THE BIOTECH GROWTH TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDED
31 MARCH 2022

Frostrow CAPITAL

OrbiMed Healthcare Fund Management

The Biotech Growth Trust PLC

The Biotech Growth Trust PLC seeks 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.

Further details of the Company's investment policy are set out on pages 23 and 24.

ORBIMED CAPITAL LLC – PORTFOLIO MANAGER

OrbiMed's investment business was founded in 1989 with a vision to invest across the spectrum of healthcare companies: from venture capital start-ups to large multinational companies.

Beginning with its first public equity fund in 1989, OrbiMed expanded to include long/short equity and private equity investments in 1993. On 19 May 2005 OrbiMed was appointed as the Company's Portfolio Manager. In 2007 OrbiMed expanded to Asia, opening offices in Mumbai and Shanghai, and launching a fund focused on private equity healthcare opportunities in China and India. In 2010 OrbiMed expanded to the Middle East, opening an office in Israel to seek innovative life sciences venture capital opportunities across the region.

Today, OrbiMed has a singular focus on seeking successful investments on a worldwide basis across the entire spectrum of private and publicly-traded life sciences companies. With approximately U.S. $19 billion under management, OrbiMed 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.

HOW TO INVEST

The Company's shares are traded on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including investment dealing accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. Further details can be found on page 97.

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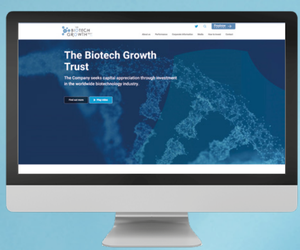


For more information about The Biotech Growth Trust PLC visit the website at

www.biotechgt.com

Follow us on Twitter **@biotechgt**

FINANCIAL HIGHLIGHTS

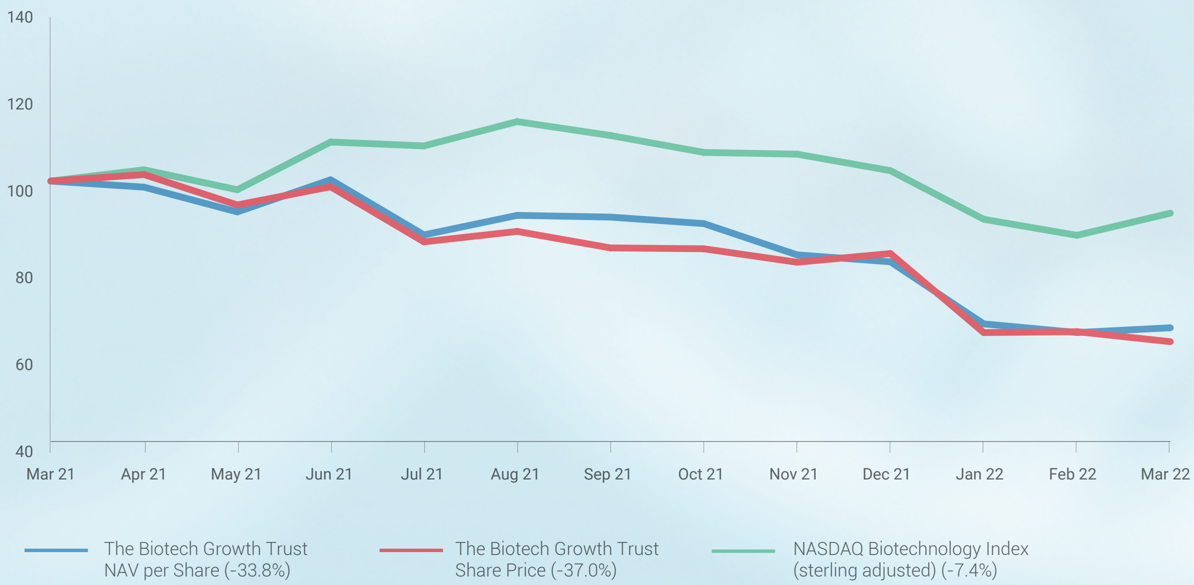
Net asset value per share**	Share price	Shareholders' funds**
957.8p	**898.0p**	**£394.2m**
2021: 1,446.4p	2021: 1,426.0p	2021: £601.5m

Net asset value per share (total return)*^	Share price (total return)*^	Benchmark*†
-33.8%	**-37.0%**	**-7.4%**
2021: +55.1%	2021: +75.2%	2021: +25.1%

Discount of share price to net asset value per share*^	Ongoing Charges^	Active Share*^
6.2%	**1.1%**	**77.3%**
2021: 1.4%	2021: 1.1%	2021: 76.3%

* Source: Morningstar
^Alternative Performance Measure (see glossary beginning on page 93)
† NASDAQ Biotechnology Index (sterling adjusted)
** UK GAAP Measure

PERFORMANCE FOR THE YEAR TO 31 MARCH 2022



Figures have been rebased to 100 as at 31 March 2021.
Source: Morningstar

CHAIRMAN'S STATEMENT

ANDREW JOY

INTRODUCTION AND RESULTS

The Biotech Growth Trust PLC was launched in June 1997, making this year the 25th anniversary of its listing on the London Stock Exchange. The Company was incorporated as Reabourne Merlin Life Sciences Investment Trust PLC, with an initial net asset value of £29.2 million. Our current Portfolio Manager, OrbiMed, was appointed on 19 May 2005. Since OrbiMed's appointment and to the year end, the Company's net asset value (NAV) has increased by 861.6% or 14.3% per annum.

Following the very strong results of the previous year, this has been a difficult year for the Company. The Company's NAV per share total return^ was -33.8% (2021: +55.1%), and the share price total return^ was -37.0% (2021: +75.2%), both underperforming the Company's benchmark, the NASDAQ Biotechnology Index (sterling adjusted) which over the year fell 7.4% (2021: rose by 25.1%). The disparity between the performance of the Company's NAV per share and its share price reflected a widening of the share price discount to the NAV per share from 1.4% at the start of the Company's financial year to 6.2% at the year end.

The majority of the Company's assets are denominated in U.S. dollars with the result that the Company's performance was affected by the headwind of sterling strength during the year, particularly against the U.S. dollar, with the average exchange over the period being $1.363, some 3.9% stronger than the previous year's average of $1.312. However, towards the end of the year, the situation in Ukraine saw the dollar benefit from its 'safe haven' status, strengthening to $1.317 at the year-end (2021: $1.380). It has continued to strengthen since the year-end and at the time of writing stood at $1.261.

The Company's gearing, which increased to 8.4% at the year-end from 6.8% at the beginning of the year, detracted 3.8% from the Company's overall NAV return during the year.

The factors that contributed to the Company's disappointing performance are analysed in detail in the Portfolio Manager's report beginning on page 9. The principal driver has been the very significant divergence in performance affecting all sectors, but particularly those with a technology base, including biotech, between large capitalisation stocks and smaller capitalisation ones. This represents a reversal in the long trend of recent decades.

^Alternative Performance Measures (see glossary beginning on page 93).

Within the biotech sector itself, the Company underperformed its Benchmark not only because it is invested almost exclusively in small capitalisation stocks, whereas the index is more evenly divided between large and small, but also because it has some exposure to Chinese biotechnology companies, which were affected by the broad market downturn in China during the year. The index does not include China-listed stocks.

The principal detractors from performance reflected these macro trends, including Guardant Health, an oncology diagnostics company, which declined in value despite generally strong financial results. However, there were some positive contributors during the year, most notably Trillium Therapeutics (which develops cancer immunotherapy treatments) which was acquired by Pfizer at a price representing a 203% premium to the pre-bid share price. As our Portfolio Manager explains in their report, mergers and acquisitions in the biotechnology sector may accelerate if valuations remain depressed and independent financing options become less attractive for smaller capitalisation biotechnology companies.

The Company has maintained its selective exposure to crossover investments (investments in a company's last private funding round prior to an initial public offering ("IPO")) as well as to Chinese biotech; areas in which the Portfolio Manager has particular expertise. Chinese investments represented 13% (2021: 12%) of the portfolio at the year-end. The value of these Chinese investments declined in line with the broader sell-off of Chinese companies during the year. However, despite the difficult macroeconomic environment, our Portfolio Manager continues to believe the high levels of innovation that can be found in China represent a significant investment opportunity.

Further analysis of the Company's performance can be found in the Portfolio Manager's Review beginning on page 9.

CAPITAL STRUCTURE

The Company's shares traded at a premium for the first three months of the year, leading to the issue of 150,000 new shares, at an average premium of 1.0% to the Company's cum income NAV per share at the time, raising £2.1m of new funds.

However, towards the end of the first six months, as the Company's performance suffered as a result of the aforementioned macroeconomic factors, the Company's share price fell to a discount to the NAV per share. Shareholders will be aware that the Company pursues an active discount management policy, buying back shares when the discount of the Company's share price to its NAV per share is higher than 6%. Accordingly, during the period the Company bought back 576,087 shares, at an average discount of 6.6% to the cum income NAV per share at the time, at a total cost of £6.9m.

At the year end there were 41,158,682 shares in issue and the share price traded at a 6.2% discount to the cum income NAV per share. As we have previously commented, while it remains possible for the shares to trade at a discount wider than 6% on any one day, the Company remains committed to protecting a 6% share price discount over the longer term. Since the year end, a further 236,953 shares have been bought back for cancellation and at the time of writing the share price discount stands at 1.2%.

RETURN AND DIVIDEND

The revenue return per share was 0.0p (2021: (0.2)p). No dividend is recommended in respect of the year ended 31 March 2022 (2021: nil).

THE BOARD

During the year, and as announced in November, we were delighted to welcome Roger Yates to the Board as a non-executive Director and the Chairman-elect. We are very pleased to have recruited a Director with such extensive expertise, both in investment management and in the investment companies sector. It is intended that Roger will succeed me as Chairman after I retire at the conclusion of the forthcoming Annual General Meeting (AGM).

For my part, I have served on the Board for ten years, the last six as Chairman, and have been lucky to have had such constructive and hardworking colleagues. Particularly over the last two years, since the start of the COVID-19 pandemic, there have been challenges and the Board has been adaptable and resourceful throughout. I would also like to pay tribute to the professionalism and hard work of both our Portfolio Manager, OrbiMed, and AIFM, Frostrow. I have greatly enjoyed working with them over the last ten years, and would like to thank them for all they do for the Company, and for the calm thoughtfulness with which they carry it out. Although recent results have been disappointing, it has always been the case that investing in early stage biotech is a long-term game, and knowing their skills and experience, I believe it is only a question of time before the Company will resume its superlative long term record.

At the heart of the Company's strategy is support for the new technologies highlighted by the Portfolio Manager on page 20. These are transforming the diagnosis and treatment of an increasing number of human diseases, and their success will mean both relief to those suffering and their families as well as financial success for the Company.

PERFORMANCE FEE

During the year, following prior periods of sustained outperformance, a performance fee of £6.98 million crystallised and became payable on 30 June 2021. The balance of the performance fee accrual as at 31 March 2021 was reversed as a result of the underperformance experienced over the year and therefore there is currently no provision within the Company's NAV for any performance fee payable at a future calculation date. The arrangements for performance fees are described in detail on pages 46 and 47 of this Annual Report.

OUTLOOK

There has been no let up in the difficult financial conditions since the year end, and the Company's NAV and share price have continued to be weak. Looking at the broader economic environment, the immediate future looks challenging at best.

The largest driver of the current volatile stock market conditions is the recent rise in interest rates, which are aimed at nipping inflation in the bud. As noted earlier, this is a reversal of a long trend.

Adding to this headwind has been Russia's invasion of Ukraine. This has resulted in a sharp rise in political instability, created economic disruption and threatens to exacerbate inflationary pressures as energy and food supplies are constrained. Alongside these direct economic effects, geopolitical instability reduces investors' risk appetites, potentially undermining asset prices across a wide range of markets and sectors.

Although the impact of vaccine roll outs means that life in the US and other developed economies is returning to normal, new variants continue to pose a risk, and China in particular continues to grapple with rising incidence of the disease, compounded by low vaccination rates in the elderly population, in turn leading the authorities to impose lockdowns.

Although the impact of these factors will continue to weigh on financial markets, our Portfolio Manager remains confident that there are a number of potential catalysts that could lead to a recovery in the biotechnology sector this year and into the future, and their overall investment strategy remains unchanged. Furthermore, they believe that the fundamental investment themes for the biotechnology sector remain intact and their focus remains on the selection of stocks with strong prospects for capital enhancement. Your Board fully supports this strategy and continues to believe that long-term investors will be rewarded.

Looking back over the ten years I have been on the Board, life sciences, including biotech, have assumed an increasingly central role in healthcare. Their critical role in developing modern vaccines for COVID-19 is a good example. The speed and scale of innovation are breathtaking, and will surely remain so. The Company is an excellent way to participate in this growing, dynamic sector.

ANNUAL GENERAL MEETING

The Company's AGM will be held at the Apothecaries' Hall, 10 Blackfriars Lane, London EC4V 6ER on Tuesday, 19 July 2022 at 12 noon. As well as the formal proceedings, there will be an opportunity for shareholders to meet the Board and to receive an update from the Portfolio Manager on the Company's strategy and its key investments.

After COVID-19 restrictions have prevented us from welcoming shareholders to this event for the past two years, I very much look forward to seeing as many shareholders as possible on the day. Of course, should circumstances change and restrictions be reintroduced, we will update shareholders on the final arrangements for the meeting through the Company's website: www.biotechgt.com. For those investors who are not able to attend the meeting in person, a video recording of the Portfolio Manager's presentation will be uploaded to the website after the meeting. Shareholders can submit questions in advance by writing to the Company Secretary at info@frostrow.com.

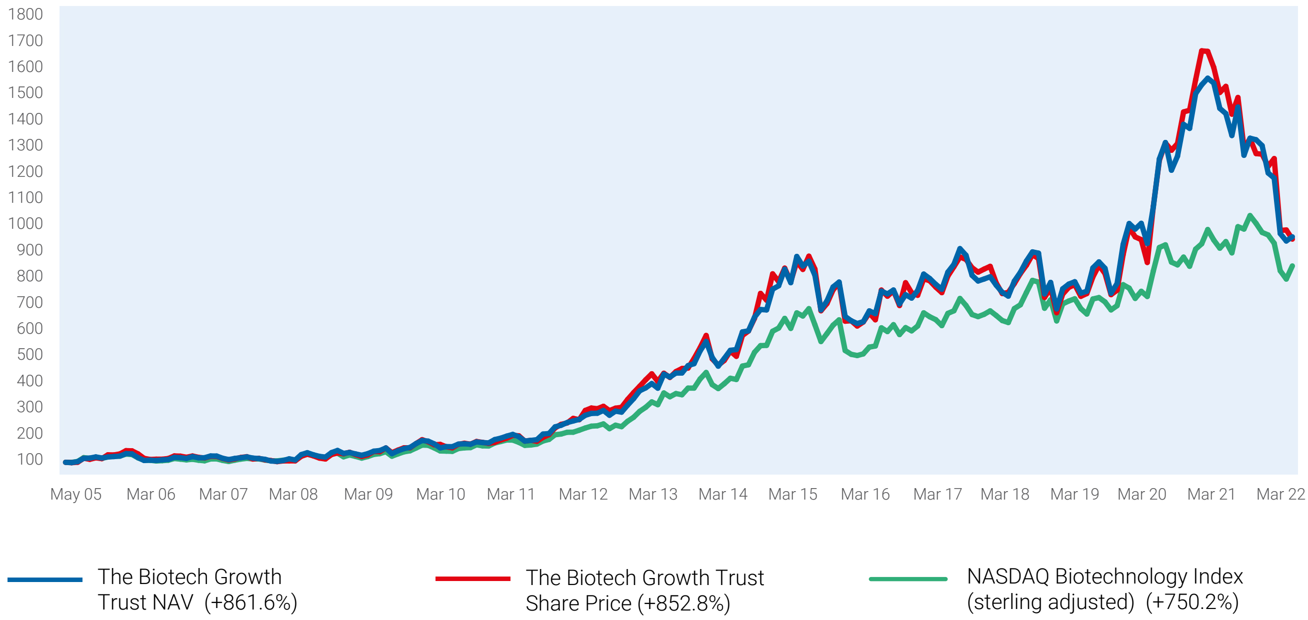
I encourage all shareholders to exercise their right to vote at the AGM. The Board strongly encourages shareholders to register their votes online in advance (information on how to vote can be found on page 100). Registering your vote in advance will not restrict you from attending and voting at the meeting in person should you wish to do so, subject to any Government guidance to the contrary. The votes on the resolutions to be proposed at the AGM will be conducted on a poll. The results of the proxy votes will be published immediately following the conclusion of the AGM by way of a stock exchange announcement and on the Company's website: www.biotechgt.com.

