Company is engaged in a single segment of business being that of an investment trust, as disclosed in note 1.

4. Investment held at fair value through profit or loss

(a) Summary of valuation

As at	30 November 2021 £'000	30 November 2020 £'000
Investments held at fair value through profit or loss		
– Quoted overseas	1,083,590	753,375
Closing valuation	**1,083,590**	**753,375**

(b) Movements in valuation

	£'000	£'000
Opening valuation	753,375	626,383
Opening unrealised gains on investments	(59,570)	(58,177)
Opening book cost	693,805	568,206
Additions, at cost	869,203	569,881
Disposals, at cost	(471,579)	(444,282)
Closing book cost	1,091,429	693,805
Revaluation of investments	(7,839)	59,570
Closing valuation	**1,083,590**	**753,375**

These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on investment purchases for the year ended 30 November 2021 amounted to £299,000 (2020: £257,000) and on investment sales for the financial year to 30 November 2021 amounted to £201,000 (2020: £139,000). The above transaction costs are calculated in line with the AIC SORP.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

(c) Gains on investments

	£'000	£'000
Realised gains on disposal of investments	166,205	162,237
Movement in unrealised (losses)/gains on investments held	(67,409)	1,393
Total gains on investments	**98,796**	**163,630**

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.

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

	30 November 2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss – Quoted	1,082,991	–	599	**1,083,590**

The level 3 investment comprises a contingent variable right ("CVR") received as a partial consideration when the Company's investment in Alder Biopharmaceuticals was acquired by Lundbeck in 2019, which offered to buy the holdings in Alder Biopharmaceuticals for a cash bid of $18 and $2 cash contingent value rights. The Investment Manager valued the CVR at a price of $0.92 per share as at 30 November 2021 (2020: $0.92 per share). The total value of the CVR as at 30 November 2021 was £599,000 (2020: £595,000).

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

The movement on the Level 3 unquoted investments during the year is shown below:

	30 November 2021 £'000	30 November 2020 £'000
Opening balance	595	614
Foreign exchange gains/(losses) movements	4	(19)
Closing balance	**599**	**595**

There were no transfers between levels during the year ended 30 November 2021 (2020: nil).

Fair values of financial assets and financial liabilities

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

5. Income

	2021 £'000	2020 £'000
Income from investments		
Overseas dividends	4,265	3,530
Bank interest on deposits	–	134
Total income	**4,265**	**3,664**

6. Investment management fees

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Investment Management fee	1,923	7,691	**9,614**	1,342	5,368	**6,710**

The Company's Investment Manager is Bellevue Asset Management (UK) Ltd (the 'Investment Manager'). The Investment 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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7. Other expenses

	2021 £'000	2020 £'000
Administration & secretarial fees	250	254
AIFM fees	–	39
Auditor's remuneration- statutory audit	45	40
Broker fees	48	30
Consultancy fees	66	40
Custody services	230	163
Directors' fees	188	148
Printing	18	20
Public relations	48	36
Registrar fees	81	65
Marketing fees	46	–
Other expenses	204	127
Total	**1,224**	**962**

8. Finance costs

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan interest	98	391	**489**	189	754	**943**
Other finance costs	4	16	**20**	27	98	**125**
Total	**102**	**407**	**509**	**216**	**852**	**1,068**

9. Taxation

(a) Analysis of charge:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Withholding tax expense	659	–	**659**	529	–	**529**
Total tax charge for the year	**659**	**–**	**659**	**529**	**–**	**529**

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

The effective UK corporation tax rate for the year is 19% (2020: 19.00%). 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:

	2021 Total £'000	2020 Total £'000
Operating profit before taxation	87,909	158,492
UK Corporation tax at 19% (2020: 19.00%)	16,703	30,113
Effects of:		
Gains on investments not taxable	(18,048)	(31,078)
UK dividends not taxable	–	–
Overseas dividends not taxable	(810)	(671)
Withholding tax expense	659	529
Unutilised excess expenses	2,155	1,636
Total tax charge	**659**	**529**

The Company has an unrecognised deferred tax asset of £6,806,000 (2020: £4,651,000) based on a prospective corporation tax rate of 25% (2020: 19%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. This asset has accumulated because deductible expenses exceeded taxable income for the year ended 30 November 2021. 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 weighted average number of Ordinary Shares in issue during the year ended 30 November 2021 of 528,407,975 (2020: 454,706,111).

