

This document is issued by The Biotech Growth Trust PLC solely in order to make certain particular information available to investors in The Biotech Growth Trust PLC (the “Company”) before they invest, in accordance with the requirements of the United Kingdom Financial Conduct Authority (“FCA”) Handbook rules implementing in the United Kingdom the UK version of the Alternative Investment Fund Managers Directive (2011/61/EU) as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended, as further amended by UK legislation (“AIFM Directive”) and the EU Regulation on Sustainability-related Disclosures in the Financial Services Sector (2019/2088). It is made available to investors in the Company by being made available at [www.biotechgt.com](http://www.biotechgt.com).

Potential investors in the ordinary shares of 25p each in the Company (the “Ordinary Shares”) should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

## THE BIOTECH GROWTH TRUST PLC

### INVESTOR DISCLOSURE DOCUMENT

#### IMPORTANT INFORMATION

<b>Name of Alternative Investment Fund (“AIF”):</b>	<b>The Biotech Growth Trust PLC</b>
<b>Name of Alternative Investment Fund Manager (“AIFM”):</b>	<b>Frostrow Capital LLP</b>
<b>Name of Portfolio Manager:</b>	<b>OrbiMed Capital LLC</b>
<b>Name of Depository:</b>	<b>J.P. Morgan Europe Limited</b>
<b>Name of Custodian and Prime Broker:</b>	<b>J.P. Morgan Securities LLC</b>
<b>Name of Auditor:</b>	<b>BDO LLP</b>
<b>Date of Investor Disclosure Document:</b>	<b>July 2023</b>
<b>Latest share price and Net Asset Value per Ordinary Share of the AIF:</b>	<b>This can be found on the AIF’s website: <a href="http://www.biotechgt.com">www.biotechgt.com</a></b>

#### **Regulatory status of the Company and its Alternative Investment Fund Manager (“AIFM”)**

The Biotech Growth Trust PLC is an “alternative investment fund” (“AIF”) for the purposes of the AIFM Directive and the Company has appointed Frostrow Capital LLP (“Frostrow”), to act as its AIFM. Frostrow is authorised and regulated by the FCA as a “full scope UK AIFM” for the purposes of the AIFM Directive.

The Ordinary Shares are listed on the premium segment of the Official List of the FCA and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules of the FCA (“Listing Rules”), the Disclosure Guidance and Transparency Rules, the Companies Act 2006 and the Financial Services and Markets Act 2000.

The provisions of the Company’s articles of association are binding on the Company and its shareholders (“Shareholders”). The articles of association set out the respective rights and restrictions attaching to the Ordinary Shares. These rights and restrictions apply equally to all Shareholders. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company’s articles of association. The Company’s articles of association are governed by English law.

**Limited purpose of this document**

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its AIFM, Frostrow and their directors and members will not be responsible to persons other than the Shareholders for their use of this document, nor will they be responsible to any person (including the shareholders) for any use which they may make of this document other than to provide information to invest in the Ordinary Shares.

This document does not purport to provide complete details of the Company and potential investors should not solely rely upon this document when determining whether to make an investment. Furthermore, investors should refer to the risks and disclaimers contained within the Company's latest annual report ("Annual Report").

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Ordinary Shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and the Ordinary Shares.**

**No advice**

The Company and its AIFM, Frostrow, and their directors and members are not advising any person in relation to any investment or other transaction involving the Ordinary Shares. Recipients must not treat the contents of this document or any subsequent communications from the Company, the AIFM or any of their subsidiaries, affiliates, officers, directors, members, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in the Ordinary Shares.

**Overseas investors**

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. No action has been taken by the Company that would permit an offer of the Ordinary Shares or distribution of any offering or publicity material in any jurisdiction where action for that purpose is required, other than the United Kingdom and the Republic of Ireland, where the Company may market to professional investors. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. Accordingly, the Ordinary Shares may not (unless an exemption from such legislation or laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such legislation.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

**THE COMPANY****Investment objective and policy**

To seek capital appreciation through investment in the worldwide biotechnology industry. 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.

In connection with the investment policy, the following guidelines apply:

- The Company will not invest more than 10%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the Official List of the FCA, except where the investment companies themselves have stated investment policies to invest no

more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the Official List of the FCA.

