

The Biotech Growth Trust PLC



Portfolio Manager



Richard Klemm

Geoffrey Hsu

Information as at 31 August 2017

www.biotechgt.com

[@BiotechGT](https://twitter.com/BiotechGT)

Investment Objective and Benchmark Index

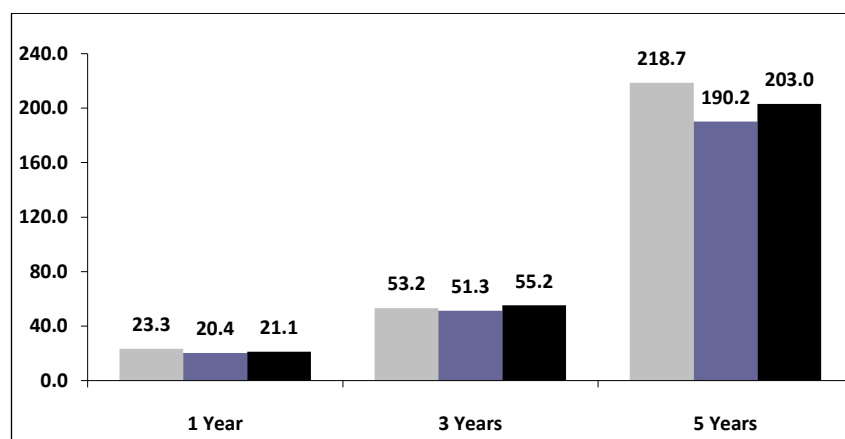
The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry. Performance is measured against its benchmark index, the NASDAQ Biotechnology Index (sterling adjusted).

Cumulative Performance (%)

Trust: The Biotech Growth Trust PLC – NAV

Trust: The Biotech Growth Trust PLC – Share Price

Index: NASDAQ Biotechnology Index (sterling adjusted)



Discrete Performance – Calendar Years (%)

| Percentage Growth | 2012 | 2013 | 2014 | 2015 | 2016 | YTD |
|-------------------|------|------|------|------|------|------|
| NAV | 38.9 | 63.5 | 43.1 | 15.6 | -7.8 | 25.8 |
| Share Price | 50.6 | 60.1 | 44.9 | 9.1 | -4.7 | 18.2 |
| Index | 26.0 | 62.4 | 42.6 | 17.8 | -6.5 | 20.6 |

Source: Morningstar, mid-mid (share price), quoted in sterling. Past performance is not a guide to future performance.

Commentary

In August, the NAV per share was up 7.0%, the share price was up 4.4% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 6.9%.

Biogen, Vertex, and Illumina were the top positive contributors to performance during the month. Biogen shares appreciated due to the continued positive trend in the launch of Spinraza and due to a positive update on aducanumab showing consistent efficacy. Vertex shares were strong as the development of its triple combo regimens is progressing on schedule following positive data reported in July. Illumina shares outperformed due to a strong new product launch.

Clovis and Dermira were the largest negative contributors to performance during the month. Clovis shares underperformed due to the U.S. approval of a competing drug with a broader label than expected and due to investor risk aversion ahead of the presentation of the full ARIEL3 data at a medical conference. Dermira shares were weak due to lowered demand for the stock after a recent financing event.

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 Samuel D. Isaly and 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%.

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.

The Biotech Growth Trust PLC

10 Largest Holdings at 31 August 2017 (% of total investments)

| Name | Total |
|---------------------------|-------------|
| Biogen | 12.6 |
| Celgene | 11.8 |
| Vertex Pharmaceuticals | 9.3 |
| Regeneron Pharmaceuticals | 7.1 |
| Alexion Pharmaceuticals | 6.2 |
| Incyte | 5.8 |
| Amgen | 5.3 |
| Gilead Sciences | 4.2 |
| Illumina | 4.0 |
| DBV Technologies | 3.1 |
| Total | 69.4 |

Sector Breakdown as at 31 August 2017 (%)

| | |
|--------------------|---------------|
| North America | 91.3% |
| Continental Europe | 5.5% |
| United Kingdom | 1.6% |
| Other | 1.0% |
| Unquoted | 0.6% |
| Total | 100.0% |

Source: All portfolio information sourced from Frostrow Capital LLP

Share Price Total Return on £100 (£) as at 31 August 2017

| | |
|---------|-------|
| 1 year | 120.4 |
| 3 years | 151.3 |
| 5 years | 290.2 |

Source: Morningstar. Past performance is not a guide to future performance.

Standardised Discrete Performance (%)

| Percentage Growth 12 Month Return | Aug 12- Aug 13 | Aug 13- Aug 14 | Aug 14- Aug 15 | Aug 15- Aug 16 | Aug 16- Aug 17 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| NAV | 48.1 | 40.5 | 36.1 | -8.7 | 23.3 |
| Share Price | 39.3 | 37.8 | 43.4 | -12.3 | 20.4 |
| Index | 46.3 | 33.5 | 33.7 | -4.1 | 21.1 |

Source: Morningstar, mid-mid (share price), quoted in sterling. Past performance is not a guide to future performance.

Awards

Winner: Money Observer Trust Awards 2015, Category: Best Large Trust.

Winner: Investment Adviser 100 Club, Specialist Sectors and Assets Category 2015.

Important Information

The Biotech Growth Trust PLC (the "Company") is a UK investment trust premium listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. 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 not get back the original amount invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Shares in the biotechnology sector can prove volatile and above average price movements can be expected. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. 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. Investment trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. This is set by the market makers and varies from share to share. This spread typically averages 1-2% each way on the mid-market price (the price halfway between the bid and offer prices), and can fluctuate and at times be higher than average. The net asset value per share is calculated in accordance with the guidelines of the Association of Investment Companies. Net assets are stated inclusive of income received. 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. Before investing in an investment company referred to in this document, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

Fast Facts

As at 31 August 2017

| | |
|---|--|
| Launch Date | June 1997 |
| 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. <u>plus</u> £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 |

Trust Characteristics

| | |
|-----------------------------------|--|
| Number of Holdings | 36 |
| Total Net Assets (£m) | £509.7m |
| Market Capitalisation (£m) | £465.4m |
| Dividend Policy | It is not anticipated that Company will pay a dividend |
| Gearing (AIC basis) | 10.0% |
| Leverage** | |
| Gross & Commitment | 110.0% |
| Share Price (p) | 833.50 |
| NAV (p) | 912.81 |
| (Discount) / Premium | (8.7%) |

*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.

Codes

| | |
|--------------------------------|----------------------|
| Sedol | 0038551 |
| ISIN | GB0000385517 |
| Legal Entity Identifier | 549300Z41EP32MI2DN29 |
| Bloomberg | BIOG LN |
| Epic | BIOG |

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