	As at 30 November 2021 Revenue	As at 30 November 2021 Capital	As at 30 November 2021 Total	As at 30 November 2020 Revenue	As at 30 November 2020 Capital	As at 30 November 2020 Total
Profit for the year (£'000)	357	86,893	**87,250**	615	157,348	**157,963**
Return per Ordinary Share	0.07p	16.44p	**16.51p**	0.14p	34.60p	**34.74p**

There is no diluted Ordinary Shares.

NOTES TO THE FINANCIAL STATEMENTS

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11. Other receivables

	As at 30 November 2021 £'000	As at 30 November 2020 £'000
Prepayments	52	34
VAT receivables	79	35
Reclaimable tax on dividend	36	38
Total	**167**	**107**

12. Bank loans

The Company agreed a multi-currency revolving credit facility (RCF) 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 £50 million (2020: £50 million). A replacement facility was agreed with Scotiabank in January 2019 under which the Company may draw down loans up to an aggregate value of USD 100 million. The facility also has an uncommitted accordion option which, subject to the agreement of Scotiabank, provides the Company with the flexibility to increase the facility by a further USD 50 million.

Subsequent to the year end, the Company announced that it has renewed and amended its mutli-currency revolving credit facility. The lender has been novated from Scotiabank (Ireland) Designated Activity Company to The Bank of Nova Scotia, London Branch.

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

As at 30 November 2021, the aggregate of loans draw down was £67,850,000 (2020: nil). The table below shows the breakdown of the loans.

As at 30 November 2021				
Currency of loans	Local currency Amount (USD'000)	GBP equivalent £'000	Interest rate per annum (%)	Maturity date
USD loan	$55,000	41,464	1.03088	31 January 2022
USD loan	$35,000	26,386	1.32060	31 January 2022
Total loans in GBP		**67,850**		

As at 30 November 2020				
Currency of loans	Local currency amount	£'000	Interest rate per annum (%)	Maturity date
n/a	Nil	Nil	n/a	n/a
Total loans in GBP		**Nil**		

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.

Loan interest expenses for the year ended 30 November 2021 amounted to £489,000 (2020: £943,000). The loan interest outstanding at the year end was £ 44,000 (2020: £nil).

In the opinion of the Directors, the fair value of the bank loans is not materially different to their amortised costs. Unamortised arrangement fees as at 30 November 2021 is nil (30 November 2020: £31,000).

13. Other payables

	As at 30 November 2021 £'000	As at 30 November 2020 £'000
Loan interest payable	44	–
Accrued expenses	1,048	813
Broker commission payable	16	–
	1,108	**813**

14. Share capital

	As at 30 November 2021 No. of shares	As at 30 November 2021 £'000	As at 30 November 2020 No. of shares	As at 30 November 2020 £'000
Allotted, issued and fully paid:				
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	558,910,904	5,589	488,719,689	4,887
Management Shares of £1 each	50,001	13	50,001	13
Total	**558,960,905**	**5,602**	**488,769,690**	**4,900**

The Company has a redemption facility through which Shareholders are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. This redemption is entirely at the discretion of the Directors.

Share movement
During the year to 30 November 2021, 70,191,215 Ordinary Shares (2020: 54,762,627) were issued with an aggregate proceeds of £133,264,000 (2020: £87,086,000).

Since 30 November 2021, a further 20,841,461 Ordinary Shares have been issued with aggregate proceeds of £38,408,000.