- The Company will not invest more than 15%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the Official List of the FCA.
- 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.
- The Company will not invest more than 10% of the value of its gross assets in unquoted investments at the time of acquisition. This limit includes any investment in private equity funds managed by the Portfolio Manager, or any affiliates of such entity.
- The Company may invest or commit for investment a maximum of US\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by the Portfolio Manager, or any affiliates thereof.
- The Company's borrowing policy is that borrowings will not exceed 20% of the value of the Company's net assets. Any loan facility in place from time to time may be drawn by the Portfolio Manager overseen by Frostrow (as AIFM).
- The Company may be unable either to invest directly or indirectly in certain countries or share classes. In these circumstances, the Company may gain exposure by investing indirectly through swaps or other derivative instruments where it is more efficient to do so. Exposure to underlying investments thus obtained will count towards and be subject to the investment limits set out above. Further, where the Company invests via swaps or derivatives for such a purpose, exposure to these financial instruments will count towards and be subject to the limits on the use of derivative and equity swaps set out below.
- In line with the investment Objective, derivatives are employed, when appropriate, in an effort to enhance returns and to improve the risk-return profile of the Company's portfolio. The Board has set the following limits within which derivative exposures are managed:
  - Derivative transactions (excluding equity swaps) can be used to mitigate risk and/or enhance returns and will be restricted to an aggregate net exposure of 5% of the value of the gross assets measured at the time of the relevant transaction;
  - Equity swaps may be used for efficient portfolio management purposes and aggregate net counterparty exposure through a combination of derivatives (as set out in the previous bullet point) and equity swap transactions is restricted to 12% of the value of the gross assets of the Company at the time of the transaction.

### **Investment strategy and techniques**

The implementation of the Company's Investment Objective has been delegated to OrbiMed Capital LLC, the Company's Portfolio Manager ("OrbiMed" or the "Portfolio Manager"), by Frostrow (as AIFM) under the Board's and Frostrow's supervision and guidance.

Details of OrbiMed's investment strategy and approach are set out in the Company's annual report, which can be found on the Company's website: [www.biotechgt.com](http://www.biotechgt.com) Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted) (the "Benchmark"). While performance is measured against the Company's Benchmark, the Board encourages OrbiMed to manage the portfolio without regard to the Benchmark and its make-up.

While the Board's strategy is to allow flexibility in managing the investments, in order to manage investment risk it has imposed various investment, gearing and derivative guidelines and limits, within which Frostrow and OrbiMed are required to manage the investments, as set out below under "Investment Limitations and Guidelines".

Any material changes to the Investment Objective, Policy and Benchmark or the investment, gearing and derivative guidelines and limits require approval from shareholders.

### **Derivative strategy**

The Company does not currently hedge against foreign currency movements to manage market price risk.

### **Gearing limits**

The Board and Frostrow believe that shareholder returns can be enhanced through the use of borrowings at appropriate times for the purpose of investment. The Board has set a maximum gearing level, through borrowing, of 20% of the Company's net assets.

The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by the Company's Custodian and Prime Broker, J.P. Morgan Securities LLC ("JPMS"). This facility can be drawn by the Portfolio Manager, overseen by the AIFM.

As part of the arrangements with JPMS, they may take assets as collateral up to 140% of the value of the loan drawn down. The assets taken as collateral may be used, loaned, sold, rehypothecated or transferred. The level of the Company's gearing is at the discretion of the AIFM and the Board and the loan can be repaid at any time, at which point the assets taken as collateral will be released back to the Company. Any of the Company's assets taken as collateral are not covered by JPMS.

JPMS is a registered broker-dealer and is accordingly subject to limits on rehypothecation imposed by the US Securities and Exchange Commission ("SEC"). In the event of JPMS's insolvency, the Company may be unable to recover, in full, assets held by it as Custodian or held as collateral. This risk is managed by through the selection of a financially stable counterparty, limitations on the use of gearing and reliance on the SEC's robust regulatory regime. In addition, the Board monitors the credit rating of JPMS. JPMS is also subject to regular monitoring by J.P. Morgan (Europe) Limited, the Company's Depository, and the Board receives regular reports from the Depository.

### **Leverage limits**

The AIFM Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to contribute to gearing, such as the borrowing of cash and the use of derivatives.

The Company has two current sources of leverage: the loan facility, which is subject to the gearing limit; and derivatives, which are subject to the separate derivative limits. In accordance with the AIFM Directive the Board and AIFM have set a maximum leverage limit of 130% under both the gross and commitment basis.