Andrew Joy
Chairman

31 May 2022

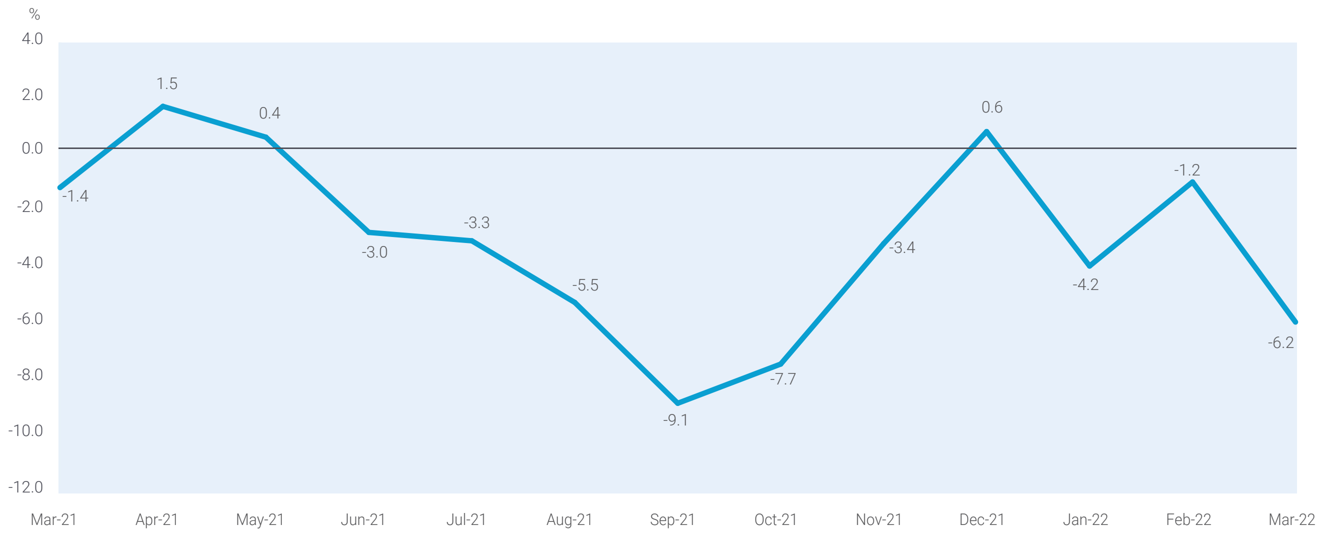
KEY INFORMATION

PERFORMANCE SINCE THE DATE OF APPOINTMENT OF ORBIMED CAPITAL LLC AS PORTFOLIO MANAGER TO 31 MARCH 2022



Figures have been rebased to 100 as at 19 May 2005.
Source: Bloomberg.

(DISCOUNT)/PREMIUM TO 31 MARCH 2022



The discount of the Company's share price to the net asset value per share at 31 March 2022 stood at 6.2% (2021: 1.4%).
Source: Frostrow Capital LLP.

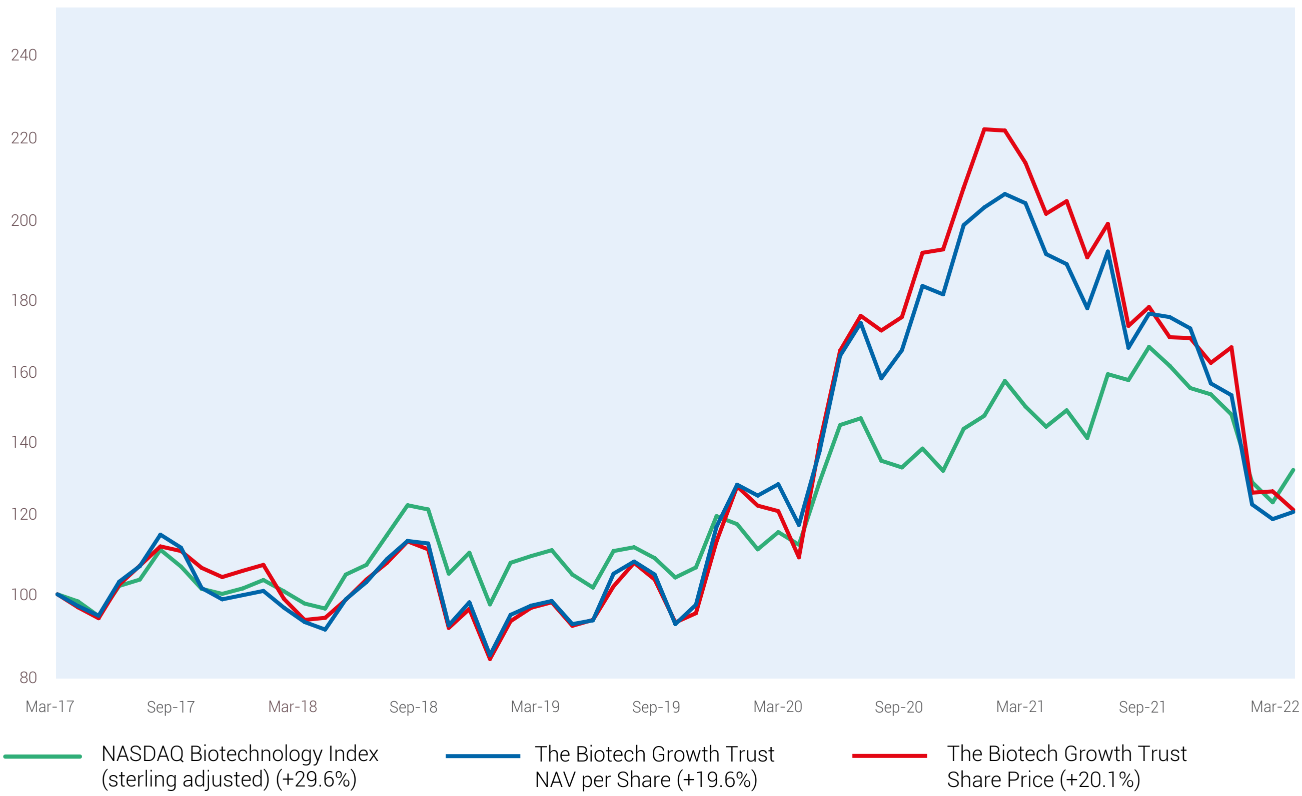
COMPANY PERFORMANCE

HISTORIC PERFORMANCE FOR THE YEARS ENDED 31 MARCH

	2017	2018	2019	2020	2021	2022
Net asset value per share total return*^	27.5%	(6.7%)	5.3%	18.5%	55.1%	(33.8%)
Share price total return*^	27.9%	(6.1%)	4.6%	10.9%	75.2%	(37.0%)
Benchmark return*	29.2%	(2.2%)	13.0%	1.2%	25.1%	(7.4%)
Net asset value per share	800.8p	747.5p	786.8p	932.4p	1,446.4p	957.8p
Share price	748.0p	702.0p	734.0p	814.0p	1,426.0p	898.0p
Discount of share price to net asset value per share*^	6.6%	6.1%	6.7%	12.7%	1.4%	6.2%
Ongoing charges (excluding performance fees)^	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Gearing^	3.2%	6.8%	5.5%	9.0%	6.8%	8.4%

* Source: Morningstar
^ Alternative Performance Measure (see glossary beginning on page 93).

FIVE YEAR PERFORMANCE TO 31 MARCH 2022



Figures have been rebased to 100 as at 31 March 2017
Source: Morningstar

INVESTMENT PORTFOLIO

INVESTMENTS HELD AS AT 31 MARCH 2022

Security	Country/Region #	Fair value £'000	% of investments
Seagen	United States	20,789	4.9
BioMarin Pharmaceutical	United States	18,377	4.3
GH Research	United States	18,239	4.2
Horizon Therapeutics	United States	17,856	4.2
Keros Therapeutics	United States	16,934	4.0
Aclaris Therapeutics	United States	16,058	3.8
Syndax Pharmaceuticals	United States	15,230	3.6
Xenon Pharmaceuticals	Canada	14,651	3.4
Yisheng Biopharma*	China	14,319	3.3
Gilead Sciences	United States	12,986	3.0
Ten largest investments		**165,439**	**38.7**
Milestone Pharmaceuticals	Canada	12,461	2.9
Vaxcyte	United States	12,276	2.9
Illumina	United States	11,967	2.8
Theravance Biopharma	United States	11,609	2.7
Guardant Health	United States	11,274	2.6
XtalPi*	China	11,182	2.6
Biogen	United States	10,780	2.5
Amgen	United States	10,482	2.4
Ultragenyx Pharmaceutical	United States	9,227	2.2
Mirati Therapeutics	United States	8,899	2.1
Twenty largest investments		**275,596**	**64.4**
MeiraGTx Holdings	United States	8,705	2.0
Jounce Therapeutics	United States	8,700	2.0
Global Blood Therapeutics	United States	8,009	1.9
Neurocrine Biosciences	United States	7,749	1.8
Argenx	Netherlands	7,175	1.7
Mersana Therapeutics	United States	7,007	1.6
StemiRNA Therapeutics*	China	6,677	1.6
Clover Biopharmaceuticals	China	6,622	1.5
Singular Genomics Systems	United States	6,282	1.5
Aerovate Therapeutics	United States	5,519	1.3
Thirty largest investments		**348,041**	**81.3**
PMV Pharmaceuticals	United States	4,202	1.0
Janux Therapeutics	United States	3,758	0.9
Magenta Therapeutics	United States	3,736	0.9
Compass Therapeutics	United States	3,635	0.9
RAPT Therapeutics	United States	3,618	0.8
Alphamab Oncology	China	3,470	0.8
HK inno N	South Korea	3,464	0.8
Graphite Bio	United States	3,280	0.7
Nanobiotix	France	2,805	0.7
Iovance Biotherapeutics	United States	2,703	0.6
Forty largest investments		**382,712**	**89.4**
HBM Holdings	China	2,678	0.6
CSPC Pharmaceutical Group	China	2,607	0.6
ALX Oncology Holdings	United States	2,544	0.6
RemeGen	China	2,535	0.6
VistaGen Therapeutics	United States	2,519	0.6
Verona Pharma	United Kingdom	2,501	0.6
Shanghai Junshi Biosciences	China	2,435	0.6
AWAKN Life Sciences	Canada	2,221	0.5
Natera	United States	2,129	0.5
Galapagos	Belgium	2,035	0.5
Fifty largest investments		**406,916**	**95.1**

Primary listing

* Unquoted investment

INVESTMENT PORTFOLIO

INVESTMENTS HELD AS AT 31 MARCH 2022

Security	Country/Region #	Fair value £'000	% of investments
Edgewise Therapeutics	United States	1,947	0.5
Prelude Therapeutics	United States	1,811	0.4
OrbiMed Asia Partners * †	Asia	1,749	0.4
Gracell Biotechnologies	China	1,427	0.3
Burning Rock Biotech	China	1,398	0.3
Aslan Pharmaceuticals	Singapore	1,286	0.3
CytomX Therapeutics	United States	1,278	0.3
Suzhou Basecare Medical	China	1,222	0.3
VectivBio Holding	Switzerland	1,047	0.3
Small Pharma	Canada	979	0.2
Sixty largest investments		**421,060**	**98.4**
Harpoon Therapeutics	United States	759	0.2
Talaris Therapeutics	United States	689	0.2
Fusion Pharmaceuticals	Canada	583	0.1
Field Trip Health	Canada	572	0.1
Repare Therapeutics	Canada	532	0.1
Galecto	Denmark	481	0.1
Cabaletta Bio	United States	466	0.1
Longboard Pharmaceuticals	United States	440	0.1
I-Mab	China	377	0.1
Landos Biopharma	United States	316	0.1
Seventy largest investments		**426,275**	**99.6**
Pyxis Oncology	United States	287	0.1
LogicBio Therapeutics	United States	268	0.1
IMARA	United States	266	0.1
AWAKN Life Sciences warrant 16/06/2023 *	Canada	238	0.1
AWKN Life Sciences warrant 21/3/2024 *	Canada	65	–
Total investments		**427,399**	**100.0**

All of the above investments are equities unless otherwise stated.
Primary listing
† Partnership interest
* Unquoted

PORTFOLIO BREAKDOWN

Investments	Fair value £'000	% of investments
Quoted		
Equities	393,169	92.0
	393,169	92.0
Unquoted		
Equities	32,178	7.5
Warrants	303	0.1
Partnership interest	1,749	0.4
	34,230	8.0
Total investments	**427,399**	**100.0**

PORTFOLIO MANAGER'S REVIEW

GEOFF HSU

PERFORMANCE REVIEW

After posting an exceptionally strong year on both an absolute and relative basis for the year ended 31 March 2021, the Company encountered an extremely challenging period of performance for the year ended 31 March 2022. The Company's net asset value per share total return was down 33.8% at the end of the fiscal year, compared with a 7.4% decrease for the Company's benchmark, the NASDAQ Biotechnology Index, measured on a sterling adjusted basis (the "Benchmark").

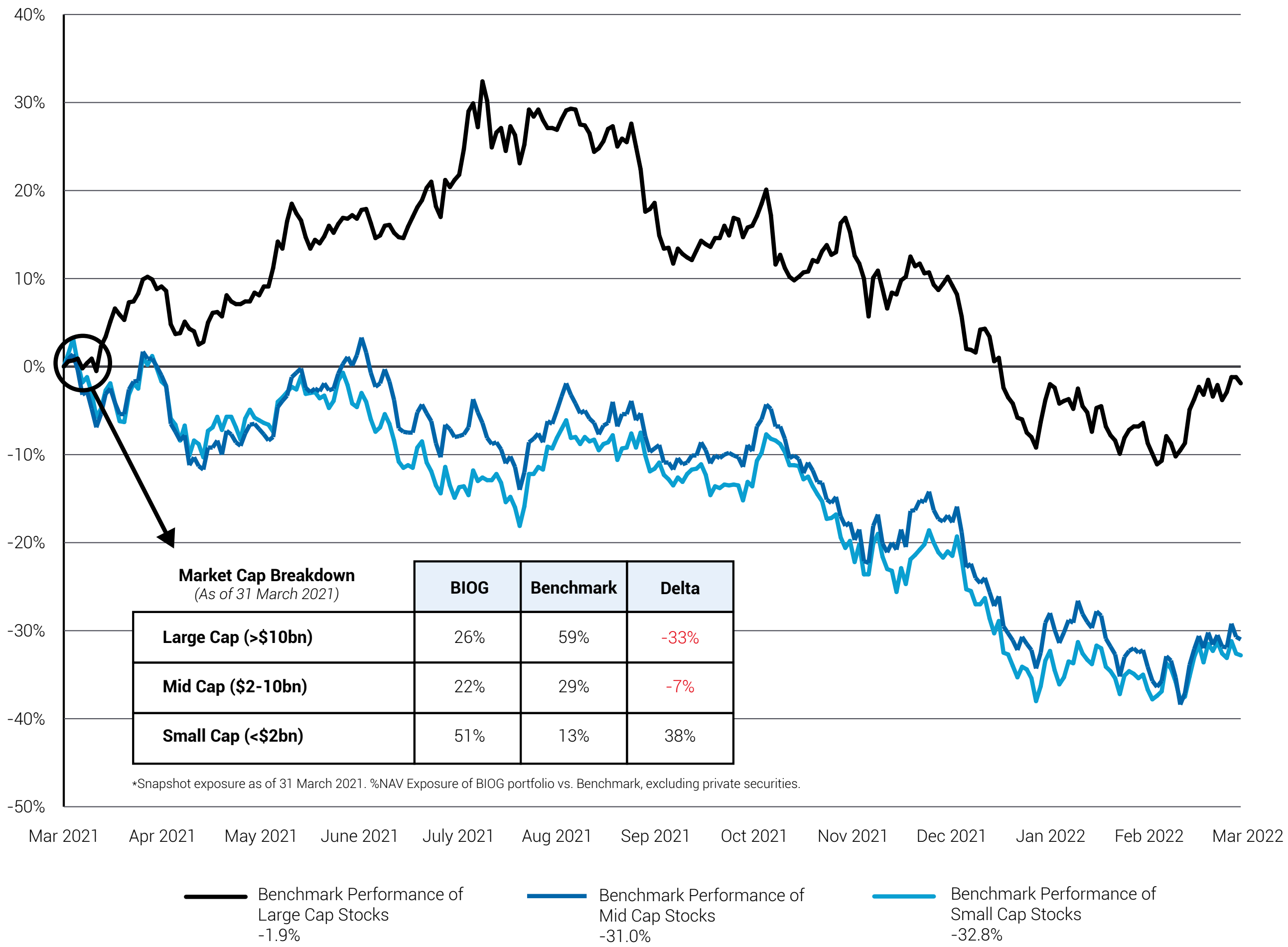
A "perfect storm" of macro factors led to this disappointing performance. The fiscal year began with a rotation of investors from growth to value stocks, as managers repositioned portfolios to overweight economically sensitive sectors that would benefit most from a post-COVID-19 reopening of the economy. Biotechnology (biotech) underperformed during this period, as did many other growth sectors in which investors had allocated capital during the COVID-19 pandemic. Many of the investor "tourists" who did not regularly invest in biotech but who were transiently attracted to the industry's defensive nature and COVID-19-related research appeared to exit the sector. In the second half of the fiscal year, increasing concerns about the U.S. Federal Reserve's plans to raise interest rates to combat inflation led to continued weakness in tech stocks, especially earlier-stage enterprises which are not expected to realize earnings for many years. This macro dynamic was especially damaging to small capitalization (small cap) biotech performance. Adding pressure on the portfolio was a significant drawdown in the Chinese markets, including in Hong Kong, in the second half of the fiscal year. The sell-off was precipitated by regulatory tightening by the Chinese government across a variety of sectors, including the Internet tech industry and the for-profit education industry. Even though there were no new significant regulations targeting Chinese biotech, the broad market downturn in China adversely impacted our Chinese biotech positions. Unfortunately, all of these macro pressures persisted through the end of the fiscal year. Importantly, much of the weakness in the portfolio was simply due to the general market rerating downwards rather than any negative fundamental news about the companies themselves.

The underperformance of the Company versus the Benchmark can be primarily attributed to two factors: 1) the portfolio's heavier weighting in small cap biotech and 2) the portfolio's exposure to the Chinese market.

As we previously outlined in the half yearly report for the six months ended 30 September 2021, the portfolio is more heavily weighted towards small cap biotech relative to the Benchmark Index. This reflects the structural strategy shift the Company undertook in 2019 to emphasize the emerging biotech companies that are now estimated to account for more than two-thirds of the R&D pipeline candidates in the biopharmaceutical industry. As shown in Figure 1 on page 10, if one looks at the market capitalization (market cap) distribution of the Company as at the beginning of the fiscal year, the Company was 38% overweight small cap stocks and 33% underweight large capitalization (large cap) stocks relative to the Benchmark. If one charts the average stock price performance of the Benchmark constituents in each of those market cap categories, one observes that small cap biotech underperformed large cap biotech by over 30% during the review period. This size divergence in performance was a significant headwind to performance for the portfolio.