15. Dividend

	Year ended 30 November 2021				Year ended 30 November 2020			
	Pence per Ordinary Share	Special reserve £'000	Revenue reserve £'000	Total £'000	Pence per Ordinary Share	Special reserve £'000	Revenue reserve £'000	Total £'000
Final dividend – 2019	–	–	–	**–**	2.425p	10,662	–	**10,662**
Interim dividend – 2020	–	–	–	**–**	2.500p	11,665	–	**11,665**
Final dividend – 2020	2.500p	12,888	–	**12,888**	–	–	–	**–**
Interim dividend – 2021	3.015p	16,396	–	**16,396**	–	–	–	**–**
Total	**5.515p**	**29,284**	**–**	**29,284**	**4.925**	**22,327**	**–**	**22,327**

STRATEGIC REPORT GOVERNANCE FINANCIALS OTHER INFORMATION

NOTES TO THE FINANCIAL STATEMENTS

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15. Dividend continued

The dividend relating to the year ended 30 November 2021, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered is detailed below:

	Year ended 30 November 2021				Year ended 30 November 2020			
	Pence per Ordinary Share	Special reserve £'000	Revenue reserve £'000	Total £'000	Pence per Ordinary Share	Special reserve £'000	Revenue reserve £'000	Total £'000
Interim dividend – paid	3.015p	16,396	–	**16,396**	2.500p	11,665	–	**11,665**
Final dividend – payable/paid	3.015p	17,480	–	**17,480**	2.500p	12,684	–	**12,684**
Total	**6.03p**	**33,876**	**–**	**33,876**	**5.000p**	**24,349**	**–**	**24,349**

The Directors recommend the payment of a final dividend for the year of 3.015p per Ordinary Share. Subject to approval at the Company's Annual General Meeting, the dividend will have an ex-dividend date of 17 March 2022 and will be paid on 28 April 2022 to Shareholders on the register at 18 March 2022. The dividend will be funded from the Company's distributable reserves.

16. Net assets per Ordinary Share

Net assets per ordinary share as at 30 November 2021 is based on £1,033,454,500 (2020: £843,089,500) of net assets of the Company attributable to the 558,910,904 (2020: 488,719,689) Ordinary Shares in issue as at 30 November 2021. At 30 November 2021 £12,500 (2020: £12,500) of net assets was attributable to the Management Shares.

17. Related party transactions

Fees payable to the Investment Manager are shown in the Statement of Comprehensive Income. As at 30 November 2021, the fee outstanding to the Investment Manager was £858,000 (2020: £670,000).

Directors' fees paid during the year are disclosed within the Directors Remuneration Report on page. Fees payable as at 30 November 2021 were £35,185 (2020: £29,340). The Directors' fees and shareholdings are disclosed in the Directors' Remuneration Implementation Report on pages 55 to 59 in this Annual Report and in note 7 to the financial statements.

18. Post balance sheet events

There are no post balance sheet events, other than those disclosed in this report.

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.

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – price risk, interest rate risk and currency risk.

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 2021 comprised:

Investments	2021 Interest bearing £'000	2021 Non-interest bearing £'000	2021 Total £'000	2020 Interest bearing £'000	2020 Non-interest bearing £'000	2020 Total £'000
Hong Kong dollar	–	19,866	**19,866**	–	–	**–**
Danish krone	–	–	**–**	–	15,782	**15,782**
US dollar	–	1,063,724	**1,063,724**	–	737,593	**737,593**
Total investment	**–**	**1,083,590**	**1,083,590**	**–**	**753,375**	**753,375**
Cash at bank	27,994	–	**27,994**	92,789	–	**92,789**
Short term debtors	–	167	**167**	–	2,305	**2,305**
Bank loans payable – US dollar	(67,850)		**(67,850)**	–		**–**
Short term creditors	–	(10,434)	**(10,434)**	–	(5,367)	**(5,367)**
Total	**(39,856)**	**(10,267)**	**(50,123)**	**92,789**	**(3,062)**	**89,727**

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 £108,359,000 (2020: £75,338,000) in the investments held at fair value through profit or loss at the year end, which is equivalent to 10.5% (2020: 8.9%) 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 in order to meet the Company's liabilities as they fall due.

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

	30 November 2021 £'000	30 November 2020 £'000
Within one month-purchases due for settlement and other payables	10,434	5,367
Between one and three months – Bank loans payable	67,850	–
Total	**78,284**	**5,367**

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 Investment Manager monitors the liquidity of the Company's portfolio on a regular basis. See note 12 for the maturity profiles of the loans. Other payables are typically settled within a month.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19. Financial instruments and capital disclosures continued

(iii) Currency risks

Although the Company's performance is measured in sterling, a high proportion of the Company's assets may be denominated in other currencies.