Further details on the gearing and leverage calculations and how total exposure through derivatives is calculated, are set out in the Company's Annual Report which is published on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

The Company will ensure that any change to the maximum level of leverage which the AIFM and Portfolio Manager may employ on behalf of the Company, as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement and the total amount of leveraged employed by the Company, is published in the Annual Report, which can be found on the Company's website: [www.biotechgt.com](http://www.biotechgt.com). In addition, the Company will notify shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via a Regulatory Information Service ("RIS").

### **Changes to the investment policy**

In accordance with the Listing Rules, the Company can only make a material change to its published investment policy with the approval of its shareholders.

Any change in investment strategy or investment policy which does not amount to a material change to the Company's published investment policy may be made by the Company without shareholder approval.

Frostrow may amend the information set out in this document from time to time.

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

### **The AIFM**

Frostrow Capital LLP

Frostrow Capital LLP ("Frostrow") has been appointed to act as the Company's AIFM for the purposes of the AIFM Directive and has also been appointed as the Company's administrator and company secretary under a Management Agreement. Frostrow has been authorised by the FCA to act as an AIFM and is responsible for ensuring compliance with the AIFM Directive.

Frostrow has overall responsibility to perform risk management, company secretarial and administration functions for the Company and to advise the Company on a day-to-day basis in accordance with the investment policy of the Company, subject to the supervision, review and control by the Company's Board.

As described elsewhere in this document, the AIFM has delegated a function with respect to its duties to a third party in accordance with the delegation arrangements of the AIFM Directive and has delegated the day-to-day management of the Company's portfolio to the Portfolio Manager. Notwithstanding any delegation, the AIFM shall remain liable to the Company for the proper performance of the portfolio management, risk management and valuation. The Portfolio Manager will be responsible to the AIFM in respect of the management of the investment of the Company's assets in accordance with its investment objectives and policies, subject always to the supervision and direction of the AIFM.

The AIFM does not consider that any conflicts of interest arise from the delegation of its portfolio management function to OrbiMed.

#### ***AIFM fees***

A fee is payable by the Company to Frostrow, as AIFM, of 0.30% per annum of the Company's market capitalisation up to £500m; 0.20% per annum of the Company's market capitalisation between £500m and £1b; and 0.10% per annum of the Company's market capitalisation thereafter.

The notice period on the Management Agreement with Frostrow is 12 months. Termination can be initiated by either party.

#### **The Portfolio Manager**

OrbiMed Capital LLC

The Company and the AIFM have appointed the Portfolio Manager to provide portfolio management and related services in respect of the Company pursuant to the Portfolio Management Agreement.

OrbiMed, based in New York, is an investment manager focused exclusively on the healthcare sector. OrbiMed's investment management activities were founded in 1989 and now ranks as one of the world's largest healthcare-dedicated investment firms. OrbiMed's investment professionals possess a combination of extensive scientific, medical and financial expertise.

The Portfolio Management Agreement is terminable on 12 months' notice given by either party. The Portfolio Management Agreement can be terminated at any time in certain standard circumstances. The Portfolio Management Agreement is governed by the law of England and Wales.

#### ***Portfolio Management fees***

An annual fee is payable by the Company to OrbiMed, of 0.65% per annum of the Company's net asset value.

Dependent on the level of long-term outperformance of the Company, OrbiMed is entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's net asset value ("NAV") performance has outperformed the Benchmark. The fee is calculated quarterly by comparing the cumulative performance of the Company's NAV with the cumulative performance of the Benchmark since the commencement of the performance fee arrangement on 30 June 2005. The performance fee payable to the Portfolio Manager, amounts to 15% of any outperformance over the Benchmark.

Further details on the performance fee are set out in the Annual Report which is published on the Company's website [www.biotechgt.com](http://www.biotechgt.com).

#### **The Depositary**

J.P. Morgan Europe Limited

J.P. Morgan Europe Limited has been appointed as the Company's Depositary, as required by the AIFM Directive. The Depositary carries out the core duties under Article 21(7), (8) and (9) of the AIFM Directive, which include cash flow monitoring, asset verification and general oversight of the Company's portfolio, in accordance with the provision of depositary services, as set out in the Depositary Agreement between the AIFM, the Company and the Depositary. The notice period in the Depositary Agreement is 6 months on termination by a party to the Depositary Agreement.

The responsibility of the custody and safekeeping of the Company's assets has been delegated to J.P. Morgan Securities LLC, the Company's Custodian and Prime Broker in accordance with AIFM Directive. The Custodian and Prime Broker has further been authorised by the Depositary to delegate custody of the Company's assets to its sub-custodians in accordance with the AIFM Directive.