DIVERGENCE IN THE PERFORMANCE OF LARGE, MID AND SMALL CAP BIOTECH COMPANIES

NASDAQ BIOTECHNOLOGY INDEX (THE "BENCHMARK") PERFORMANCE BY MARKET CAP CLASSIFICATION



Market Cap Breakdown *(As of 31 March 2021)*	**BIOG**	**Benchmark**	**Delta**
Large Cap (>$10bn)	26%	59%	-33%
Mid Cap ($2-10bn)	22%	29%	-7%
Small Cap (<$2bn)	51%	13%	38%

*Snapshot exposure as of 31 March 2021. %NAV Exposure of BIOG portfolio vs. Benchmark, excluding private securities.

Figure 1

Note: Chart shows equal-weighted performance of Benchmark stocks in their respective market cap buckets, using market cap classifications as of 31 March 2021. updated as of 31 March 2022, performance calculated in USD.

Source: Bloomberg

The disappointing performance of small cap biotech companies primarily resulted from a general market shift from growth to value, which favored revenue-generating large cap companies over non-revenue-generating small cap companies. This phenomenon was not isolated to biotech. As shown in Figure 2 on page 11, the Russell 2000 - a commonly used market-wide index to track small cap performance - underperformed the Russell 1000 - a proxy for large-cap performance - by 18.5% during the review period.

SIZE DIVERGENCE IN THE BROAD MARKET

RUSSELL 2000 VS. RUSSELL 1000

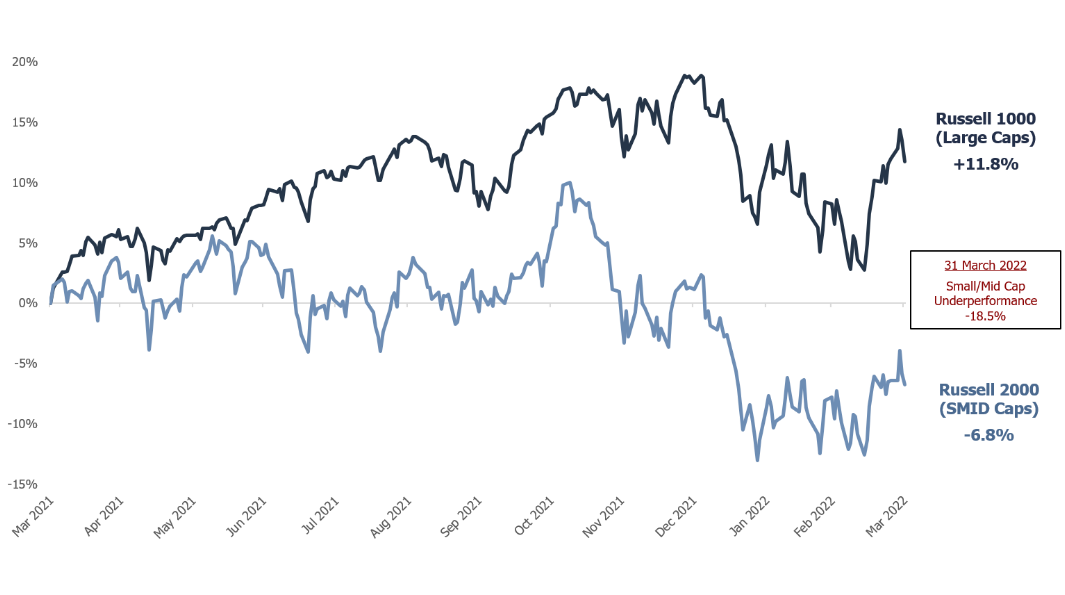


Figure 2

Note: Chart updated from 31 March 2021 to 31 March 2022. The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index. The Russell 1000 Index is comprised of the largest 1000 companies in the Russell 3000 Index.

Source: Bloomberg

Fears over rising interest rates during the review period contributed to this small cap underperformance. Conventional thinking suggests that companies with earnings far out in the future are more susceptible to interest rate rises due to the adverse impact of higher discount rates and higher financing costs. We believe such fears are overblown, as biotech company valuations are far more dependent on the probability of success of a company's lead asset and the future expected revenue from that asset than by the discount rate. Historical data suggest that rising interest rates actually have very little correlation with performance of small cap biotech.

Consistent with the small cap weakness, many of the recent IPOs in the portfolio, which had delivered strong performance in 2020, saw a significant retracement of their gains in 2021. Across the biotech industry, the average biotech IPO completed in 2020 saw a share price decline of 28% through 31 March 2022. IPO performance for deals priced in 2021 was -46% through 31 March 2022.

During the first six months of the fiscal year, our underweight positioning in the COVID-19 vaccine stocks, Moderna and BioNTech, was a significant contributor to the Company's underperformance. Both stocks had market capitalizations above $10 billion at the start of the fiscal year, and thus would be considered large cap names. We had remained underweight those names throughout the review period because we could not justify their valuations and believed investors were overestimating the recurring revenue from COVID-19 vaccine sales. As we anticipated, those stocks began correcting in the second half of the fiscal year as case counts declined and positive data were released for oral antivirals such as Pfizer's Paxlovid and Merck's molnupiravir. Even though the U.S. had to deal with an Omicron COVID-19 case surge during the winter, the hospitalization rate remained manageable, leading to optimism that future variants would also be more benign given widespread vaccination and better treatments. At its peak in August, Moderna had become the largest biotech company in the world by market cap, and Moderna and BioNTech represented close to 18% of the Benchmark

Index. The Company's underweight positioning in both names cost the Company about 11 percentage points of relative NAV performance in the first half of the fiscal year. By the end of the review period, shares in both had corrected significantly, reducing the negative aggregate impact of our underweight positioning to approximately 4.5 percentage points for the entire fiscal year. Due to a rebalancing of the Benchmark Index in September 2021, Moderna's weight in the Index was cut from 13.5% to 9.2% near the peak of its share price. Unfortunately, this meant that the negative alpha the Company suffered while the stock was rising could not be fully recouped when the stock declined.

The Chinese biotech portion of our portfolio, representing about 13% of NAV at 31 March 2022, was intended to provide some geographic diversification while capturing some of the biotech innovation emerging in China. During the review period, macro headwinds adversely affected the Chinese and Hong Kong stock markets that were completely distinct from the macro drivers seen in the U.S. The Chinese stock market was pressured by regulatory tightening by the Chinese government, slowing economic growth, and potential delisting of Chinese ADRs* from the U.S. stock market due to disagreements between U.S. and Chinese regulators about accounting disclosures. Compounding these macro dynamics was the advent of a COVID-19 surge in China towards the end of the fiscal year, resulting in restrictive lockdowns in certain cities that further impaired China's economic growth outlook. As a result of these macro factors, the Hang Seng Healthcare Index (HSHCI), an index tracking healthcare securities traded in Hong Kong, fell 45% during the review period. Our China biotech positions traded in tandem with the broader sell-off. We estimate the Company's China-listed positions, which are all considered "active share" since they are not in the Benchmark, contributed approximately 4 percentage points of relative underperformance during the review period.

EMERGING BIOTECH VALUATIONS AT 20-YEAR LOWS, SUGGESTING A RECOVERY IS OVERDUE

Despite the challenging macro environment adversely impacting the Company's performance, we have many reasons to be optimistic that biotech will stage a rebound in the near-term.

One proxy commonly used to track performance of small and mid-capitalization biotech is the XBI[1], an equal weighted index of biotech companies created in 2006. About 50% of this index consists of small cap names. If one plots the relative performance of the XBI versus the S&P 500 ("SPX" shown in Figure 3 on page 13), one can see that since inception, the XBI has outperformed the S&P 500, indicating that emerging biotech has historically been a sector offering better returns than the broader market. Over the past 15 years though, there have been short periods when the XBI has underperformed the S&P 500, shown by the red circles. Typically, these drawdown periods result in underperformance versus the S&P 500 of 30-45%. The current relative performance drawdown of the XBI is 65%, making it the longest and most severe period of underperformance in the XBI's history. Importantly, each of the prior drawdowns was followed by a period of significant outperformance of the XBI versus the S&P 500. Given the severity of the current drawdown, history would suggest we are overdue for a period of biotech outperformance.

*See glossary beginning on page 93

[1]SPDR S&P Biotech ETF ("XBI")

XBI – SPX SPREAD SINCE XBI INCEPTION

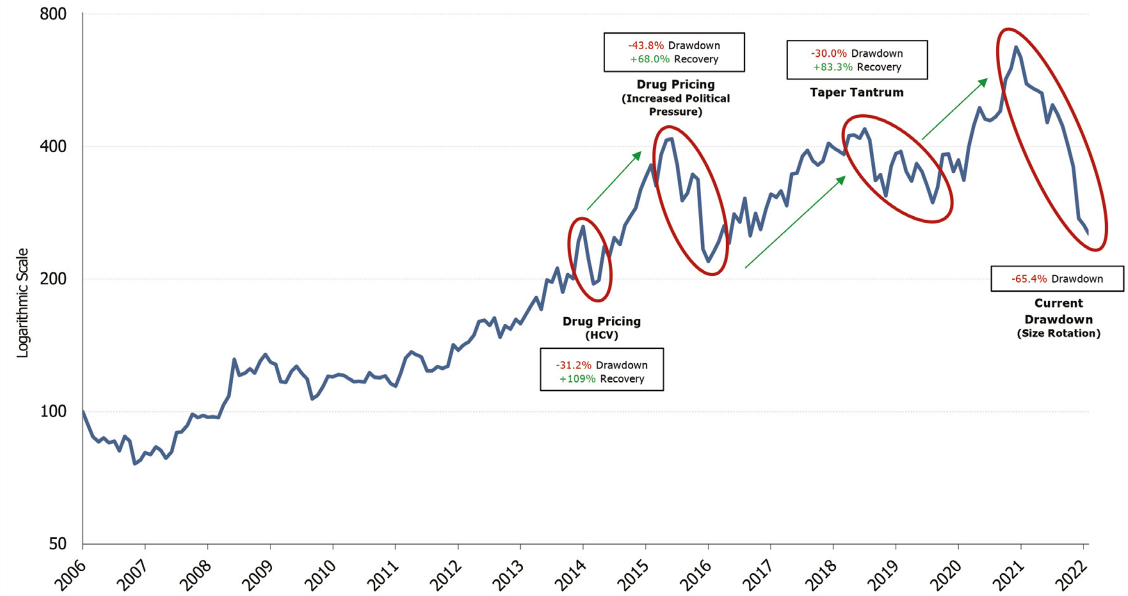


Figure 3

Note: Drawdowns are calculated using daily closing prices, while chart is shown using monthly periodicity for smoothing purposes. Updated as of 31 March 2022.
Source: JPM (Drawdowns and Recoveries) Bloomberg (XBI – SPX Spread Chart since XBI Inception).

We believe the unprecedented sell-off in emerging biotech has driven valuations to 20-year lows, giving a compelling valuation argument to our bullish stance on the sector. Because emerging biotech companies are not yet profitable, one way to look at their valuations is simply to compare their market caps with the net cash on their balance sheets. We view this as an objective measure of valuation as it does not depend on assumptions regarding probability of success of assets, launch timing, or future revenue estimates. By this simple market cap-to-cash metric, data indicate that almost 20% of biotech companies were trading at market capitalizations below the net cash on their balance sheets as of the end of the fiscal year. As seen from the graphs below, this is a level that we have not seen in over 20 years. This translates to over 100 companies which are now trading at negative enterprise values. While some of these companies have failed programs that merit a valuation below cash, many have interesting technologies and programs that just haven't reached fruition yet. The high proportion of companies trading below cash reflects an overall biotech sector valuation that is extremely depressed.

PERCENT OF BIOTECH COMPANIES TRADING BELOW NET CASH ON BALANCE SHEET

Figure 4

Source: Bloomberg

NUMBER OF BIOTECH COMPANIES TRADING BELOW NET CASH ON BALANCE SHEET

Figure 5

Source: Bloomberg

Looking more generally at healthcare valuations, we note that the healthcare constituents of the S&P 500 across all subsectors (not including just biotech) were also trading at an average forward price/earnings multiple below historical averages during the fiscal year. As noted in Figure 6 below,, sector-wide valuation contraction typically occurs when healthcare reform is being considered by the U.S. government. Over much of the fiscal year, there was Congressional debate about drug pricing proposals to be included in the Biden administration's social spending bill. This likely contributed to depressed valuations for healthcare broadly. As the graph shows, a relief rally generally ensues once there is certainty about such reform proposals, so passage of a drug pricing bill could act as a clearing event for the sector.

S&P HEALTHCARE (S5HLTH): PREMIUM/DISCOUNT TO S&P

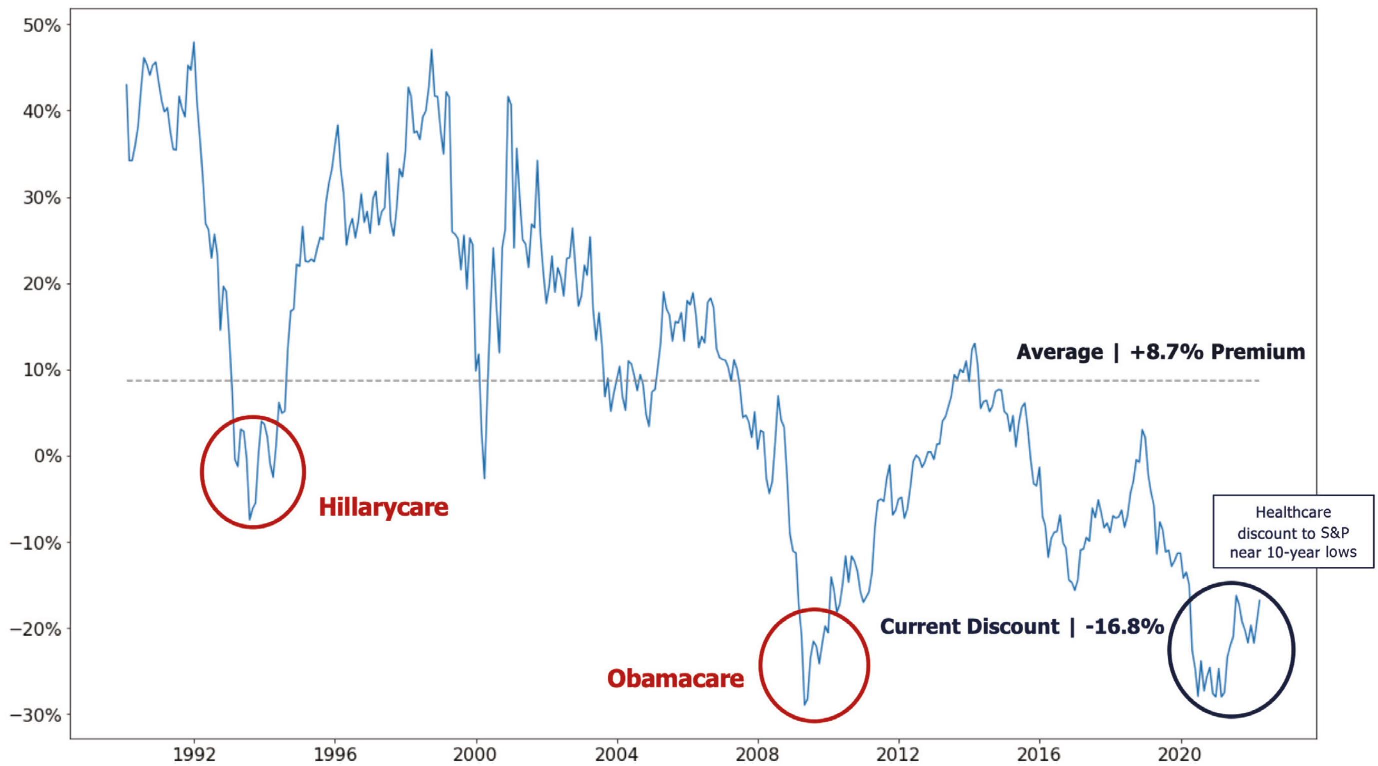


Figure 6
Source: Bloomberg
Note: Updated through 31 March 2022, SSHLTH vs SPX premium/discount using 12M Forward Price-to-Earnings (PE).

CONTRIBUTORS AND DETRACTORS

Trillium Therapeutics, GH Research, StemiRNA Therapeutics, Xenon Pharmaceuticals, and Horizon Therapeutics were the leading positive contributors to performance in the portfolio during the year.

- **Trillium Therapeutics** is an emerging biotechnology company developing immunotherapies for cancer. The stock rose in August when Pfizer announced it was acquiring the company for $2.26 billion, representing a 203% premium to Trillium's share price.
- **GH Research** is a biopharmaceutical company focused on the treatment of psychiatric and neurological disorders. The initial focus of the company is on developing its proprietary 5-MeO-DMT inhaled therapy for the treatment of patients with treatment-resistant depression (TRD). We participated in a crossover round for GH Research and purchased additional shares in the IPO. After the IPO, GH Research announced positive Phase 2 data from its Phase 1/2 trial in TRD with a large effect size over current standard of care.