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 2021.

	30 November 2021 % change	30 November 2020 % change
Danish kroner	4.9%	(5.2%)
Euro	5.0%	(4.8%)
Swiss franc	0.9%	(6.4%)
US dollar	(0.2%)	3.1%

Foreign currency risk profile

	30 November 2021			30 November 2020		
	Investment exposure £'000	Net monetary exposure £'000	Total currency exposure £'000	Investment exposure £'000	Net monetary exposure £'000	Total currency exposure £'000
Danish kroner	–	–	–	15,782	59	15,841
Euro	–	–	–	–	4	4
Hong Kong dollar	19,866	–	19,866	–	–	–
Swiss franc	–	–	–	–	1	1
US dollar	1,063,724	18,686	1,082,410	737,593	262	737,855
Total	**1,083,590**	**18,686**	**1,102,276**	**753,375**	**326**	**753,701**

Based on the financial assets and liabilities at 30 November 2021 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 2021 would have been as follows:

	30 November 2021 £'000	30 November 2020 £'000
Danish kroner	–	1,584
Hong Kong dollar	1,987	–
US dollar	108,241	73,786

Management of currency risks

The Company's Investment 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 Investment 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.

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 year end, the Company's gearing ratio was 4.9% (2020:0.0%), based on the drawn down loans as a percentage of gross asset value.

As at the year 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 Investment 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 Investment 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 12.

(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

The benchmark rate which determines the interest payments received on cash balances is the Bank of England base rate. The interest earned from cash balances are not significant as such no sensitivity is required.

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 year. The loan interest is based on a variable rate. Based on the loans outstanding at the year 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:

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19. Financial instruments and capital disclosures continued

	Loans at 30 November 2021 £'000	Profit or loss 0.25% decrease £'000	Profit or loss 0.25% increase £'000	Loans at 30 November 2020 £'000	Profit or loss 0.25% decrease £'000	Profit or loss 0.25% increase £'000
USD loan	67,850	170	(170)	–	–	–
Total	**67,850**	**170**	**(170)**	**–**	**–**	**–**

(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 Bank as its depositary. The Standard & Poor's credit rating of CACEIS is A+. The credit rating of CACEIS Bank was reviewed at the time of appointment and will be reviewed on a regular basis by the Investment Manager and/or the Board.

The Investment 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 2021, the Depository held £1,083,590,000 (2020: £753,375,000) in respect of quoted investments and £27,994,000 (2020: £92,789,000) 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 £1,033,467,000 (2020: £843,102,000) and bank loans payable £67,850,000 (2020: £nil).

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 2021 and will be annual thereafter. The Redemption facility is entirely at the discretion of the Directors.

The Investment 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 Strategic Report on page 18.

Use of distributable reserves is disclosed in the footnote on the Statement of changes in equity on page 75.

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

ALTERNATIVE PERFORMANCE MEASURES

Gearing (gross basis)

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

As at 30 November 2021		Page	£'000
Total assets less cash/cash equivalents	a	74	1,083,757
Net assets	b	74	1,033,467
Gearing (gross)	**(a÷b)-1**		**4.9%**

As at 30 November 2020		Page	£'000
Total assets less cash/cash equivalents	a	74	755,680
Net assets	b	74	843,102
Gearing (gross)*	**(a÷b)-1**		**0.0%**

* Net assets are higher than total assets less cash/cash equivalents, therefore gearing is not disclosed.

Leverage

An alternative word for "Gearing" (See gearing for calculations).

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.