In relation to the responsibilities performed by the Depositary, the Depositary is liable to the Company or the shareholders for any loss suffered by them arising from the negligent or intentional failure to fulfil its obligations.

The AIFM does not consider that any conflicts of interest arise from the delegation of the Depositary's safekeeping responsibilities.

### **Depositary fees**

The Depositary receives 1.75 basis points (0.0175%) up to £150,000,000 of the value of assets held by the Depositary; 1.50 basis points (0.015%) from £150,000,000 to £300,000,000; 1.00 basis point (0.01%) from £300,000,000 to £500,000,000, 0.5 basis points (0.005%) above £500,000,000; or a minimum of £40,000 per annum.

The fees for the delegated custody component of the Depositary's role are dependent on the value of assets under management and the number and nature of transactions undertaken by the Company.

### **The Custodian and Prime Broker**

J.P. Morgan Securities LLC

The services provided by J.P. Morgan Securities LLC as Custodian and Prime Broker to the Company include:

- (a) safekeeping of the assets of the Company that can be held in custody (including book entry securities);
- (b) the processing of transactions on behalf of the Company; and
- (c) the provision to the Company of a loan facility which is repayable on demand. Up to 140% of the value of the loan drawn down can be taken as collateral by the Custodian and Prime Broker. Such assets may be used by the Custodian and Prime Broker and such use may include their being loaned, sold, rehypothecated or transferred by the Custodian and Prime Broker.

Under the terms of the Delegation Agreement, liability has been transferred under Article 21(12) of the AIFM Directive for the loss of the Company's financial instruments held in custody by the Custodian and Prime Broker from the Depositary to the Custodian and Prime Broker in accordance with Article 21(13) of the AIFM Directive.

In accordance with the AIFM Directive, the AIFM will inform investors before they invest in the AIF of any arrangement made by the Depositary to contractually discharge itself of liability. The AIFM will also inform investors without delay of any changes with respect to Depositary liability.

While the Depositary Agreement prohibits the re-use of the Company's assets by the Depositary or the Custodian and Prime Broker without the prior consent of the Company or Frostrow, the Company has consented to the transfer and re-use of its assets by the Custodian and Prime Broker (known as "rehypothecation"). This activity is undertaken in order to take advantage of lower financing costs on the Company's loan borrowings and also lower custody charges. Further information on rehypothecation can be found in the Annual Report which is published on the Company's website [www.biotechgt.com](http://www.biotechgt.com).

### **The Auditor**

BDO LLP

The Auditor provides audit-related services to the Company.

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss as well as confirming that the Company accounts have been prepared in accordance with the Company's articles of association. The Auditor is also required to report by exception if there are certain matters on which they are not satisfied, including if adequate accounting records have not been kept by the Company or it has not received all the information and explanations required in order to carry out the audit.

### **Audit fees**

Details of the fees paid to the Auditor are set out in the Annual Report which is published on the Company's website [www.biotechgt.com](http://www.biotechgt.com).

### **The Registrar**

Link Group

The Registrar maintains the Company's register of members.

**Registrar fees**

Details of the fees paid to the Registrar are set out in the Annual Report which is published on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

**Other fees, charges and expenses**

Additional fees payable by the Company to those set out above include: legal fees, broker commissions, directors' fees, professional services fees and expected expenses. Details can be found the Annual Report published on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Ordinary Shares.

**SHAREHOLDER INFORMATION****Annual report and accounts**

Copies of the Company's latest annual and half year reports may be accessed on the Company's website: [www.biotechgt.com](http://www.biotechgt.com) or by writing to the Company Secretary at 25 Southampton Buildings, London WC2A 1AL.

**Publication of Net Asset Values**

The latest unaudited Net Asset Value per Ordinary Share of the Company may be accessed on the Company's website: [www.biotechgt.com](http://www.biotechgt.com)

**Valuation policy**

The Company's portfolio of assets will be valued on each day (a "Dealing Day") on which the London Stock Exchange is open for business (the "Valuation Date"). All instructions to issue or cancel shares in the Company given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- (a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- (b) All transferable securities will be valued at fair value:
  - (i) fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted;
  - (ii) Where the Company trades in investments where prices are not available on an exchange, quotations from independent brokers are utilised as follows:
    - Where possible at least two quotes will be obtained in respect of the Company;
    - The quotes should come from active participants in the marketWhere only one quotation can be obtained, the valuation will be considered in conjunction with other market-based observations such as comparable sources.
  - (iii) Unquoted investments are valued in accordance with International Private Equity and Venture Capital ("IPEVC") valuation guidelines.
    - The valuation of such unquoted investments will be updated at least every quarter, and more frequently where practical, or if there are indicators of a change in the value of an unquoted investment.
    - The Directors of the Company and the Frostrow Valuation Committee will review and approve the valuation and methodology applied to each unquoted investment on a quarterly basis.
- (c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price.
- (d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.

