

The Biotech Growth Trust PLC



Portfolio Manager



Richard Klemm

Geoffrey Hsu

Information as at 28 February 2018

www.biotechgt.com

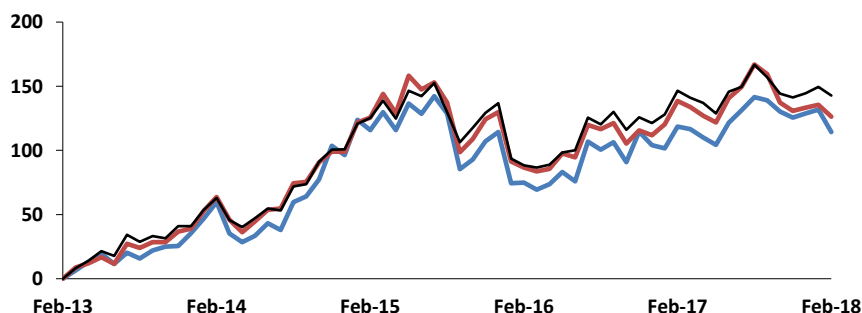
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Investment Objective and Benchmark Index

The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry. Performance is measured against its benchmark index, the NASDAQ Biotechnology Index (sterling adjusted).

Five Year Performance (%)

Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed; an investor may receive back less than the original amount invested.



Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +142.9%

Net Asset Value per share (total return) +126.5%

Share Price (total return) +114.3%

Source: Morningstar, Index - Bloomberg.

Commentary

In February, the NAV per share was down 3.9%, the share price was down 7.5% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 2.6%.

Array BioPharma, Amgen and Vertex Pharmaceuticals were the top positive contributors to performance during the month. Array shares appreciated following a data release showing a strong survival benefit for its melanoma treatment binimetinib/encorafenib vs. standard of care. Shares in Amgen were strong in February after better than expected financial performance and the announcement of a Dutch tender offer program for share repurchase. Vertex shares continued to outperform following the initiation of pivotal phase 3 trials of the company's cystic fibrosis "triple" regimens which could serve as a faster than expected path toward potential approval.

Biogen and Celgene were the largest negative contributors to performance during the month. Biogen shares were weak due to the unexpected upsizing of its Phase 3 trial of aducanumab in Alzheimer's disease. Shares of Celgene underperformed in February following a Refuse to File letter from the FDA on ozanimod, its ulcerative colitis treatment.

Any opinions on individual stocks are those of the Company's Portfolio Manager and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by OrbiMed Capital LLC for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy.

Biographies

Richard D. Klemm, Ph.D., CFA, is a Public Equity Partner at OrbiMed focused on biotechnology companies. He completed a Ph.D. from the Massachusetts Institute of Technology in molecular biology in 2000. Dr. Klemm has published scientific articles in the fields of DNA replication and transcription. He received a B.A. from the University of California, Berkeley in 1994 with majors in molecular and cell biology and economics.

Geoffrey C. Hsu, CFA, is a Partner at OrbiMed, having joined in 2002 as a biotechnology analyst. Prior to joining OrbiMed, he worked as an analyst in the healthcare investment banking group at Lehman Brothers. Mr. Hsu received his A.B. degree summa cum laude from Harvard University and holds an M.B.A. from Harvard Business School. Prior to business school, he spent two years studying medicine at Harvard Medical School.

Portfolio Manager Profile

Portfolio management services are provided by OrbiMed Capital LLC (OrbiMed). OrbiMed is owned by six principals, including Geoffrey Hsu. The U.S.-based firm employs over 90 experienced investment professionals who between them have extensive scientific, medical, financial and operational expertise. They employ a bottom-up stock selection process driven by intensive proprietary research, which involves company visits and developing an understanding of commercial prospects and development programmes for individual drugs. The firm covers some 600 international pharmaceutical and biotechnology companies, two thirds of which are actively researched. OrbiMed is registered as an investment adviser under the U.S. Securities and Exchange Commission (SEC). SEC registration does not imply a certain level of skill or training.