Ongoing charges

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

Year ended 30 November 2021 (Audited)		Page	£'000
Average NAV	a	n/a	1,002,410
Annualised expenses	b	n/a	10,838
Ongoing charges	**(b÷a)**		**1.08%**

Year ended 30 November 2020 (Audited)		Page	£'000
Average NAV	a	n/a	697,788
Annualised expenses	b	n/a	7,672
Ongoing charges	**(b÷a)**		**1.10%**

ALTERNATIVE PERFORMANCE MEASURES

CONTINUED

Premium/(discount)

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

As at 30 November 2021 (Audited)		Page	£'000
NAV per Ordinary Share (pence)	**a**	1	184.91
Share price (pence)	**b**	1	186.20
Premium	**(b÷a)-1**		**0.7%**

As at 30 November 2020 (Audited)		Page	£'000
NAV per Ordinary Share (pence)	**a**	1	172.51
Share price (pence)	**b**	1	172.00
Discount	**(b÷a)-1**		**(0.3%)**

Total return

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

Year ended 30 November 2021 (Audited)		Page	Share price	NAV
Opening at 1 December 2020 (p)	**a**	1	172.00	172.51
Closing at 30 November 2021 (p)	**b**	1	186.20	184.91
Price movement (b÷a)-1	**c**	n/a	8.3%	7.2%
Dividend reinvestment	**d**	n/a	3.1%	3.1%
Total return	**(c+d)**		**11.4%**	**10.3%**

Year ended 30 November 2020 (Audited)		Page	Share price	NAV
Opening at 1 December 2019 (p)	**a**	1	145.00	143.11
Closing at 30 November 2020 (p)	**b**	1	172.00	172.51
Price movement (b÷a)-1	**c**	n/a	18.6%	20.5%
Dividend reinvestment	**d**	n/a	3.9%	4.1%
Total return	**(c+d)**		**22.5%**	**24.6%**

n/a = not applicable

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 and remains in force post BREXIT.
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. COVID-19 restrictions are temporarily removing the ability to attend meetings in person.
CFD or Contract for Difference	A financial instrument, which provides exposure to an underlying equity with the provider financing the cost to the buyer with the buyer receiving the difference of any gain or paying for any loss.
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. The discount is calculated on the closing share price.
Depositary	Under AIFMD the depositary is appointed under a strict liability regime to oversee inter alia, those charged with safekeeping of the Company's assets and cash monitoring.
Dividend	Income receivable from an investment in shares.
ESG	Environmental, social and governance
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 term used to describe the extent that a portfolio has increased in size as a way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Gross assets	The Company's total assets adjusted for any leverage amount (outstanding bank loan).
Index	An independent Market tool which is used to compare performance across different investment companies and funds. It quantifies performance of a basket of stocks which is considered to replicate a particular stock market or sector.
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.

GLOSSARY

CONTINUED

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.
Mid-Cap	A Company with a market capitalisation between $2 and $10 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 ratio	A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.
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.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

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Randeep Grewal (Chairman)
Josephine Dixon
Paul Southgate
Professor Tony Young OBE
Kate Bolsover

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* Registered in England and Wales No. 10415235.

NOTICE OF ANNUAL GENERAL MEETING

In line with the requirements of the Companies Act 2006, the Company will hold an Annual General Meeting ("AGM") of Shareholders to consider the resolutions laid out in the Notice of Meeting below.

The AGM will be held on 22 April 2022 at 12 noon at the offices of Stephenson Harwood LLP, at 1 Finsbury Circus, London EC2M 7SH, United Kingdom. At the time of writing, Shareholders are welcome to attend the AGM in person, however, depending on whether or not there may be future restrictions imposed by the UK Government in response to the COVID-19 pandemic, it may not be possible to attend the AGM in person. Shareholders are therefore strongly encouraged to vote by proxy and to appoint the "Chairman of the AGM" as their proxy. Details of how to vote, either electronically, by proxy form or through CREST, can be found in the Notes to the Notice of AGM on pages 101 to 104. The outcome of the resolutions will as usual be determined by Shareholder vote based on the proxy votes received. All valid proxy appointments (whether submitted electronically or in hard copy form) will be included. The lodging of a form of proxy (or an appointment of a proxy through CREST) will not prevent a Shareholder from attending the AGM and voting in person if they so wish (subject to any restrictions which may be imposed by the UK Government in response to the COVID-19 pandemic).