- (e) Added to the valuation will be:
- (i) any accrued and anticipated tax repayments of the Company;
  - (ii) any money due to the Company because of Ordinary Shares issued prior to the relevant Dealing Day;
  - (ii) income due and attributed to the Company but not received; and
  - (iii) any other credit of the Company due to be received by the Company.

Amounts which are *de minimis* may be omitted from the valuation.

- (f) Deducted from the valuation will be:
- (i) any anticipated tax liabilities of the Company;
  - (ii) any money due to be paid out by the Company because of Ordinary Shares bought back by the Company prior to the valuation date;
  - (iii) the principal amount and any accrued but unpaid interest on any borrowings; and
  - (iv) any other liabilities of the Company, with periodic items accruing on a daily basis.

Amounts which are *de minimis* may be omitted from the valuation.

The calculation of the NAV on each Valuation Date accrues fully for any performance fee potentially payable in accordance with the Company's agreements.

Valuations of Net Asset Value per Ordinary Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a RIS.

#### **Valuation of unquoted investments**

The Company's directly held unquoted investments are valued by an independent third-party valuation agent. The Board has established a Valuation Committee which review the valuations of the unquoted investments and the methodologies used in the valuations. The valuations are recommended to the Valuation Committee by Frostrow (as AIFM) following a review by its own valuations committee. The Valuation Committee makes recommendations to the Board, as appropriate. Disclosure of the 'fair value of the unquoted investments estimate' can be found the Annual Report published on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

#### **Independent Valuation of OTC Derivatives**

Frostrow has outsourced the Independent Valuation of OTC Derivatives to J.P. Morgan Fund Services Limited but maintains the overall responsibility for the accurate valuations of all derivatives.

The financed swaps are valued using JP Morgan's Pricing Direct pricing system; prices are independently checked to Bloomberg and to the broker, with any large variances investigated by the AIFM. All Swap valuations are also independently verified and approved by the Portfolio Manager on a monthly basis.

Initial and variation collateral margin payments are closely monitored by the AIFM as part of their liquidity management processes.

#### **Historical performance of the Company**

Details of the Company's historical financial performance are provided in the Company's annual reports and monthly factsheets, which are available on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

#### **Purchases and sales of Ordinary Shares by investors**

The issue of new Ordinary Shares by the Company, by way of a fresh issue of Ordinary Shares, is subject to the requisite shareholder authorities being in place and all Listing Rule requirements having been met. Ordinary Shares can also be bought in the open market through a stockbroker or other financial intermediary. Ordinary Shares qualify fully for inclusion within tax-efficient ISA wrappers. Further information on how the Company's Ordinary Shares may be purchased is set out in the section headed "How to Invest" on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

The agreement between the Shareholders and the Company for the acquisition of Ordinary Shares in the Company is governed by English law and, by purchasing Ordinary Shares in the Company, Shareholders



agree that the courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of Ordinary Shares will be in English.

Ordinary Shares may be issued only at a premium to Net Asset Value, at the Board's discretion. While the Company will typically have shareholder authority to buy back shares, Shareholders do not have the right to have their shares purchased by the Company.

The UK has acceded to the Hague Convention on Choice of Courts Agreements 2005 (the "Hague Convention") which applies between the EU member states, Montenegro, Denmark, Mexico, Singapore and the UK and provides for the recognition of foreign judgments in respect of contracts which contain an exclusive jurisdiction clause. The UK has also applied to re-join the Lugano Convention 2007 which would permit for the recognition of judgments based on contracts under the laws of member states regardless of whether the contract contains an exclusive or a non-exclusive choice of law clause in the states that are parties to that convention (i.e. EU member states and Iceland, Norway and Switzerland). However, each member of the Lugano Convention (EU, Iceland, Norway and Switzerland) has a veto on the accession of new members and UK accession may not occur.

#### **Fair treatment of investors**

The legal and regulatory regime to which the Company and the Directors are subject, ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply, including a duty to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

The Company's shares all rank pari passu with each other.