PORTFOLIO MANAGER'S REVIEW CONTINUED

- **StemiRNA Therapeutics** is a private Chinese vaccine company developing an mRNA-based vaccine for COVID-19. To date, there are no mRNA-based COVID-19 vaccines approved in China. Given the Chinese government's preference for homegrown vaccines to inoculate its population, we expect domestic vaccine manufacturers like StemiRNA will be preferred as China further develops vaccine options for its population. The valuation of the company was written up during the review period in expectation of another private financing round contingent upon clinical trial commencement of their vaccine.
- **Xenon Pharmaceuticals** is an emerging biotechnology company developing innovative therapeutics to improve the lives of patients with neurological disorders. The company's main pipeline program, XEN1101, is a differentiated Kv7 potassium channel opener being developed for the treatment of epilepsy and major depressive disorder. In October 2021, shares appreciated significantly after Xenon announced positive results from its Phase 2b X-TOLE clinical trial of XEN1101 in adult patients with focal epilepsy, which showed a higher seizure reduction than currently approved medications.
- **Horizon Therapeutics** is a specialty pharmaceutical company focused on rare autoimmune and inflammatory disorders. The stock moved up sharply in February 2021 when its largest growth product, Tepezza, an insulin growth factor-1 receptor inhibitor for the treatment for thyroid eye disease, meaningfully surpassed sales expectations. The stock moved incrementally higher throughout the year as the growth outlook for Tepezza continued to be revised upward.

Singular Genomics Systems, Guardant Health, Aptose Biosciences, Mersana Therapeutics, and Curis were the principal detractors for the year.

- **Singular Genomics Systems** is an emerging life science tools company that has developed a novel sequencing chemistry. The company's first product, G4, is a benchtop sequencer and the company is also developing the PX, a single cell sequencer launching in 2023. The Company participated in the crossover round for Singular Genomics in early 2021 and it subsequently went public in May 2021. Shares pulled back significantly after the IPO as early-stage tools companies fell out of favor. Additional competitive concerns from Illumina and private company Element Biosciences, ahead of Singular's G4 launch, further exacerbated this decline. The company has begun taking orders for G4 and will begin shipping the product in 2022.
- **Guardant Health** is an oncology diagnostics company that has emerged as the preeminent liquid biopsy vendor in therapy selection. The company also plans to enter the non-invasive screening market in 2022. Guardant shares suffered due to a broad pullback in growth names in tools and diagnostics, despite reporting generally strong financial results throughout the course of the year. The stock was particularly weak after rumors came out that it was considering a purchase of NeoGenomics, another public oncology diagnostics company, though the deal was never consummated.
- **Aptose Biosciences** is a biopharmaceutical company developing precision medicines to address unmet medical needs in oncology. The shares were weak after disappointing data from the company's lead asset in acute myeloid leukemia. Given earlier initial promising data from a lower dose cohort, investors were expecting response rates to increase with dose escalation; however, the company failed to show any additional responses and there were some tolerability issues that arose.
- **Mersana Therapeutics** shares declined in Sept 2021 upon the announcement of interim data for its drug for the treatment of ovarian cancer. As a result of the findings, the company decided to amend its ongoing registration trial, resulting in a delay in the timing of potential approval of the drug.
- **Curis** is a biotechnology company focused on the development of therapeutics for the treatment of cancer. The initial focus of the company is its IRAK4/FLT3 inhibitor, emavusertib, for acute myeloid leukemia (AML) and B-cell malignancies. The shares underperformed after the company announced lackluster updated efficacy data for emavusertib in AML, where response rates were similar to existing approved FLT3 inhibitors.

FDA NEW MOLECULAR ENTITY APPROVALS

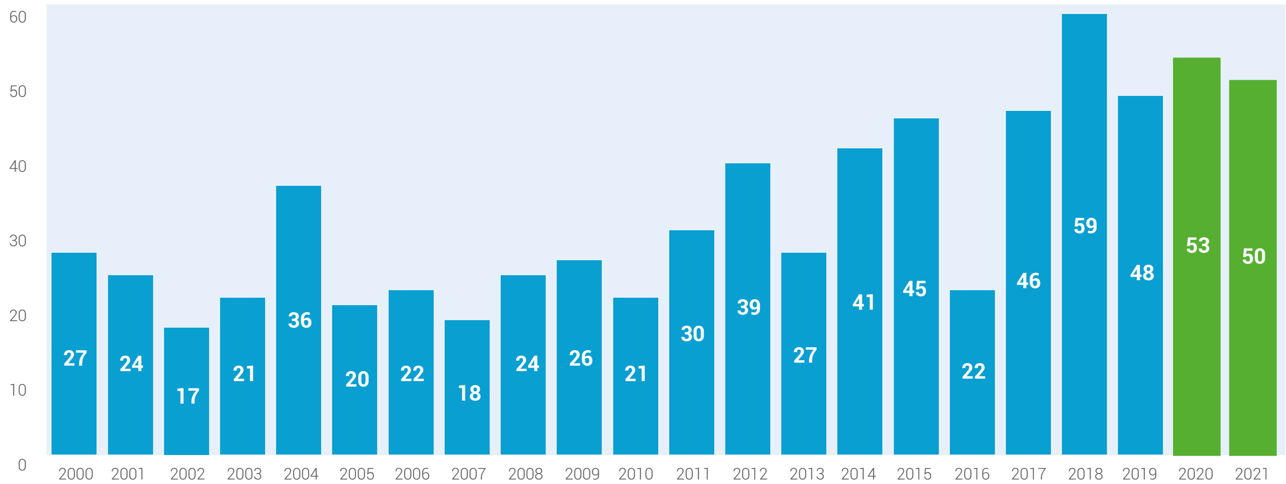


Figure 7
Source: FDA, "Novel Drug Approvals for 2021", 6 January 2022.

POLITICAL RISK FROM DRUG PRICING REFORM DECREASES AS MIDTERM ELECTIONS IN THE US NEAR

With the presidency and both houses of Congress controlled by Democrats following the 2020 election, investors had expected some form of drug pricing reform would be enacted over the past year. The biotech industry was primarily concerned about any legislation that would allow the United States federal government to negotiate drug prices. Indeed, a watered-down version of drug pricing reform was included in the Democrats' proposed Build Back Better (BBB) bill in 2021, which would have allowed the federal government to negotiate prices for some high-cost drugs covered by Medicare and limit annual increases of drug prices. However, BBB was unable to garner the necessary support from moderate Democrats, so it did not pass during the fiscal year.

Democrats are currently attempting to rework BBB into a form that all Senate Democrats can support. Given that Democrats hold a slim majority in the Senate, the party would look to use a legislative pathway called budget reconciliation that only requires a simple majority in the Senate for passage. We believe that such legislation would likely include limited drug pricing provisions that appeal to both moderates and progressives in the party. Our view remains that any such legislation will be manageable for the industry and would actually remove an overhang for the sector. However, the window to pass an updated version of BBB is rapidly closing as midterm elections approach in the fall. If the Democrats fail to pass the legislation this spring, the chances of passage dramatically decrease as politicians increasingly focus on elections in November. In addition, with Democrats polling poorly ahead of the midterm elections and President Biden's low approval numbers, the party is likely to lose control of at least the House of Representatives and potentially also the Senate in 2022. This would severely hinder any efforts to pass significant drug pricing legislation.

REGULATORY CLIMATE IN THE US LIKELY TO REMAIN CONSTRUCTIVE DESPITE COVID-19-RELATED DELAYS

We have noted in the past that the U.S. Food and Drug Administration (FDA) regulatory climate over the past few years has been constructive for new drug approvals. Indeed, in 2021, total new drug approvals were on par with the elevated pace of approvals seen during the Trump administration (see Figure 7 above). Having said that, there were a number of regulatory delays for drugs being reviewed at the FDA during the fiscal year. In many cases this was due to delays in facility inspections stemming from COVID-19-related travel restrictions rather than any fundamental issues with the drugs themselves. For most of the fiscal year, Janet Woodcock, a longstanding senior FDA official, served as acting commissioner of the agency. In February 2022, Dr. Robert Califf, a cardiologist, was confirmed as the new permanent FDA Commissioner, bringing stable leadership to the agency. Dr. Califf formerly served as FDA commissioner during the Obama administration, where he presided over a stable and productive drug approval period at the FDA. He is regarded as data-driven and industry-friendly. We believe he is unlikely to change the current constructive regulatory stance at the FDA.

BIOTECH IPOS – COUNT BY QUARTER

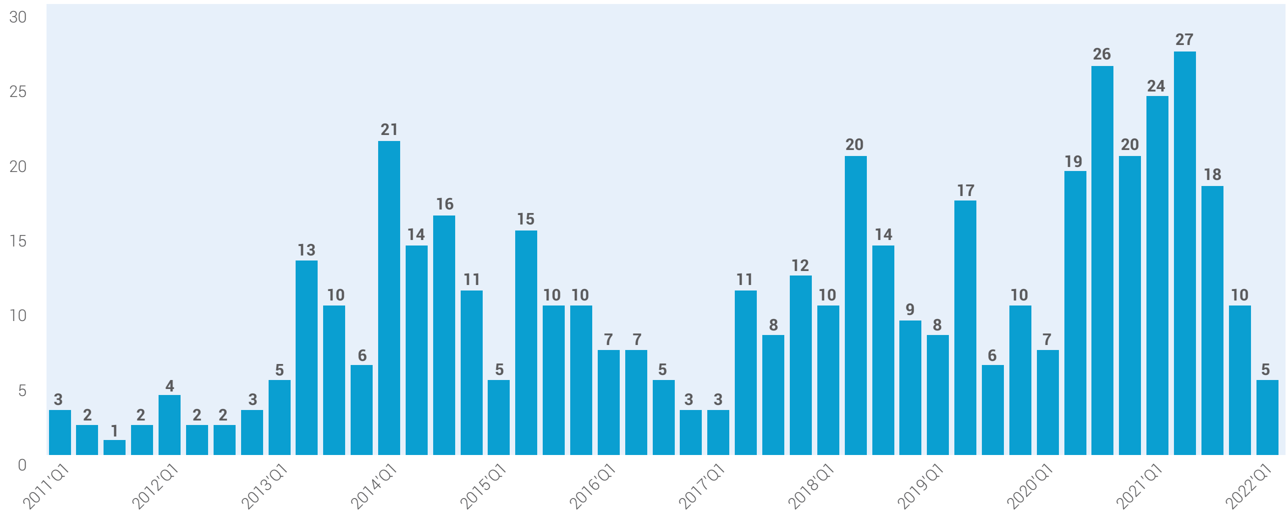


Figure 8
Note: Includes all SEC registered biotech IPOs greater than $50 million.
Source: Bank of America Securities, April 2022.

IPO AND CROSSOVER ACTIVITY SLOWS DOWN; ATTRACTIVE INVESTMENTS LIKELY TO EMERGE

After two to three years of robust crossover and IPO deal activity, such activity slowed in the last two quarters of the fiscal year as sector valuations declined. During the fiscal year, the Company participated in 13 IPOs and seven of the Company's private investments went public. The Company made five new crossover investments: GH Research, a European biotech company developing an agent for depression; Janux Therapeutics, a cancer immunotherapy company developing T-cell engagers; Awakn Life Sciences, a UK-based company listed in Canada, developing a drug for alcohol use disorder; StemiRNA Therapeutics, a Chinese company developing an mRNA-based vaccine for COVID-19; and XtalPi, a Chinese artificial intelligence drug discovery company. Of these new crossover investments, only StemiRNA and XtalPi remained private as of 31 March 2022. As of 31 March 2022, the Company had three private investments (excluding the investment in OrbiMed Asia Partners Fund) totalling 8.2% of NAV. Given current market conditions, the IPOs for these crossover investments have been delayed until the IPO environment improves. All private investments are valued by a third-party valuation agent at the end of each quarter and incorporate the latest expectation on the timing and valuation of a future IPO. Crossover investing will remain a part of the Company's strategy as opportunities arise, and we will remain vigilant about entry prices in the current market environment.

With the depressed valuations now seen in small and mid-cap biotech, we expect that many companies will be forced to undertake financings at very compelling prices. This presents an opportunity for the Company to potentially invest in quality assets at lower-than-usual valuations. We expect more companies will undertake PIPE financings (i.e. private investments in public equity) in which investors can purchase unregistered shares at a negotiated discount to the market price, occasionally with additional warrant coverage as a bonus. OrbiMed's platform and presence in the healthcare investing space give us excellent access to this deal flow.

ANNOUNCED PUBLIC BIOTECH M&A TRANSACTIONS (WORLDWIDE)

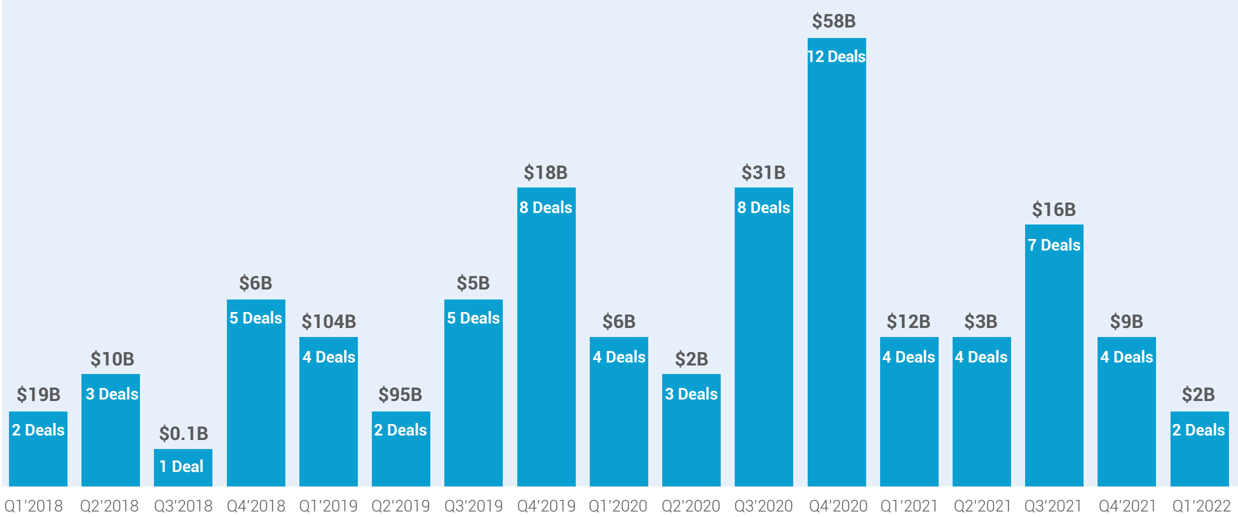


Figure 9
Source: Factset.

MERGERS AND ACQUISITION (M&A) ACTIVITY WILL LIKELY ACCELERATE

The pace of biotech M&A largely remained consistent with historical averages for the biotech industry during the fiscal year. As shown in Figure 9 above, acquisitions of publicly traded biotech companies have averaged approximately 4-5 transactions per quarter for the past few years. The Company benefited directly from two M&A transactions during the fiscal year because of holdings in the target companies:

- Pacira Pharmaceuticals' acquisition of Flexion Therapeutics for $450 million
- Pfizer's acquisition of Trillium Pharmaceuticals for $2.3 billion

'Big Pharma' interest in acquiring innovative biotech companies has always been strong, but due to the robust financing environment for biotech in the last two to three years, many biotech companies did not see any urgency to sell to a larger player. They could simply raise money from equity investors and continue to build value for their programs on their own. Now, with small cap biotech valuations at such depressed levels, these management teams are faced with the daunting prospect of undertaking highly dilutive financings to support themselves as independent entities. We expect many of these companies will be more receptive to M&A overtures now that independent financing options look less attractive. We also expect potential acquirors to increase their acquisition activity now that the market valuations of prospective targets are significantly lower. M&A premiums from current depressed valuation levels could be significant. As an example, in April 2022, Regeneron Pharmaceuticals announced its intention to acquire Checkmate Pharmaceuticals, an immunotherapy oncology company trading below net cash, for a 335% premium.

INNOVATION ENGINE STILL ROBUST

GLOBAL LAUNCHES OF NOVEL ACTIVE SUBSTANCES (NASs) BY THERAPY AREA, 2012-2021

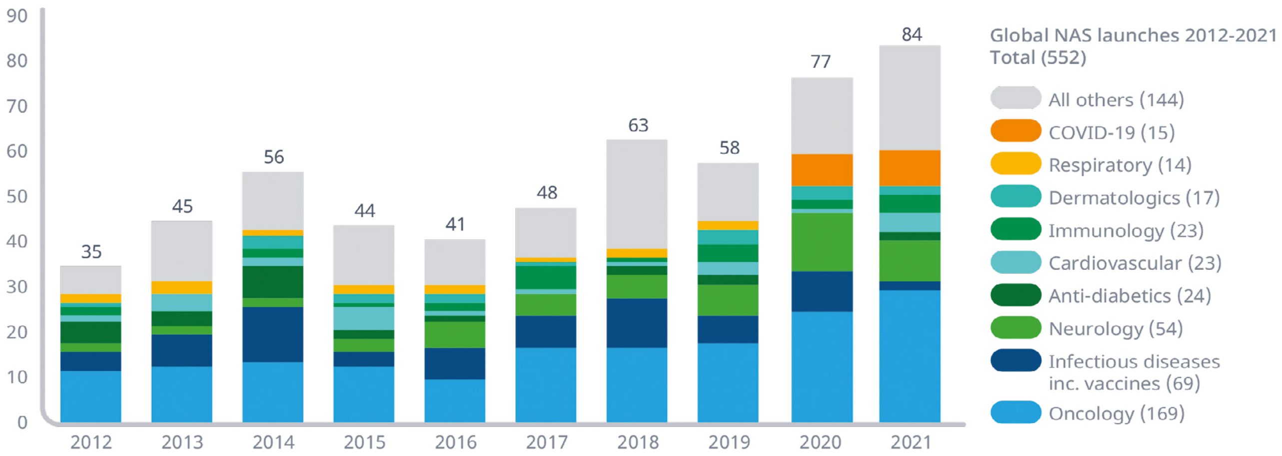


Figure 10
Source: IQVIA, IQVIA Institute, Global Trends in R&D, February 2022.[2]

Despite the weakness in share prices, the fundamental innovation occurring in the biotech sector remains robust. According to data provider IQVIA, a record 84 novel active substances were launched globally in 2021 across the biopharmaceutical industry, double the number five years ago.