The results of the AGM will be announced to the London Stock Exchange and placed on the Company's website, as soon as practicable after the conclusion of the AGM. Shareholders should monitor the Company's website at: **http://www.bbhealthcaretrust.com/** and London Stock Exchange announcements for any updates regarding the AGM. Alternatively, Shareholders can contact the Registrar, Link Group, for updated information (please see Notes to the Notice of AGM for the Registrar's contact details). The Board would like to thank all Shareholders for their continued support and understanding.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of BB Healthcare Trust plc will be held on 22 April 2022 at 12 noon for the following purposes: To consider and if thought fit pass the following resolutions of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 to 15 will be proposed as special resolutions.

Ordinary resolutions

1. To receive the Company's Annual Report and Accounts for the year ended 30 November 2021, with the reports of the Directors and auditors thereon.

2. To approve the Directors' Remuneration Implementation Report included in the Annual Report for the year ended 30 November 2021.

3. To re-elect Randeep Grewal as a Director of the Company.

4. To re-elect Josephine Dixon as a Director of the Company.

5. To re-elect Paul Southgate as a Director of the Company.

6. To re-elect Tony Young as a Director of the Company.

7. To elect Kate Bolsover as a Director of the Company.

8. To reappoint Ernst & Young LLP as auditors to the Company.

9. To authorise the Directors to fix the remuneration of the auditors until the conclusion of the next Annual General Meeting of the Company.

10. To approve a final dividend of 3.015p per Ordinary Share of the Company in respect of the year ended 30 November 2021.

11. 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 57,975,236 Ordinary Shares of 1p each in the capital of the Company ("Ordinary Shares"), 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 2023 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;

12. That, subject to the passing of Resolution 11 and in accordance with Article 173 of the Company's Articles of Association (the "Articles"), the Directors be and are hereby authorised to offer to any holder of Ordinary Shares in the Company, the right to elect to receive new Ordinary Shares credited as fully paid, instead of cash in respect of the whole (or part, to be determined by the Directors) of any dividend which may be declared or paid in the period prior to the conclusion of the annual general meeting to be held in 2025 on such terms as the Directors shall determine (subject to the terms provided in the Articles of Association of the Company) from time to time and that, for the purposes of Article 173.2 of the Articles, the relevant value of the entitlement to be received by relevant Shareholders shall be calculated by reference to the last published net asset value per Ordinary Share at a date to be determined by the Directors for such purpose.

Special resolutions

13. That, subject to the passing of resolution 11, 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 of 1p each and to sell Ordinary Shares of 1p each from treasury for cash pursuant to the authority referred to in Resolution 11 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 2023 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;

14. 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 86,904,879 (representing 14.99% 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% 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 (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 2023 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

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

(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.

15. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 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:
6th Floor, 125 London Wall
Barbican
London
EC2Y 5AS

By order of the Board
Brian Smith
For and on behalf of
Sanne Fund Services (UK) Limited
Company Secretary

25 February 2022

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 http://www.bbhealthcaretrust.com

Entitlement to attend and vote

2. Only those holders of Ordinary Shares registered on the Company's register of members at close of business on 20 April 2022 or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to vote at the meeting.

   Should a shareholder have a question that they would like to raise at the AGM, either of the Board or the Investment Manager, the Board would ask that they either ask the question in advance of the AGM by sending it by email to shareholder_questions@bbhealthcaretrust.co.uk or attend the AGM and asking the question at the meeting at the appropriate time. Answers to all questions will be published on the Company's website after the AGM.

   In the case of joint holders of a voting right, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

Appointment of Proxies

3. Pursuant to Section 324 of the Companies Act 2006, a member entitled to attend and vote at the meeting may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares held by him. A proxy need not be a member of the Company.

   If Shareholders are not attending the AGM, Shareholders are strongly urged to appoint the Chairman as their proxy to vote on their behalf.

   Shareholders are advised that, depending on whether or not there may be future restrictions imposed by the UK Government in response to the COVID-19 pandemic, it may not be possible to attend the AGM in person. Shareholders are therefore strongly encouraged to appoint the "Chairman of the AGM" as their proxy to vote on their behalf.