#### **RISK FACTORS**

The principal risks and uncertainties currently facing the Company are set out in the Annual Report of the Company, which can be found on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

#### **RISK MANAGEMENT**

##### **Risk profile**

In accordance with the AIFM Directive, the AIFM will ensure that the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks in relation to the Company's portfolio is published in the Company's annual report, which can be found on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

##### **Risk management systems**

The AIFM has established risk management systems in order to manage key risks. Further details regarding the risk management process is available from the AIFM, on request.

##### **Liquidity risk management**

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Ordinary Shares from the Company but may trade their Ordinary Shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Ordinary Shares.

Further details regarding the liquidity management is available from the AIFM, on request. In accordance with the AIFM Directive, the AIFM will ensure that the following information in relation to the Company's portfolio is published in the Annual Report, which can be found on the Company's website: [www.biotechgt.com](http://www.biotechgt.com):

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature; and
- any new arrangements for managing the liquidity of the Company.

**Professional negligence liability risks**

The AIFM maintains professional indemnity insurance at the level required under the AIFM Directive in order to cover potential liability risks arising from professional negligence.

**The manner in which sustainability risks are integrated into the investment decisions of the AIFM**

The AIFM has delegated its portfolio management function to OrbiMed and therefore does not take any investment decisions on behalf of the Company. The Board recognises that Environmental, Social and Governance (“ESG”) issues can impact the performance of investments. The Board has delegated authority to OrbiMed to evaluate investee companies’ performance and engage with their management teams on material ESG issues. These matters and other ESG related issues are discussed regularly with the Board.

OrbiMed believes that there is a high congruence between companies that seek to act responsibly and those that succeed in building long-term shareholder value. OrbiMed seeks to integrate its ESG into its overall investment process with the objective of maximising investment returns. Investment decisions are based on a variety of financial and non-financial factors, including ESG information.

As a responsible investor, OrbiMed negatively screens potential investments and business sectors that may objectively lead to negative impacts on public health or well-being. OrbiMed considers healthcare sector-specific guidance from the Sustainability Accounting Standards Board (“SASB”)<sup>1</sup> to determine material ESG factors as part of its investment research. Social factors such as affordability, pricing, access, and safety dominate the financially material ESG issues for the pharmaceutical, biotechnology, and medical devices sub-sectors, followed by governance factors. Environmental factors such as greenhouse gas (“GHG”) emissions are not featured as material. Healthcare and life sciences sectors are highly regulated, globally. Environmental regulation, along with quality-related regulation is well-established across developed markets and emerging markets. To that end, OrbiMed considers compliance with local laws and regulations as one of the factors in its investment evaluation. Depending on the investment, all or a subset of the ESG factors that are financially material and relevant are considered in OrbiMed’s research.

OrbiMed utilises ESG scores for public equity holdings from third-party service providers. To supplement the information from the third-party service providers, OrbiMed also conducts proprietary analysis on ESG performance. The scores from the third-party service providers are integrated with OrbiMed’s analysis onto a business intelligence platform via programming interface, for regular monitoring.

OrbiMed also generally engages on a regular basis with its portfolio companies through meetings with management, proxy voting, and in some cases, through board representation.

OrbiMed’s analysts regularly track ESG information on safety of clinical trials, drug safety, ethical marketing, call-backs and other materially relevant factors. In addition, OrbiMed is taking the initiative in leading meaningful ESG engagement in the healthcare sector. As part of these efforts, OrbiMed facilitates dialogues and an exchange of leading practices among investors, companies and other relevant experts on ESG in the healthcare sector

As per the guidance from SASB, climate change is not a material ESG consideration for the biotechnology and pharmaceutical, medical equipment and supplies, and managed care sectors. However, energy management is noted as a material ESG concern for the healthcare delivery sector. To that end, OrbiMed includes the scores on energy management for the relevant sectors in its overall ESG monitoring.

OrbiMed’s full Responsible Investing Policy is available on the Company’s website: [www.biotechgt.com](http://www.biotechgt.com).

**The likely impacts of sustainability risks on the returns of the Company**

To reduce risks, including those related to sustainability, the Company believes that high standards of ESG matters make good business sense and have the potential to protect and enhance investment returns.

The Company’s Portfolio Manager has incorporated a Responsible Investing Policy into its overall investment process for the Company in order to enhance investment returns.

<sup>1</sup> The Sustainability Accounting Standards Board is a non-profit organisation, founded in 2011 to develop sustainability accounting standards. Its stated mission is “to establish industry-specific disclosure standards across ESG topics that facilitate communication between companies and investors about financially material, decision-useful information. Such information should be relevant, reliable and comparable across companies on a global basis.”