Of the 50 drug approvals in 2021 by the FDA, 54% of them were first-in-class drugs with mechanisms of action different from those of existing therapies. Below are just some examples of first-in-class novel drug approvals by biotech companies in 2021:

- Adbry, first IL-13 inhibitor for atopic dermatitis
- Aduhelm, first beta-amyloid antibody for Alzheimer's disease
- Lupkynis, first calcineurin inhibitor approved for lupus nephritis
- Tezspire, first anti-TSLP antibody for severe asthma
- Lumakras, first KRAS G12C inhibitor for lung cancer
- Empaveli, first anti-C3 complement antibody for paroxysmal nocturnal hemoglobinuria
- Tavneos, first C5a receptor antagonist for ANCA-associated vasculitis
- Bylvay, first ileal bile acid transporter inhibitor for progressive familial intrahepatic cholestasis

[2] This material includes information derived from market research provided by IQVIA, Inc and its affiliated subsidiaries ("IQVIA"). IQVIA market research information is proprietary to IQVIA and available on a confidential basis by subscription from IQVIA. IQVIA market research information reflects estimates of marketplace activity and should be treated accordingly. The statements, findings, conclusions, views and opinions contained herein are not necessarily those of IQVIA. Any analysis is independently arrived at by OrbiMed on the basis of information from various sources.

The number of next-generation biotherapeutics entering development based on novel development technologies like cell therapy and gene therapy continues to rise:

NEXT-GENERATION BIOTHERAPEUTICS PHASE I TO REGULATORY SUBMISSION PIPELINE BY MECHANISM, 2011-2021

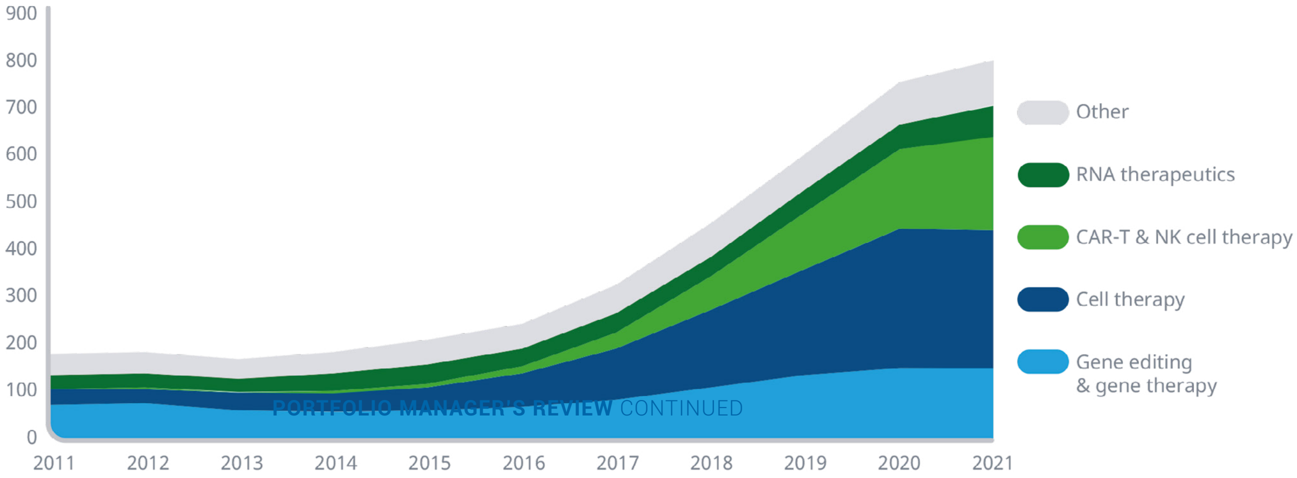


Figure 11
Source: IQVIA, IQVIA Institute, Global Trends in R&D, February 2022. [2]

The Company has exposure across a wide swath of these new technologies, as shown below (note some positions are double counted because they use more than one technology):

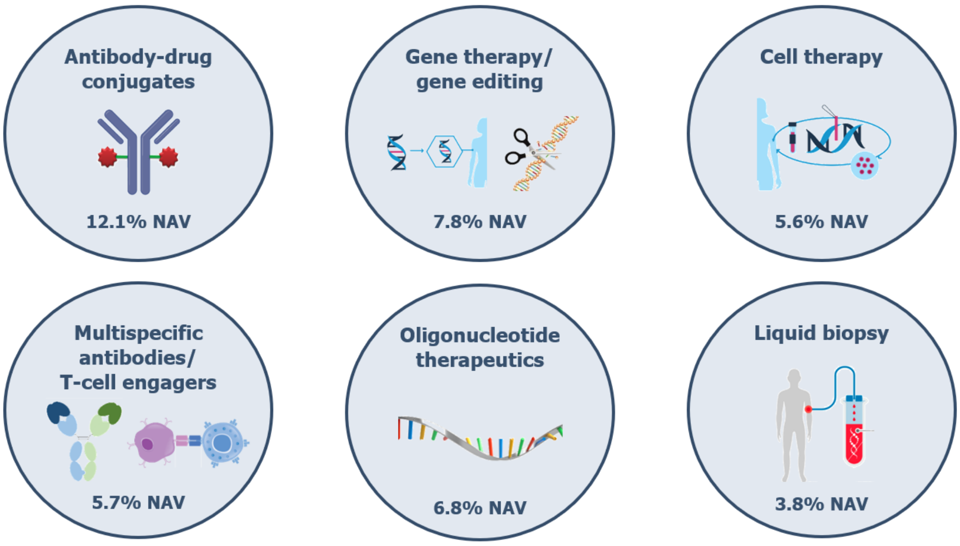


Figure 12
Source: OrbiMed.

Other seminal events in the biotech sector during the review period include:

- Yescarta became the first CAR-T therapy to receive approval in China
- Intellia Therapeutics announced positive data for its gene editing therapy for ATTR amyloidosis, the first in human gene editing therapy to show durable efficacy from a single systemic administration
- Compass Pathways and GH Research announced positive data for a new class of psychedelic therapies for treatment-resistant depression

While not all of the news in the biotech space was positive during the review period (as usual, certain companies had setbacks as well), our view is that the overall trajectory of the industry in terms of value creation remains overwhelmingly positive. We think there is a significant disconnect between the share price action during the fiscal year and the fundamental innovation occurring in the sector.

OUTLOOK AND ORBIMED UPDATE

Given the unprecedented correction we have seen in emerging biotech and historically low valuations, we think the sector is poised for a substantial recovery. A rebound in the sector could be catalyzed by clarity on drug pricing legislation, M&A activity, positive clinical data, or strong product launches. Our overall strategy has not changed. We will continue to overweight emerging biotech and invest in crossover rounds and IPOs as opportunities arise. Gearing will remain in the 5-10% range. Given the substantial drawdown we have witnessed, we believe current conditions offer an excellent opportunity for long-term investors to add to their exposure in biotech.

As the biotech universe has expanded, OrbiMed has continued to hire additional analysts to buttress our research effort. During the review period, we hired three new biotech analysts and two new China analysts. Our biotech research team now consists of nine analysts, three of whom have PhD degrees, and our China team consists of four analysts based in Shanghai and Hong Kong. To manage COVID-19 risk, our office continues to operate with a hybrid work schedule (three days in the office, two days work from home), which has worked smoothly for the team. We have begun increasing our travel to companies and medical conferences as COVID-19 risk declines.

While it was a difficult fiscal year for the Company due to macro factors, we continue to believe strongly in the investment case for biotech over the long term and look forward to a recovery in performance.

Geoff Hsu
OrbiMed Capital LLC, Portfolio Manager

31 May 2022

PRINCIPAL CONTRIBUTORS TO AND DETRACTORS FROM NET ASSET VALUE PERFORMANCE

Top Five Contributors	Contribution for year ended 31 March 2022 £'000	Contribution per share (pence)*
Trillium Therapeutics+	7,755	18.7
GH Research	4,880	11.8
StemiRNA Therapeutics	4,195	10.1
Xenon Pharmaceuticals	3,547	8.6
Horizon Therapeutics	2,937	7.1
	23,314	56.3
Top Five Detractors		
Singular Genomics	(13,216)	(31.9)
Guardant Health	(11,945)	(28.8)
Aptose Biosciences+	(11,394)	(27.5)
Mersana Therapeutics	(11,382)	(27.5)
Curis+	(11,033)	(26.6)
	(58,970)	(142.3)

* based on 41,441,570 shares being the weighted average number of shares in issue during the six months period ended 31 March 2022
+ not held in the portfolio at 31 March 2022

PERFORMANCE ATTRIBUTION FOR THE YEAR ENDED 31 MARCH 2022

Contribution to total returns	%	%
Benchmark return		(7.4)
Portfolio Manager's contribution		(21.6)
Portfolio total return		(29.0)
Gearing	(3.8)	
Management fee and other expenses	(1.1)	
Performance fees	0.0	
Share buyback	0.1	
Other effects		(4.8)
Return on net assets		**(33.8)**

Source: Frostrow Capital LLP.

BUSINESS REVIEW

The Strategic Report on pages 1 to 35 contains a review of the Company's business model and strategy, an analysis of its performance during the financial year and its future developments, as well as details of the principal risks and challenges it faces.

Its purpose is to inform shareholders in the Company and help them to assess how the Directors have performed their duty to promote the success of the Company. The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

BUSINESS MODEL

The Biotech Growth Trust PLC is an externally managed investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange.

The purpose of the Company is to provide a vehicle for investors to gain exposure to a portfolio of worldwide biotechnology companies, through a single investment.

The Company's strategy is to create value for shareholders by addressing its investment objective.

As an externally managed investment trust, all of the Company's day-to-day management and administrative functions are outsourced to service providers. As a result, the Company has no executive directors, employees or internal operations.

The Company employs Frostrow Capital LLP (Frostrow) as its Alternative Investment Fund Manager (AIFM), OrbiMed Capital LLC (OrbiMed) as its Portfolio Manager, J.P. Morgan Europe Limited as its Depositary and J.P. Morgan Securities LLC as its Custodian and Prime Broker. Further details about their appointments can be found in the Report of the Directors on pages 46 and 47.

The Board is responsible for all aspects of the Company's affairs, including setting the parameters for and monitoring the investment strategy as well as the review of investment performance and policy.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Section 1158 of the Corporation Tax Act 2010). As a result, the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

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. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted) (the Benchmark).

INVESTMENT STRATEGY

The implementation of the Investment Objective has been delegated to OrbiMed 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 Portfolio Manager's Review on pages 9 to 22. While performance is measured against the 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.

INVESTMENT LIMITS AND GUIDELINES

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions as follows:

- 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 London Stock Exchange, 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 London Stock Exchange.

- 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 London Stock Exchange.
- 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 (see below).
- The Company may invest or commit for investment a maximum of U.S.$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed, the Company's Portfolio Manager, or an affiliate thereof.
- The Company's borrowing policy is that borrowing will not exceed 20% of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand and provided by J.P. Morgan Securities LLC. This facility can be drawn by the Portfolio Manager overseen by the AIFM.
- 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.

In accordance with the requirements of the UK Listing Authority, any material change to the investment policy will only be made with the approval of shareholders by ordinary resolution.

FOREIGN CURRENCY EXPOSURE

The Company does not currently hedge against foreign currency exposure.

DIVIDEND POLICY

The Company invests with the objective of achieving capital growth and it is expected that dividends, if any, are likely to be small. The Board intends only to pay dividends on the Company's shares to the extent required in order to maintain the Company's investment trust status.

No dividends were paid or declared during the year (2021: None).

CONTINUATION OF THE COMPANY

An opportunity to vote on the continuation of the Company is given to shareholders every five years. The next such continuation vote will be proposed at the Annual General Meeting to be held in 2025.

COMPANY PROMOTION

The Company has appointed Frostrow to provide marketing and investor relations services, in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to net asset value per share over the long run. Frostrow actively promotes the Company in the following ways:

Engaging regularly with institutional investors, discretionary wealth managers and a range of execution-only platforms: Frostrow regularly meets with institutional investors, discretionary wealth managers and execution-only platform providers to discuss the Company's strategy and to understand any issues and concerns, covering both investment and corporate governance matters. Such meetings have been conducted on a virtual basis during the COVID-19 pandemic;

Making Company information more accessible: Frostrow works to raise the profile of the Company by targeting key groups within the investment community, holding periodic investment seminars, commissioning and overseeing PR output and managing the Company's website and wider digital offering, including Portfolio Manager videos and social media;

BUSINESS REVIEW CONTINUED

Disseminating key Company information: Frostrow performs the Investor Relations function on behalf of the Company and manages the investor database. Frostrow produces all key corporate documents, distributes monthly factsheets, Annual and Half Yearly Reports and updates from OrbiMed on the portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders: Frostrow maintains regular contact with sector broker analysts and other research and data providers, and conducts periodic investor perception surveys, liaising with the Board to provide up-to-date and accurate information on the latest shareholder and market developments.

KEY PERFORMANCE INDICATORS (KPIs)

The Board assesses the Company's performance in meeting its objective against the following key performance indicators:

- net asset value total return;
- share price total return;
- share price discount to net asset value per share; and
- ongoing charges.

Information on the Company's performance is provided in the Chairman's Statement and the Portfolio Manager's Review and a record of these measures is shown on page 1, 5 and 6. The KPIs have not changed from the prior year.

NET ASSET VALUE PER SHARE TOTAL RETURN^

The Directors regard the Company's net asset value per share total return as being the overall measure of value delivered to shareholders over the long term. The Board considers the principal comparator to be the NASDAQ Biotechnology Index (sterling adjusted) (the Benchmark) OrbiMed's investment style is such that performance is likely to deviate from that of the Benchmark.

During the year under review the Company's net asset value per total share return was -33.8%, underperforming the Benchmark by 26.4% (2021: +55.1%, outperforming the Benchmark by 17.3%). Since OrbiMed's date of appointment (19 May 2005) to 31 March 2022, the Company's net asset value per share total return is 861.6% compared with 750.2% for the Benchmark. Please refer to the Chairman's Statement (beginning on page 2) and the Portfolio Manager's Review (beginning on page 9) for further information.

SHARE PRICE TOTAL RETURN^

The Directors also regard the Company's share price total return to be a key indicator of performance. This reflects share price growth of the Company which the Board recognises is important to investors.

During the year under review the Company's share price total return was -37.0% (2021: +75.2%%). Since OrbiMed's date of appointment (19 May 2005) to 31 March 2022, the Company's share price total return is 852.8% compared with Benchmark performance of 750.2%. Please refer to the Chairman's Statement beginning on page 2 for further information.

SHARE PRICE (DISCOUNT)/PREMIUM TO NET ASSET VALUE PER SHARE^

The Board regularly reviews the level of the discount/premium of the Company's share price to the net asset value per share and considers ways in which share price performance may be enhanced, including the effectiveness of marketing, share issuance and buybacks, where appropriate. The Board has a discount control mechanism in place, the aim of which is to prevent the level of the share price discount to the net asset value per share exceeding 6%. Shareholders should note, however, that it remains possible for the discount to be greater than 6% on any one day due to sector volatility and the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. Any decision to repurchase shares is at the discretion of the Board. 576,087 shares were repurchased by the Company during the year (2021: Nil). The Board is committed to protecting the discount at or near the 6% level in normal market conditions. Please refer to the Chairman's Statement on pages 2 and 3 for further information.

In addition, in order to help prevent the Company's share price from trading at a high premium to its net asset value per share, new shares can be issued at a premium to the Company's net asset value per share.

^ Alternative Performance Measure (See Glossary beginning on page 93).

The Board believes that the benefits of issuing new shares are as follows:

- to fulfil excess demand in the market in order to help to manage the premium at which the Company's shares trade to net asset value per share;
- to provide a small enhancement to the net asset value per share of existing shares through new share issuance at a premium to the estimated net asset value per share;
- to grow the Company, thereby spreading operating costs over a larger capital base which should reduce the ongoing charges ratio; and
- to improve liquidity in the market for the Company's shares.

In total, 150,000 new shares were issued during the year (2021: 2,377,500). The volatility of the net asset value per share in an asset class such as biotechnology is a factor over which the Board has no control. The making and timing of any share buy-backs or share issuance is at the absolute discretion of the Board. Please see the Chairman's Statement on pages 2 and 3 for further information.

ONGOING CHARGES^

Ongoing charges represent the costs that shareholders can reasonably expect to pay from one year to the next, under normal conditions. The Board continues to be conscious of expenses and seeks to maintain a sensible balance between high quality service and costs. The Board therefore considers the ongoing charges ratio to be a KPI and reviews the figure on a regular basis.

As at 31 March 2022 the ongoing charges figure was 1.1%.

^ Alternative Performance Measure (see Glossary beginning on page 93).

RISK MANAGEMENT

The Board is responsible for the management of risks faced by the Company. Through delegation to the Audit Committee, the Board has established procedures to manage risk, to review the Company's internal control framework and to establish the level and nature of the principal risks the Company is prepared to accept in order to achieve its long-term strategic objective. At least twice during a year the Audit Committee carries out a robust assessment of the principal and emerging risks with the assistance of Frostrow Capital (the AIFM). A risk management process has been established to identify and assess risks, their likelihood and the possible severity of impact. Further information is provided in the Audit Committee Report beginning on page 53. These principal risks and the ways they are managed or mitigated are detailed on pages 27 to 31.