   Section 324 does not apply to persons nominated to receive information rights pursuant to Section 146 of the Companies Act 2006. Persons nominated to receive information rights under Section 146 of the Companies Act 2006 have been sent this notice of meeting and are hereby informed, in accordance with Section 149(2) of the Companies Act 2006, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have such right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

   Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements. The statement of rights of Shareholders in relation to the appointment of proxies does not apply to nominated persons.

Proxies' rights to vote

4. On a vote on a show of hands, each proxy has one vote.

   If a proxy is appointed by more than one member and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled, on a show of hands, to vote "for" or "against" as applicable. If a proxy is appointed by more than one member, but such members have given different voting instructions, the proxy may, on a show of hands, vote both "for" and "against" in order to reflect the different voting instructions.

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

On a poll, all or any of the voting rights of the member may be exercised by one or more duly appointed proxies. However, where a member appoints more than one proxy, Section 285(4) of the Companies Act does not authorise the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person. Voting on the Resolutions will be conducted by way of a poll.

As soon as practicable following the meeting, the results of the voting will be announced via a regulatory information service and also placed on the Company's website.

Voting by corporate representatives

5. Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with Section 323 of the Companies Act provided they do not do so in relation to the same shares.

Receipt and termination of proxies

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 Group at 12 noon on 20 April 2022 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 Group no later than 48 hours before the rescheduled meeting. On completing the Form of Proxy, sign it and return it to Link Group at the address shown on the Form of Proxy in the envelope provided. As postage has been pre-paid no stamp is required.

   A member may terminate a proxy's authority at any time before the commencement of the AGM. Termination must be provided in writing and submitted to the Company's Registrar. In accordance with the Company's Articles of Association, in determining the time for delivery of proxies, no account shall be taken of any part of a day that is not a working day.

   Alternatively, you may appoint a proxy or proxies electronically by visiting **https://www.signalshares.com/**. You will need to register using your investor code and follow the instructions on how to vote. Proxies submitted via www.signalshares.com for the AGM must be transmitted so as to be received by the Company's Registrar, Link Group, no later than 48 hours before the time appointed for the meeting (excluding weekends and public holidays) or any adjournment of the meeting. Proxies received after that date will not be valid.

   If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12 noon on 20 April 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

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 sand 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 din 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 12 noon on 20 April 2022 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 Group no later than 48 hours before the rescheduled meeting.

Nominated Persons

8. 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.

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Questions at the Meeting

9. 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.

   If Shareholders would like to ask any questions prior to the meeting, Shareholders are invited to submit their questions by email to **shareholder_questions@bbhealthcaretrust.co.uk** or attend the AGM virtually and ask the question at the meeting at the appropriate time. Answers to all questions will be published on the Company's website after the AGM. Please note all questions should be submitted by close of business on 14 April 2022.

Issued Shares and total voting rights

10. The total number of shares in the Company in respect of which members are entitled to exercise voting rights is 579,752,365 Ordinary Shares of £0.01 each, of which 0 is held in treasury. The total number of voting rights in relation to the Ordinary Shares in the Company is 579,752,365.

Communication

11. 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 Group's Shareholder helpline (lines are open from 9:00 a.m. to 5:30 p.m. Monday to Friday, excluding public holidays) +44 371 664 0300 (calls cost 12p per minute plus network extras); or
   - in writing to Link Group. 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 on 22 April 2022 at 12 noon 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 year ended 30 November 2021				
2.	To approve the Directors' remuneration implementation report				
3.	To re-elect Randeep Grewal as a Director				
4.	To re-elect Josephine Dixon as a Director				
5.	To re-elect Paul Southgate as a Director				
6.	To re-elect Tony Young as a Director				
7.	To elect Kate Bolsover as a Director				
8.	To re-appoint Ernst & Young LLP as auditors to the Company				
9.	To authorise the Directors to fix the remuneration of the auditors				
10.	To approve a final dividend of 3.015 pence per Ordinary Share				
11.	To give authority to allot new shares				
12.	To authorise the Directors to offer a scrip dividend alternative				
13.	To give authority to allot new shares free from pre emption rights				
14.	To give authority for the Company to purchase its own shares				
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............................... 2022

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 Group not less than forty-eight hours before the time appointed for holding the Annual 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 Group, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, so as to arrive before 12 noon on 20 April 2022.