Investment Policy

In order to achieve its investment objective, the Company invests in a diversified portfolio of shares and related securities in biotechnology companies on a worldwide basis. The Company will not invest more than 15% of the value of its gross assets in any one individual stock at the time of acquisition. It will not invest more than 10% of the value of its gross assets in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Portfolio Manager or any affiliates of such entity. Up to US\$15m, after the deduction of proceeds of disposal and other returns of capital, may be invested in private equity funds managed by OrbiMed Capital LLC or an affiliate. The Company's borrowing policy is that borrowings will not exceed 20% of the Company's net assets. The Company may be unable to invest directly in certain countries. In these circumstances, the Company may gain exposure to companies in such countries by investing indirectly through swaps. Where the Company invests in swaps, exposure to underlying assets will not exceed 5% of the gross assets of the Company at the time of entering into the contract.

Discount Control Mechanism

The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 6%. Shares bought back will be cancelled.

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

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10 Largest Holdings at 28 February 2018 (% of total investments)

Name	Total
Amgen	10.3
Biogen	10.1
Vertex Pharmaceuticals	10.1
Celgene	6.6
Gilead Sciences	4.6
Illumina	4.5
Alnylam Pharmaceuticals	4.4
Regeneron Pharmaceuticals	4.3
Bluebird Bio	3.7
Alexion Pharmaceuticals	3.4
Total	62.0

Fast Facts

As at 28 February 2018

Launch Date	June 1997
AIC Sector	Biotechnology & Healthcare
	Date of Appointment of OrbiMed 19 May 2005
Annual Management Fee (payable by the Company)	0.65% of net assets <u>plus</u> 0.30% of market cap. plus £60,000
Performance fee	See Annual Report for details
Ongoing charges*	1.1%
Continuation Vote	At AGM in 2020; every 5 years
Year / Half Year	31 March / 30 September
Capital Structure	55,839,913 Ordinary Shares of 25p

Sector Breakdown as at 28 February 2018 (%)

North America	90.9%
Continental Europe	5.0%
Other	2.0%
United Kingdom	1.3%
Unquoted	0.8%
Total	100.0%

Source: All portfolio information sourced from Frostrow Capital LLP

Trust Characteristics

Number of Holdings	38
Total Net Assets (£m)	£432.5m
Market Capitalisation (£m)	£413.2m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	5.0%

Leverage**

Gross & Commitment	105.0%
Share Price (p)	740.00
NAV (p)	774.56
(Discount) / Premium	(4.5%)

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

**The Board has set the leverage limit for both the Gross and the Commitment basis at 130% of the Company's Net Asset Value.

Discrete Performance – Calendar Years (%)

Percentage Growth 12 Month Return	2013	2014	2015	2016	2017
NAV	63.5	43.1	15.6	-7.6	9.9
Share Price	60.1	44.9	9.1	-4.7	12.1
Index	62.4	42.6	17.8	-6.5	10.5

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Feb 13- Feb 14	Feb 14- Feb 15	Feb 15- Feb 16	Feb 16- Feb 17	Feb 17- Feb 18
NAV	63.6	37.9	-17.3	28.1	-5.2
Share Price	59.6	35.2	-18.9	25.0	-2.0
Index	62.9	38.3	-16.4	30.9	-1.5

Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed.

Source: NAV (total return; fully diluted) & Share Price (total return) – Morningstar. Index - Bloomberg.

Risk Warnings

This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Before investing in the Company, or any other investment product, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

Any return you receive depends on future market performance and is uncertain. The Company does not seek any protection from future market performance so you could lose some or all of your investment. Shares of the Company are bought and sold on the London Stock Exchange (LSE). The price you pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company. Usually, at any given time, the price you pay for a share will be higher than the price you could sell it. For further information on the principal risks the Company is exposed to please refer to the Company's Annual Report or Investor Disclosure Document available at www.biotechgt.com. The Company can borrow to purchase investments, this could potentially magnify any losses or gains made by the Company.

Important Information

The Biotech Growth Trust PLC is a public limited company whose shares are premium listed on the LSE and is registered with HMRC as an investment trust. The Company has an indeterminate life, although shareholders consider and vote on the continuation of the Company every five years (the next such vote will be held will be 2020).

This financial promotion is issued by Frostrow Capital LLP which is authorised and regulated by the Financial Conduct Authority ("FCA").

Codes

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