BUSINESS REVIEW CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
OBJECTIVE AND STRATEGY (No change)	
The Company becomes unattractive to investors.	The Board reviews regularly the Company's investment objective and investment guidelines in the light of investor sentiment, monitoring closely whether the Company should continue in its present form. The Board also considers the size of the Company to ensure that it is at an appropriate level. The Board, through the AIFM and the Portfolio Manager, holds regular discussions with major shareholders. Each month the Board receives a report which monitors the investments held in the portfolio compared with the Benchmark and the investment guidelines. Additional reports and presentations are regularly presented to investors by the Company's AIFM and Portfolio Manager.
SHARE PRICE VOLATILITY AND LEVEL OF DISCOUNT/PREMIUM (No change)	
The risk that the Company's share price is not representative of its underlying net assets.	To manage this risk, the Board: • regularly reviews the level of the share price discount/premium to the net asset value per share and considers ways in which share price performance may be enhanced, including the effectiveness of marketing and investor relations services, new share issuance and share buybacks, as appropriate; • has implemented a discount management policy, buying back the Company's shares when the level of the share price discount to the net asset value per share exceeds 6% (in normal market conditions). Further information on this policy is set out on pages 25 to 26. • may issue shares at a premium to the net asset value per share to help prevent a share price premium reaching too high a level; • reviews an analysis of the shareholder register at each Board meeting and is kept informed of shareholder sentiment; and • regularly discusses the Company's future development and strategy with the Portfolio Manager and the AIFM.
PORTFOLIO PERFORMANCE (No change)	
Investment performance may not meet shareholder requirements.	The Board reviews regularly investment performance against the Benchmark and against the Company's peer group. The Board also receives regular reports that analyse performance against other relevant indices. The Portfolio Manager provides an explanation of significant stock selection decisions and an overall rationale for the make-up of the portfolio. The Portfolio Manager discusses current and potential investment holdings with the Board on a regular basis.

No change   Increased   Decreased

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
PORTFOLIO MANAGEMENT KEY PERSON RISK	
The risk that the individual(s) responsible for managing the Company's portfolio may leave their employment or may be prevented from undertaking their duties.	The Board manages this risk by: • appointing OrbiMed, who in turn have appointed Geoff Hsu to manage the Company's portfolio. Mr Hsu is ably supported by a team of researchers and analysts dedicated to the biotechnology sector; • receiving reports from OrbiMed at each Board meeting, such reports include any significant changes in the make-up of the team supporting the Company; • meeting the wider team at OrbiMed's offices and encouraging the participation of the wider OrbiMed team in investor updates; and • delegating to the Management Engagement Committee, the responsibility to perform an annual review of the service received from OrbiMed, including, *inter alia*, the team supporting the lead manager and their succession plans.
OPERATIONAL AND REGULATORY	
As an externally-managed investment trust, the Company is reliant on the systems of its service providers for dealing, trade processing, administration, financial and other functions. If such systems were to fail or be disrupted (including, for example, as a result of cyber-crime or a pandemic) this could lead to a failure to comply with applicable laws, regulations and governance requirements and/or to a financial loss.	To manage these risks, the Board (in some cases meeting as the Audit Committee): • periodically meets representatives from the Company's key service providers to gain a better understanding of their control environment, and the processes in place to mitigate any disruptive events (including the COVID-19 pandemic); • receives a monthly report from Frostrow, which includes, *inter alia*, confirmation of compliance with applicable laws and regulations; • reviews the internal control reports and key policies (including disaster recovery procedures and business continuity plans) of its service providers; • maintains a risk matrix with details of risks to which the Company is exposed, the approach to managing those risks, the key controls relied on and the frequency of the controls operation; • receives updates on pending changes to the regulatory and legal environment and progress towards the Company's compliance with such changes; and • has considered the increased risk of cyber-attacks and received reports and assurance from its service providers regarding the information security controls in place.

BUSINESS REVIEW CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
MARKET PRICE RISK	
The Company's portfolio is exposed to fluctuations in market prices in the biotechnology sector and the regions in which it invests. The biotechnology sector is expected to be more volatile than some other sectors. One sector-specific uncertainty is the exposure to the implications of US drug pricing policy in the US. More generally, market-wide uncertainties which have recently caused increased volatility in stock markets include the COVID-19 pandemic; the outbreak of war in Ukraine and the effects of sanctions against Russia (including rising oil and wider energy pricing and the risk of prices remaining elevated for a prolonged period); the effects of rising interest rates and inflation; slowing global economic growth; and the fear of recession.	The Portfolio Manager has responsibility for selecting investments in accordance with the Company's investment objective and policy and seeks to ensure that investment in individual stocks falls within acceptable risk levels. Compliance with the limits and guidelines contained in the Company's investment policy is monitored daily by Frostrow and OrbiMed and reported monthly to the Board. The investment restrictions ensure that the portfolio is diversified, reducing the risks associated with individual stocks and markets. OrbiMed report at each Board meeting on the Company's performance and the macro factors affecting it. The Portfolio Manager spreads investment risk over a wide portfolio of investments. At the year end the Company's portfolio comprised investments in 74 companies. As part of its review of the going concern and long-term viability of the Company, the Board also considers the sensitivity of the Company to changes in market prices and foreign exchange rates (see note 14 beginning on page 84) and the ability of the Company to liquidate its portfolio if the need arose. Further details are included in the Going Concern and Viability Statements beginning on pages 50 and 32 respectively.
VALUATION RISK	
Pursuant to the Investment Policy, the Company may invest up to 10% of its gross assets in unquoted investments at the time of acquisition. The valuation of unquoted assets involves a degree of subjectivity and there is a risk that proceeds received on the disposal of unquoted holdings may prove to be significantly lower than the value at which the investment is held in the Company's portfolio.	The majority of the Company's unquoted investments are valued by an independent, third party valuation agent. The Board has established a Valuation Committee to review the valuations of the unquoted investments and the methodologies used in the valuations. The Valuation Committee makes recommendations to the Board, as appropriate. Further information can be found in the Audit Committee Report beginning on page 53 and note 1 to the financial statements on page 74.
CLIMATE CHANGE	
Climate change events could have an impact on portfolio companies and their operations, as well as on the Company's service providers, potentially affecting their operating models, supply chains, physical locations and energy costs.	Although the effects of climate change have yet to be fully understood, the Board and the Portfolio Manager keep the subject under review. The Board is conscious that climate change poses a general risk to the investment environment and through discussions with the Portfolio Manager, has noted that the biotechnology industry is not a major contributor to greenhouse gas emissions. Although the Portfolio Manager does not consider climate change to be a material ESG consideration for the sector for this reason, energy management is noted as a material concern in the wider healthcare and pharmaceutical sectors, and this forms part of OrbiMed's ESG monitoring. Please refer to pages 41 and 42 for further information.
LIQUIDITY RISK	
Ability to meet funding requirements when they arise.	The Portfolio Manager has constructed the portfolio in line with the Company's investment policy; the majority of the Company's assets are investments in quoted equities that are readily realisable and therefore funds can be raised at short notice if required. Please see pages 7 and 8 for further information on the make-up of the portfolio and note 14 beginning on page 84 for further information on this risk.

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
SHAREHOLDER PROFILE	
Activist shareholders whose interests are not consistent with the long-term objectives of the Company may be attracted onto the shareholder register.	The AIFM provides a shareholder analysis at every Board meeting so that the Board can give consideration to any action required; this is in addition to regular reporting by the Company's broker. The Board has implemented an active discount management policy in order to try to ensure that the Company's share price trades at a discount no greater than 6% to the Company's net asset value per share. The intention is that keeping the discount within a relatively narrow range should discourage activist and other short-term investors. Please see page 25 for further information.
CURRENCY RISK	
Movements in exchange rates could adversely affect the sterling performance of the portfolio.	A significant proportion of the Company's assets is, and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's position with regard to currency fluctuations which is that it does not currently manage or mitigate for foreign currency exposure (see page 85).
LOAN FACILITY	
The provider of the Company's loan facility may no longer be prepared to lend to the Company.	The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by J.P. Morgan Securities LLC (see Credit Risk below). The Company's borrowing policy is that borrowing will not exceed 20% of the Company's net assets. The Board, the AIFM and the Portfolio Manager will be kept fully informed of any intention to withdraw the loan facility so that repayment can be effected in an orderly fashion.

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
CREDIT RISK	
The Company is exposed to credit risk arising from the use of counterparties. If a counterparty were to fail, the Company could be adversely affected through either a delay in settlement or a loss of assets.	The most significant counterparty the Company is exposed to is J.P. Morgan Securities LLC (the Company's Custodian and Prime Broker) which is responsible for the safekeeping of the Company's assets and provides the loan facility to the Company. As part of the arrangements with J.P. Morgan Securities LLC (J.P. Morgan) they may take assets as collateral up to 140% of the value of the loan drawn down. Such assets taken as collateral by J.P. Morgan 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 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 the custody arrangements provided by J.P. Morgan. J.P. Morgan is a registered broker-dealer and is accordingly subject to limits on rehypothecation*, in particular limitations set out in U.S. Securities and Exchange Commission (SEC) Rule 15c3-3. In the event of J.P. Morgan's insolvency, the Company may be unable to recover in full assets held by it as Custodian or held as collateral. See page 88 for further information. The risk is managed through the selection of a financially stable counterparty, limitations on the use of gearing and reliance on a robust regulatory regime (SEC). In addition, the Board regularly monitors the credit rating of J.P. Morgan. J.P. Morgan is also subject to regular monitoring by J.P. Morgan Europe Limited, the Depositary, and the Board receives regular reports from the Depositary. During the year the Company entered into swap transactions with Goldman Sachs International (further details on the associated risks can be found in note 14 beginning on page 84). Further information on financial instruments and risk can be found in note 14 to the financial statements beginning on page 84.

* See glossary beginning on page 93.

EMERGING RISKS

The Company has carried out a robust assessment of the Company's emerging risks and the procedures in place to identify emerging risks are described below. The International Risk Governance Council definition of an 'emerging' risk is one that is new, or is a familiar risk in a new or unfamiliar context or under new context conditions (re-emerging).

The Audit Committee reviews a risk map at its half-yearly meetings. Emerging risks are discussed in detail as part of this process and also throughout the year to try to ensure that emerging (as well as established) risks are identified and, so far as practicable, mitigated.

Current identified emerging risks are:

1. The increase in passive investment vehicles investing in the healthcare and biotechnology sectors may make markets more volatile as the prices of companies in the Benchmark index are inflated by substantial inflows and deflated by substantial outflows.

2. The economic slowdown in China as a result of the re-emergence of COVID-19 may affect the performance of the Company's China-based investments.

3 There is an increase in geopolitical risks threatening economic growth, market stability and investment returns. This includes current or potential conflicts, such as between Russia and Ukraine, North and South Korea or China and Taiwan. Alongside this there are broader shifts in political, economic and cultural power and allegiances that may, over the longer term, threaten established commercial norms, the protection of intellectual property rights and market access to the detriment of potential investment opportunities.

These emerging risks may be considered as new contexts for or examples of market price risk and the mitigating factors for that risk are set out on page 29.

COVID-19

The Board recognises that the emergence and spread of new coronavirus variants represents a continuing risk, to the Company's investments, investment performance and to its operations. The Portfolio Manager has continued its dialogue with investee companies and the Board has stayed in close contact with the AIFM and the Portfolio Manager, regularly monitoring portfolio and share price developments. The Board has also received assurances from all of the Company's service providers in respect of:

- their business continuity plans and the steps being taken to guarantee the efficiency of their operations while ensuring the safety and well-being of their employees;

- their cyber security measures including improved user-access controls, safe remote working and evading malicious attacks; and

- any increased risks of fraud as a result of weakness in user access controls.

As global vaccination rates continue to grow, the outlook is cautiously positive, but the Board will continue to monitor developments as they occur.

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code and the Listing Rules, the Directors have carefully assessed the Company's position and prospects as well as the principal risks and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years. The Company's shareholders are asked every five years to vote for the continuation of the Company, and the next such vote will take place at the Annual General Meeting to be held in 2025. At the current time, the Directors believe they have a reasonable expectation that this vote will be passed. The Board has chosen a five-year horizon in view of the long-term nature and outlook adopted by the Portfolio Manager when making investment decisions. To make this assessment and in reaching this conclusion, the Audit Committee has considered the Company's financial position, its ability to liquidate its portfolio and meet its liabilities as they fall due and, in particular, notes the following:

- The portfolio is principally comprised of investments traded on major international stock exchanges. Based on recent market volumes 88.3% of the current portfolio could be liquidated within 30 trading days with 80.5% in seven days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;

- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and

- The Company has no employees, only its non-executive Directors. Consequently it does not have redundancy or other employment related liabilities or responsibilities.

The Audit Committee, as well as considering the potential impact of the Company's principal risks and various severe but plausible downside scenarios, has also made the following assumptions in considering the Company's longer-term viability:

- There will continue to be demand for investment trusts;
- The Portfolio Manager will continue to adopt a long-term view when making investments, and anticipated holding periods will be at least five years;
- The Company invests principally in the securities of listed companies traded on international stock exchanges to which investors will wish to continue to have exposure;
- The closed-ended nature of the Company means that, unlike open-ended funds, it does not need to realise investments when shareholders wish to sell their shares;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The long-term performance of the Company will continue to be satisfactory.

The ongoing pandemic and certain geopolitical events were factored into the assumptions made by assessing their impact on markets, the Company's portfolio, and the Company's service providers and their operations and considering whether the likelihood of the principal risks materialising had increased. As part of the viability assessment, the Board considered the impact of one or more of the principal risks (as identified on pages 27 to 31) materialising, modelling substantial falls in the value of the portfolio and the Company's NAV as well as severely reduced market liquidity. In all scenarios, the Board concluded that the Company would be able to meet its liabilities as they fall due.

ENVIRONMENTAL, SOCIAL, COMMUNITY AND HUMAN RIGHTS MATTERS

As an externally-managed investment trust, the Company does not have any employees or maintain any premises, nor does it undertake any manufacturing or other physical operations itself. All its operational functions are outsourced to third party service providers. Therefore, the Company has no material, direct impact on the environment or any particular community and, as a result, the Company itself has no environmental, human rights, social or community policies.

For the same reasons, the Company is also exempt from reporting against the Taskforce for Climate-Related Financial Disclosures (TCFD) framework. However, the Board is aware that climate change poses a general risk to the investment environment and regularly discusses this with the Portfolio Manager.

The Board is committed to carrying out the Company's business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent this. In carrying out the Company's activities, the Board aims to conduct itself responsibly, ethically and fairly. The Board's expectations are that the Company's principal service providers have appropriate governance policies in place.

The Board believes that consideration of environmental, social and governance ("ESG") factors is important to shareholders and other stakeholders, and has the potential to protect and enhance investment returns. The Portfolio Manager's investment criteria ensure that ESG factors are integrated into their investment process and best practice in this area is encouraged by the Board. The Portfolio Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and the development of their policies on social, community and environmental matters. Further information on OrbiMed's responsible investing policy, including their approach to the consideration of climate change in their investment process, can be found in the Corporate Governance section beginning on page 38.

PERFORMANCE AND FUTURE DEVELOPMENTS

A review of the Company's year, its performance and the outlook for the Company can be found in the Chairman's Statement on pages 2 to 4 and in the Portfolio Manager's Review on pages 9 to 21.

The Company's overall strategy remains unchanged.

STAKEHOLDER INTERESTS AND BOARD DECISION-MAKING (SECTION 172 OF THE COMPANIES ACT 2006)

The following disclosure, which is required by the AIC Code of Corporate Governance, describes how the Directors have had regard to the views of the Company's stakeholders in their decision-making.

STAKEHOLDER GROUP	HOW THE BOARD HAS ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Investors	The Board's key mechanisms of engagement with investors include: • The Annual and Half-yearly Reports • The Annual General Meeting • The Company's website which hosts reports, articles and insights, monthly factsheets and video interviews with the Portfolio Manager • The Company's distribution list which is maintained by Frostrow and is used to communicate with shareholders on a regular basis • Online seminars with presentations from the Portfolio Manager • One-to-one investor meetings The AIFM and the Portfolio Manager, on behalf of the Board, completed a programme of investor relations throughout the year, reporting to the Board on the feedback received. In addition, the Chairman has been and remains available to engage with the Company's shareholders where required.
Portfolio Manager	The Board met regularly with the Portfolio Manager throughout the year, both formally at quarterly Board meetings and informally, as required. The Board engaged primarily with key members of the portfolio management team, discussing the Company's overall performance as well as developments in individual portfolio companies and wider macroeconomic developments. The Board, meeting as the Audit Committee, also met with members of the Portfolio Manager's risk management and compliance teams to better understand their internal controls, as well as their ESG Officer to discuss the integration of ESG factors into the investment process.
Service Providers	The Board met regularly with the AIFM, representatives of which attend every quarterly Board meeting to provide updates on risk management, accounting, administration, corporate governance and marketing matters. The Board, meeting as the Management Engagement Committee, reviewed the performance of all the Company's service providers, receiving feedback from Frostrow in their capacity as AIFM and Company Secretary. The AIFM, which is responsible for the day-to-day operational management of the Company, meets and interacts with the other service providers including the Depositary, Custodian and Registrar, on behalf of the Board, on a daily basis. This can be through email, one-to-one meetings and/or regular written reporting. The Audit Committee reviewed the quality and effectiveness of the audit and recommended to the Board that it be proposed to shareholders that BDO LLP ("BDO") be re-appointed as Auditor. The Audit Committee also met with BDO to review the audit plan and set their remuneration for the year.

As an externally managed investment trust, the Company has no employees, customers, operations or premises. Therefore, the Company's key stakeholders (other than its shareholders) are considered to be its service providers. The need to foster good business relationships with the service providers and maintain a reputation for high standards of business conduct are central to the Directors' decision-making as the Board of an externally managed investment trust.

KEY AREAS OF ENGAGEMENT	MAIN DECISIONS AND ACTIONS TAKEN
• Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio. • The impact of market volatility caused by, *inter alia*, the COVID-19 pandemic and certain geopolitical events, on the portfolio. • Share price performance.	The Board and the Portfolio Manager provided updates via RNS, the Company's website, the distribution list and the usual financial reports and monthly fact sheets. The Board continued to monitor share price movements closely. When the discount of the share price to the net asset value per share exceeded 6%, the Company sought to buy back shares in the market. As a result, 576,087 shares were bought back during the year. As a result of the emergence of a premium during the start of the year, 150,000 shares were issued at a premium to the net asset value per share at the time. Please refer to page 25 and 26 for further information.
• Portfolio composition, performance, outlook and business updates. • The ongoing impact of the COVID-19 pandemic on the Portfolio Manager's business and the businesses of the portfolio companies. • The integration of sustainability and ESG factors to the Portfolio Manager's investment process. • The Portfolio Manager's system of internal controls and investment risk management including their cyber security arrangements.	The Board concluded that the Portfolio Manager had continued to successfully implement temporary remote working with no material adverse impact on service delivery. The Board agreed that high standards of research had been maintained and the Portfolio Manager's strategy has been implemented consistently. The Board concluded that it was in the interests of shareholders for OrbiMed to continue in their role as Portfolio Manager on the same terms and conditions. Please refer to page 47 for further details. The Board, meeting as the Audit Committee, concluded that the Portfolio Manager's internal controls were satisfactory. Please refer to the Audit Committee Report, beginning on page 53, for further information. The Board has asked OrbiMed to enhance their reporting on their engagements with portfolio companies, including relevant ESG issues.
• The ongoing impact of the COVID-19 pandemic and restrictions on service providers' businesses and service provision. • The promotion and marketing strategy of the Company. • Service providers' internal controls, business continuity plans and cyber security provisions. • The assessment of the effectiveness of the audit and the Auditor's reappointment. • The terms and conditions under which the Auditor is engaged.	The Board concluded that the Company's principal service providers had continued to successfully implement temporary remote working with no material adverse impact on service delivery. The Board concluded that it was in the interests of shareholders for Frostrow to continue in their role as AIFM on the same terms and conditions. See page 47 for further details. The Board approved the Audit Committee's recommendation that it would be in the interests of shareholders for BDO to be re-appointed as the Company's auditor for a further year. Please refer to the Audit Committee Report beginning on page 53 and the Notice of AGM beginning on page 98 for further information.

By order of the Board

Frostrow Capital LLP
Company Secretary

31 May 2022

BOARD OF DIRECTORS

ANDREW JOY
Independent Non-Executive Chairman

Joined the Board in 2012 and became Chairman in July 2016

Remuneration: £40,000 pa*

Committees
Andrew is Chairman of the Nominations Committee. (See page 38 for further information).

Shareholding in the Company
55,000

Skills and Experience
Andrew was one of the founding Partners of Cinven, a leading private equity firm investing in Europe and the U.S. He has been Chairman or a Director of numerous growing companies over the past 30 years. He is a former Chairman of the BVCA (British Venture Capital and Private Equity Association) and a Director of the EVCA.

Other Appointments
Andrew is a Senior Advisor of Stonehage Fleming Group, Chairman of the investment committee of FPE Capital and is a Trustee of several charities.

Standing for re-election: No

STEVE BATES
Independent Non-Executive Director

Joined the Board in 2015

Remuneration: £30,000 pa*

Committees
Steve is Chairman of the Management Engagement Committee. (See page 38 for further information).

Shareholding in the Company
10,000

Skills and Experience
Steve has extensive experience as an Investment Manager and was head of global emerging markets at J.P. Morgan Asset Management until 2002. Since then, he has been an Executive Director of Guard Cap Asset Management Limited (and its predecessor company).

Other Appointments
Steve is non-executive Chairman of J.P. Morgan Elect PLC. He also sits on, or is advisor to, various committees in the wealth management and pension fund areas.

Standing for re-election: Yes

JULIA LE BLAN
Independent Non-Executive Director

Joined the Board in 2016

Remuneration: £ 30,000 pa*

Committees
Julia is Chair of the Audit Committee. (See page 38 for further information).

Shareholding in the Company
7,000

Skills and Experience
A Chartered Accountant, Julia has worked in the financial services industry for over 30 years. Julia was formerly a non-executive Director of Impax Environmental Markets plc, and was also formerly a tax partner at Deloitte and sat for two terms on the AIC's technical committee.

Other Appointments
Julia is a non-executive Director of British & American Investment Trust PLC and Aberforth Smaller Companies Trust plc.

Standing for re-election: Yes

* Information as at 31 March 2022

BOARD OF DIRECTORS CONTINUED

GEOFF HSU
Non-Executive Director

Joined the Board in 2018

Remuneration: Nil

Committees
Geoff does not sit on any of the Board's Committees. (See page 38 for further information).

Shareholding in the Company
Nil

Skills and Experience
Geoff is a General Partner of 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.

Other Appointments
Geoff is a General Partner of OrbiMed and does not have any other appointments.

Standing for re-election: Yes

THE RT HON LORD WILLETTS FRS
Independent Non-Executive Director

Joined the Board in 2015

Remuneration: £27,500 pa*

Committees
(See page 38 for further information).

Shareholding in the Company
Nil

Skills and Experience
A former Board member of the Francis Crick Institute and of the Biotech Industry Association, Lord Willetts was the Member of Parliament for Havant from 1992-2015 and was Minister for Universities and Science from 2010-2014. Before that, he worked at HM Treasury and the Number 10 Policy Unit. He also served as Paymaster General in John Major's Government.

Other Appointments
Lord Willetts is a non-executive Director of Darktrace plc and is President of the Resolution Foundation and a Visiting Professor at King's College London. He is also a Board Member of Tekcapital and a founder Director of Synbiotek. He is also an Honorary Fellow of the Royal Society and of Nuffield College and Chancellor of the University of Leicester.

Standing for re-election: Yes

DR NICKI SHEPHERD
Independent Non-Executive Director

Joined the Board in January 2021

Remuneration: £27,500 pa*

Committees
(See page 38 for further information).

Shareholding in the Company
Nil

Skills and Experience
Nicki is the Founder and Director of Bellows Consulting focused on supporting Translational Research in the Biomedical Space. She was previously at the Wellcome Trust where she was responsible for the establishment, management and oversight of the Translation Fund, a £30m a year investment into new product development covering therapeutics, vaccines, diagnostics, medical devices and regenerative medicine over a range of clinical indications. Nicki has also held positions at AstraZeneca in Late-Stage Development and Manufacturing.

Other Appointments
Nicki is a Member of the CARB-X Advisory Board.

Standing for re-election: Yes

ROGER YATES
Independent Non-Executive Director

Joined the Board in December 2021

Remuneration: £27,500 pa*

Committees
(See page 38 for further information).

Shareholding in the Company
Nil

Skills and Experience
Roger started his career in investment management at GT Management in 1981 and subsequently held positions at Morgan Grenfell and Invesco as Chief Investment Officer. He was appointed Chief Executive Officer of Henderson Group plc in 1999 and led the company for a decade. More recently, Roger was the Senior Independent Director and Remuneration Committee Chairman at IG Group Holdings plc, Chairman of Electra Private Equity PLC and Chairman of Pioneer Global Asset Management S.p.A. He was also a Non-Executive Director of J.P. Morgan Elect PLC from 2008 until 2018.

Other Appointments
Roger is a non-executive director, senior independent director and remuneration committee chair at St James's Place Plc and Jupiter Fund Management plc. He is also a non-executive director and senior independent director at Mitie Group plc.

Standing for election: Yes

* Information as at 31 March 2022

CORPORATE GOVERNANCE

THE BOARD AND COMMITTEES

Responsibility for effective governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees. Portfolio management is delegated to OrbiMed and risk management, company management, company secretarial, administrative and marketing services are delegated to Frostrow. The Board generates value for shareholders through its oversight of the service providers and management of costs associated with running the Company.

THE BOARD

Chairman – Andrew Joy

Senior Independent Director – Steve Bates

Five additional non-executive Directors, all considered independent except for Geoff Hsu.

Key responsibilities:

- to provide leadership and set strategy, values and standards within a framework of prudent effective controls which enable risk to be assessed and managed;
- to ensure that a robust corporate governance framework is implemented; and
- to challenge constructively and scrutinise performance of all outsourced activities.

Audit Committee

Chair
Julia Le Blan

All Independent Directors

Key responsibilities:

- to review the Company's financial reports;
- to oversee the risk and control environment and financial reporting; and
- to have primary responsibility for the relationship with the Company's external auditor, to review their independence and performance, and to determine their remuneration.

Nominations Committee

Chairman
Andrew Joy

All Independent Directors

Key responsibilities:

- to review regularly the Board's structure and composition; and
- to make recommendations for any changes or new appointments.

Management Engagement Committee

Chairman
Steve Bates

All Independent Directors

Key responsibilities:

- to review regularly the contracts, the performance and remuneration of the Company's principal service providers.

Valuation Committee

Chairman
Julia Le Blan

Andrew Joy, Steve Bates

Key responsibilities:

- to consider the valuations of the Company's unquoted investments; and
- to consider the appropriateness of the Company's valuation policies and methodologies.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found on the Company's website at www.biotechgt.com

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining and demonstrating high standards of corporate governance. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance published in February 2019 (the AIC Code). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code (which has been endorsed by the Financial Reporting Council) will provide better information to shareholders. By reporting against the AIC Code, the Company meets its obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such does not need to report further on issues contained in the UK Code which are irrelevant to the Company as an externally-managed investment company, including the provisions relating to the role of the chief executive, executive directors' remuneration and the internal audit function.

The AIC Code is available on the AIC's website www.theaic.co.uk and the UK Code can be viewed on the Financial Reporting Council website www.frc.org.uk. The AIC Code includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the principles and provisions of the AIC Code. The Corporate Governance Report on pages 38 to 45, forms part of the Report of the Directors on pages 46 to 51.

BOARD LEADERSHIP AND PURPOSE

PURPOSE AND STRATEGY

The purpose and strategy of the Company are described in the Strategic Report.

BOARD CULTURE

The Board aims to consider and discuss fully differences of opinion, unique vantage points and to exploit fully areas of expertise. The Chairman encourages open debate to foster a supportive and cooperative approach for all participants. Strategic decisions are discussed openly and constructively. The Board aims to be open and transparent with shareholders and other stakeholders and for the Company to conduct itself responsibly, ethically and fairly in its relationships with service providers.

The Board has gained assurance on whistleblowing procedures at the Company's principal service providers to ensure employees at those companies are supported in speaking up and raising concerns. No concerns relating to the Company were raised during the year.

SHAREHOLDER RELATIONS

The Company has appointed Frostrow to provide marketing and investor relations services in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to net asset value per share over the long run. Frostrow actively promotes the Company as set out on pages 24 and 25.

SHAREHOLDER COMMUNICATIONS

The Board, the AIFM and the Portfolio Manager consider maintaining good communications with shareholders to be a key priority. They engage with larger shareholders through meetings and presentations. Shareholders are informed by the publication of annual and half-yearly reports which include financial statements. These reports are supplemented by the daily release of the net asset value per share to the London Stock Exchange and the publication of monthly fact sheets. All this information, including interviews with the Portfolio Manager, is available on the Company's website at www.biotechgt.com.

The Board monitors changes to the share register of the Company; it also reviews correspondence from shareholders (if any) at each meeting and maintains regular contact with major shareholders. Shareholders who wish to raise matters with a Director may do so by writing to them at the registered office of the Company.

The Board supports the principle that the Annual General Meeting (AGM) be used to communicate with private investors in particular. While the COVID-19 pandemic has necessitated different arrangements for the past two years, shareholders are usually encouraged to attend the AGM, where they are given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. In addition, the Portfolio Manager makes a presentation to shareholders covering the investment performance and strategy of the Company at the AGM. Voting at the AGM is conducted on a poll and details of the proxy votes received in respect of each resolution are made available on the Company's website.

SIGNIFICANT HOLDINGS AND VOTING RIGHTS

Details of the shareholders with substantial interests in the Company's shares, the Directors' authorities to issue and repurchase the Company's shares, and the voting rights of the shares are set out in the Report of the Directors on pages 46 to 51.

CONFLICTS OF INTEREST

In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and potential conflicts is maintained and is reviewed at every Board meeting. No conflicts of interest arose during the year.

DIVISION OF RESPONSIBILITIES

THE CHAIRMAN AND THE SID

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the Company.

The Senior Independent Director ("SID") serves as a sounding board for the Chairman and acts as an intermediary for the other Directors and the shareholders.

A full description of the responsibilities of the Chairman and the SID can be found on the Company's website: www.biotechgt.com

DIRECTOR INDEPENDENCE

The Board consists of seven non-executive Directors. All of the Directors except for Geoff Hsu are independent of OrbiMed and the Company's other service providers. No member of the Board is a Director of another investment company managed by OrbiMed, nor has any Board member (with the exception of Geoff Hsu) been an employee of OrbiMed or any of the Company's service providers. Further details regarding the Directors can be found on pages 36 to 37.

The Board carefully considers the various guidelines for determining the independence of non-executive Directors, placing particular weight on the view that independence is evidenced by an individual being independent of mind, character and judgement. All Directors, with the exception of Geoff Hsu, are presently considered to be independent. Directors obtain approval from the Chairman prior to accepting any new appointments..

BOARD MEETINGS

The Board is responsible for the effective stewardship of the Company's affairs. Strategy issues and all material operational matters are considered at its meetings.

The Board meets formally at least four times each year. The primary focus at regular Board meetings is the review of investment performance and associated matters, including asset allocation, marketing/investor relations, peer group information and industry issues. The Board reviews key investment and financial data, revenue and expense projections, analyses of transactions, performance metrics and performance comparisons, share price and net asset value performance.

The Board is responsible for setting the Company's corporate strategy and reviews the continued appropriateness of the Company's investment objective, investment strategy and investment restrictions at each meeting.

MATTERS RESERVED FOR DECISION BY THE BOARD

The Board has adopted a schedule of matters reserved for its decision. This includes:

- decisions relating to the strategic objectives and overall management of the Company, including the appointment or removal of the Portfolio Manager and other service providers, establishing the investment objectives, restrictions, strategy and performance comparators;
- approval of the annual and half yearly financial statements, recommendation or declaration of any dividends, determining the policy on share issuance and buybacks;
- the Company's internal controls, corporate governance structure, policies and procedures; and
- matters relating to the Board and its committees, including the appointment of directors.

Day-to-day portfolio management is delegated to OrbiMed and operational management is delegated to Frostrow.

The Board takes responsibility for the content of communications regarding major corporate issues, even if OrbiMed or Frostrow acts as spokesman. The Board is kept informed of relevant promotional material that is issued by Frostrow.

RELATIONSHIP WITH SERVICE PROVIDERS

Representatives of the Portfolio Manager and the AIFM are in attendance at each Board meeting. The Management Engagement Committee evaluates the performance of all the Company's service providers as well as the terms and conditions on which they are engaged. At the most recent review in February 2022, the Committee concluded that all the service providers were performing well and recommended to the Board that they should be retained on the existing terms and conditions. Please refer to page 47 for further information on the Committee's assessment of the AIFM and the Portfolio Manager.

EXERCISE OF VOTING POWERS

The Board and the AIFM have delegated authority to the Portfolio Manager to vote the shares owned by the Company. The Portfolio Manager has been instructed to submit votes for such shares wherever possible. The Portfolio Manager may refer to the Board or the AIFM on any matters of a contentious nature. The Board has reviewed OrbiMed's Voting Guidelines and is satisfied with their approach.

The Company does not retain voting rights on any shares that are subject to rehypothecation* in connection with the loan facility provided by J.P. Morgan Securities LLC.

STEWARDSHIP AND ORBIMED'S RESPONSIBLE INVESTING POLICY

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 any other ESG related issues are discussed regularly with the Board.

The Portfolio Manager, 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 Responsible Investing Policy into its overall investment process for the Company in order to maximise investment returns.

OrbiMed negatively screens potential investments and business sectors that may objectively lead to negative impacts on public health or well-being. OrbiMed makes investment decisions based on a variety of financial and non-financial company factors, including ESG information.

OrbiMed considers sector-specific guidance from the Sustainability Accounting Standards Board (SASB) to determine material ESG factors. Depending on the investment, all or a subset of the ESG factors that are financially material and relevant are considered in OrbiMed's research. The evaluation of a company's performance on ESG issues provides guidance for investment decisions and constitutes part of the investment analysis, as opposed to ESG factors forming the sole, or primary, set of considerations for an investment decision.

ESG Monitoring

SASB's sector guidance for the Biotechnology and Pharmaceutical sectors lists the following as financially material ESG issues: safety of clinical trial participants; access to medicines, affordability & pricing; drug safety; counterfeit drugs; ethical marketing; employee recruitment; development and retention; supply chain management; and business ethics. Depending on the investment, all or a subset of the ESG factors that are financially material and relevant are considered in OrbiMed's research during due diligence as well as ongoing monitoring.

Data sources for OrbiMed's ESG assessments include company reports/disclosures such as ESG reports, sustainability reports, in-house ESG due diligence, management meetings, investor calls, third-party service providers, and analyst reports amongst others.

OrbiMed is taking the initiative in leading meaningful ESG engagement in the 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 large capitalisation pharmaceutical sector. OrbiMed also engages with a number of companies, including one-on-one discussions on ESG issues. Recently, OrbiMed held a meeting with Horizon Therapeutics on leading ESG practices and provided feedback and

*See glossary beginning on page 93 for further information.

recommendations on specific ESG topics such as talent management, disclosure and governance benchmarks to the company. The company has published its inaugural ESG report as a response to such stakeholder feedback.

Climate Change

Climate change does not appear in the list of financially material ESG considerations presented by SASB for the biotechnology and pharmaceutical sector. However, energy management is noted as a material ESG concern for the healthcare delivery sector. To that end, OrbiMed includes metrics to determine the portfolio company's performance on energy management for the relevant sectors in its overall ESG monitoring, where available.

OrbiMed votes via proxy to promote ESG best practices and engages with companies on all ESG matters such as energy management and climate change. OrbiMed generally follows the guidelines and recommendations of Glass Lewis & Co LLC, a leading proxy voting services provider, including on climate change matters.

OrbiMed's full Responsible Investing Policy is available on the Company's website: www.biotechgt.com.

INDEPENDENT PROFESSIONAL ADVICE

The Directors have access to the advice and services of a specialist investment trust company secretary, who is responsible for advising the Board on all governance matters. The Company Secretary ensures governance procedures are followed and that the Company complies with applicable statutory and regulatory requirements.

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense. No such advice was sought during the year.

BOARD COMPOSITION, SUCCESSION AND EVALUATION

SUCCESSION PLANNING

The Board, meeting as the Nominations Committee, regularly considers its structure and recognises the need for progressive refreshment.

The Board has an approved succession planning policy to ensure that (i) there is a formal, rigorous and transparent procedure for the appointment of new Directors; and (ii) the Board is comprised of members who collectively display the necessary balance of professional skills, experience, length of service and industry/Company knowledge.

During the year, the Nominations Committee led the process for the appointment of a new director to succeed the Chairman, in line with the aforementioned succession planning policy. Further information is provided in the following 'Appointments to the Board' section.

POLICY ON THE TENURE OF THE CHAIRMAN AND OTHER NON-EXECUTIVE DIRECTORS

The tenure of each independent, non-executive director, including the Chairman, is not ordinarily expected to exceed nine years. It should be noted that, in practice, the date for departure from the Board may be on the Annual General Meeting following this anniversary. However, the Board has agreed that the tenure of the Chairman may be extended for a limited time provided such an extension is conducive to the Board's overall orderly succession. The Board believes that this more flexible approach to the tenure of the Chairman is appropriate in the context of the regulatory rules that apply to investment companies, which ensure that the chair remains independent after appointment, while being consistent with the need for regular refreshment and diversity.

Notwithstanding this expectation, the Board considers that a Director's tenure does not necessarily reduce his or her ability to act independently and will continue to assess each Director's independence annually, through a formal performance evaluation.

APPOINTMENTS TO THE BOARD

The rules governing the appointment and replacement of Directors are set out in the Company's articles of association and the aforementioned succession planning policy. Where the Board appoints a new Director during the year, that Director will stand for election by shareholders at the next AGM. Subject to there being no conflict of interest, all Directors are entitled to vote on candidates for appointment to the Board and on the recommendation for shareholders' approval for the Directors seeking re-election at the AGM. When considering new appointments, the Board endeavours to ensure that it has the capabilities required to be effective and oversee the Company's strategic priorities. This will include an appropriate range, balance and diversity of skills, experience and knowledge. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates.

The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors.

Following the recommendation of the Nominations Committee, Roger Yates was appointed to the Board as a Director and the Chairman-elect on 1 December 2021. The Chairman did not chair the committee when it was dealing with the appointment of his successor. Instead Mr Bates, as the Senior Independent Director, led the process. An external executive search firm, Nurole, was engaged to assist in this process. Nurole has no other connection with the Company or any of the Directors.

INDUCTION AND TRAINING

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference of the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate.

DIVERSITY POLICY

The Board supports the principle of Boardroom diversity, of which gender and ethnicity are two important aspects. The Company's policy is that the Board should be comprised of Directors who collectively display the necessary balance of professional skills, experience, length of service and industry knowledge and that appointments to the Board should be made on merit, against objective criteria, including diversity in its broadest sense.

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the Company and generating value for all shareholders by ensuring there is a breadth of perspectives among the Directors and the challenge needed to support good decision making.

To this end, achieving a diversity of perspectives and backgrounds on the Board will be a key consideration in any Director search process.

MEETING ATTENDANCE

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 March 2022 and the number of meetings attended by each Director.

	Board	Management Engagement Committee	Audit Committee	Nominations Committee	Valuation Committee
Number of meetings held in 2021/22:	**4**	**1**	**2**	**1**	**1**
Steve Bates	4	1	2	1	1
Geoff Hsu[1]	4	–	–	–	–
Andrew Joy	4	1	2	1	1
Julia Le Blan	4	1	2	1	1
Dr Nicki Shepherd	4	1	2	1	–
The Rt Hon Lord Willetts[2]	3	0	2	0	–
Roger Yates[3]	1	–	–	–	–
Professor Dame Kay Davies CBE[4]	1	–	1	–	–

All of the serving Directors attended the Annual General Meeting held on 14 July 2021.

1 Geoff Hsu is not a member of any committees.

2 Lord Willetts was unable to attend the July 2021 Board meeting and the February 2022 committee meetings as he was required to be in the House of Lords at the time.

3 Roger Yates joined the Board on 1 December 2021. He will join the Board's committees when Andrew Joy retires at the next AGM.

4 Professor Dame Kay Davies retired from the Board on 14 July 2021.

In view of its size, the Board does not consider it appropriate to set measurable objectives in relation to diversity, however the Board notes that following the short period of overlap between the incumbent and incoming chairman, the gender balance of four men and two women will meet the recommendation of the Hampton-Alexander Review.

The Board is aware that the FCA has recently introduced new Listing Rules, which will take effect for financial years starting on or after 1 April 2022, to require listed companies to report on specific diversity targets. The Board anticipates making the relevant disclosures next year.

BOARD EVALUATION

During the year an internal review of the Board, its committees and individual Directors (including each Director's independence) was carried out by the Board, in the form of electronic performance evaluation questionnaires.

The review concluded that the Board worked in a collegiate, efficient and effective manner, and there were no material weaknesses or concerns identified. The Board is satisfied that the structure, mix of skills and operation of the Board, its committees, and individual Directors continue to be effective.

As an independent external review of the Board was undertaken in 2021 and it is anticipated that the next such review will be in 2024.

The Board pays close attention to the capacity of individual Directors to carry out their work on behalf of the Company. In recommending individual Directors to shareholders for re-election, it considered their other Board positions and their time commitments and is satisfied that each Director has the capacity to be fully engaged with the Company's business. The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests to propose them for election and re-election at the forthcoming AGM (with the exception of Andrew Joy who will retire at the conclusion of the meeting) for the following reasons:

Roger Yates was appointed to the Board on 1 December 2021. He was appointed as the Chairman-elect and is expected to succeed Andrew Joy when Mr Joy retires at the forthcoming AGM. He has extensive knowledge of the investment sector, having held CIO positions at Morgan Grenfell and Invesco, and having led Henderson Group as CEO for 10 years. More recently, he has chaired and served on the boards of numerous investment and asset management companies.

Julia Le Blan joined the Board in July 2016. A Chartered Accountant and a former tax partner at Deloitte, she has considerable knowledge of the financial services industry and the investment company sector. Julia became the Chair of the Audit Committee in July 2017.

Geoff Hsu, who has been a Director since May 2018, is a General Partner of OrbiMed, the Portfolio Manager. He has been a part of the team that manages the Company's portfolio since OrbiMed's appointment in 2005.

Steve Bates joined the Board in July 2015. He is an experienced investment manager with broad knowledge of the investment company sector. He is Chairman of the Management Engagement Committee.

The Rt Hon Lord Willetts joined the Board in November 2015. A former government minister, he has relevant experience and a strong interest in the biotechnology sector.

Dr Nicki Shepherd joined the Board in January 2021. Dr Shepherd has been working in the biomedical sector for 25 years across academia, large pharma and global biomedical charities. She brings breadth of experience across technology and therapeutic areas and the full product development pipeline from 'bench to bedside'.

The Chairman is pleased to report that following the internal performance evaluation, the Directors' performance continues to be effective and they continue to demonstrate commitment to the role. Accordingly, the Board recommends that shareholders vote in favour of the Directors' election and re-election (as applicable) at the forthcoming AGM.

AUDIT, RISK AND INTERNAL CONTROL

The Statement of Directors' Responsibilities on page 52 describes the Directors' responsibility for preparing this report.

The Audit Committee Report, beginning on page 53, explains the work undertaken to allow the Directors to make this statement and to apply the going concern basis of accounting. It also sets out the main roles and responsibilities and the work of the Audit Committee throughout the year, and describes the Directors' review of the Company's risk management and internal control systems.

A description of the principal risks facing the Company and an explanation of how they are being managed is provided in the Strategic Report on pages 27 to 31.

The Board's assessment of the Company's longer-term viability is set out in the Report of the Directors on pages 32 to 33.

REMUNERATION

The Directors' Remuneration Report, beginning on page 58, sets out the levels of remuneration for each Director and explains how Directors' remuneration is determined.

By order of the Board

Frostrow Capital LLP
Company Secretary

31 May 2022

REPORT OF THE DIRECTORS

The Directors present this Annual Report on the affairs of the Company together with the audited financial statements and the Independent Auditor's Report for the year ended 31 March 2022. Disclosures relating to performance, future developments and risk management can be found in the Strategic Report on pages 1 to 35.

COMPANY MANAGEMENT

ALTERNATIVE INVESTMENT FUND MANAGER

Frostrow, under the terms of its AIFM agreement with the Company (the "AIFM Agreement") provides, *inter alia*, the following services:

- delegation (subject to the oversight of Frostrow and the Board) of the portfolio management function to OrbiMed;
- investment portfolio administration and valuation;
- risk management services;
- marketing and shareholder services;
- share price discount and premium management;
- administrative and secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- preparation and dispatch of annual and half yearly reports and monthly fact sheets;
- ensuring compliance with applicable legal and regulatory requirements; and
- maintenance of the Company's website.

Under the terms of the AIFM Agreement, Frostrow is entitled to receive a periodic fee equal to 0.30% per annum on the Company's market capitalisation up to £500m, 0.20% on market capitalisation above £500m to £1bn and 0.10% on market capitalisation over £1bn.

Either party may terminate the AIFM Agreement on not less than 12 months' notice.

PORTFOLIO MANAGER

OrbiMed, under the terms of its portfolio management agreement with the AIFM and the Company (the "Portfolio Management Agreement") provides, *inter alia*, the following services:

- the seeking out and evaluating of investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

OrbiMed receives a periodic fee equal to 0.65% per annum of the Company's net asset value. The proportion of the Company's assets committed for investment in OrbiMed Asia Partners L.P., a limited partnership managed by OrbiMed Asia G.P., L.P., an affiliate of the Portfolio Manager, is excluded from the fee calculation.

The Portfolio Management Agreement may be terminated by the Company, Frostrow or the Portfolio Manager giving notice of not less than 12 months.

PERFORMANCE FEE

Dependent on the level of long-term outperformance of the Company, the Portfolio Manager 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 NASDAQ Biotechnology Index (sterling adjusted), the Company's benchmark index.

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 amounts to 15% of any outperformance over the Benchmark. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards.

In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:

(i) the cumulative outperformance of the portfolio over the Benchmark as at the quarter end date; and

(ii) the cumulative outperformance of the portfolio over the Benchmark as at the corresponding quarter end date in the previous year.

In addition, a performance fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all performance fees paid to date. During the year, a performance fee of £6,979,000 crystallised and became payable to OrbiMed and Frostrow as at 30 June 2021. As announced last year, Frostrow is no longer entitled to receive a performance fee. As at the date of this report, there is no provision for future payments (see note 3 on page 79 for further details).

The proportion of the Company's assets invested in OrbiMed Asia Partners L.P. is excluded from the performance fee calculation.

DEPOSITARY AND CUSTODIAN AND PRIME BROKER

The Company has appointed J.P. Morgan Europe Limited (the Depositary) as its depositary. Under the terms of the Depositary Agreement, the Company has agreed to pay the Depositary a fee calculated at 1.75 bps on net assets up to £150 million, 1.50 bps on net assets between £150 million and £300 million, 1.00 bps on net assets between £300 million and £500 million and 0.50 bps on net assets above £500 million.

The Depositary has delegated the custody and safekeeping of the Company's assets to J.P. Morgan Securities LLC which acts as the Company's Custodian and Prime Broker.

Under the terms of a Delegation Agreement, liability for the loss of the Company's financial instruments held in custody by J.P. Morgan Securities LLC has been transferred from the Depositary to J.P. Morgan Securities LLC in accordance with the AIFMD. 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") in accordance with the terms of an institutional account agreement between the Company, J.P. Morgan Securities LLC and certain other J.P. Morgan entities (as defined therein) (the "Institutional Account Agreement"). This activity is undertaken in order to take advantage of lower financing costs on the Company's loan borrowings as well as lower custody charges.

J.P. Morgan Securities LLC is a registered broker-dealer and is accordingly subject to limits on rehypothecation, in accordance with SEC rules. In the event of J.P. Morgan's insolvency, the Company may be unable to recover in full all assets held by J.P. Morgan as collateral for the loan or as Custodian (see note 14 beginning on page 84 for further details).

AIFM AND PORTFOLIO MANAGER EVALUATION AND RE-APPOINTMENT

The performance of the AIFM and the Portfolio Manager is reviewed by the Board with a formal evaluation being undertaken by the Management Engagement Committee (the MEC) each year. As part of this process, the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Board also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objectives set by the Board have been met. The Committee reviewed the appointment of the AIFM and the Portfolio Manager in February 2022 with a recommendation being made to the Board.

The Board believes the continuing appointment of the AIFM and the Portfolio Manager, under the terms described above, is in the interests of shareholders as a whole. In coming to this decision, the Board also took into consideration the following reasons:

- the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio and the level of performance of the portfolio in absolute terms and also by reference to the Benchmark; and
- the quality and depth of experience of the company management, company secretarial, administrative and marketing team that the AIFM allocates to the management of the Company.

LOAN FACILITY

The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by J.P. Morgan Securities LLC. The potential draw down of the Company's loan facility with J.P. Morgan is limited to 50% of the Company's Marginable Securities*; however as described on page 24 the maximum amount of gearing permitted by the Board is 20% of net assets (further details can be found in note 1 beginning on page 74 and note 14 beginning on page 84).

*see glossary beginning on page 93.

SHARE CAPITAL

At 31 March 2022, there were 41,158,682 ordinary shares of 25p each ('shares') in issue (2021: 41,584,769). All shares rank equally for dividends and distributions. Each shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. Details of the substantial shareholders in the Company are listed on page 49.

At the start of the year under review, the Directors had shareholder authority to issue up to 4,155,634 shares on a non-pre-emptive basis and to buy back up to 5,895,907 shares in the market. At the Company's annual general meeting held on 14 July 2021, these authorities expired and new authorities to allot up to 4,173,476 shares (representing 10% of the Company's issued share capital) on a non-pre-emptive basis and to buy back up to 6,256,041 shares (representing 14.99% of the Company's issued share capital) were granted.

During the year, 150,000 new shares were issued. 576,087 shares were repurchased during the year and cancelled; there are no shares held in Treasury. Further information on the Company's share issuance and buyback policies can be found on pages 25 and 26.

The giving of powers to issue or buy back the Company's shares requires the relevant resolution to be passed by shareholders. Proposals for the renewal of the Board's authorities to issue and buy back shares are detailed in the Notice of AGM beginning on page 98.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to the securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

ANNUAL GENERAL MEETING

THE FOLLOWING INFORMATION TO BE CONSIDERED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the Stock broker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Company's Annual General Meeting will be held at the Apothecaries' Hall, 10 Blackfriars Lane, London EC4V 6ER on Tuesday, 19 July 2022 at 12 noon. Please refer to the Chairman's Statement beginning on page 2 for details of this year's arrangements.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 11 Authority to allot shares

Resolution 12 Authority to disapply pre-emption rights

Resolution 13 Authority to buy back shares

Resolution 14 Authority to hold General Meetings (other than the AGM) on at least 14 clear days' notice

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 98 to 100. Explanatory notes regarding the resolutions can be found on pages 101 and 102.

DIRECTORS

DIRECTORS' FEES

A report on Directors' Remuneration and the Directors' Remuneration Policy are set out on pages 58 to 62.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE COVER

Directors' & Officers' liability insurance cover was maintained by the Board during the year ended 31 March 2022. It will continue in effect for the year ending 31 March 2023 and subsequent years.

DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his/her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

SUBSTANTIAL SHAREHOLDINGS

The Company was aware of the following substantial interests in the voting rights of the Company as at 30 April 2022, the latest practicable date before publication of this report.

	30 April 2022		31 March 2022	
Shareholders	No. of shares	% of Issued share capital	No. of shares	% of Issued share capital
Hargreaves Lansdown	5,143,859	12.6	5,062,860	12.3
Interactive Investor	4,415,395	10.8	4,366,212	10.6
Rathbones	2,228,234	5.4	2,201,116	5.4
Brewin Dolphin	2,266,248	5.5	1,930,000	4.7
Border to Coast Pensions Partnership	1,985,000	4.9	1,896,951	4.6
Charles Stanley	1,897,261	4.6	2,152,931	5.2
AJ Bell Stockbrokers	1,601,097	3.9	1,605,689	3.9
BlackRock	935,568	2.3	1,419,888	3.5

As at 31 March 2022, there were 41,158,682 shares in issue. As at 30 April 2022, there were 40,932,529 shares in issue.

FINANCIAL INSTRUMENTS

The Company's financial instruments comprise its portfolio, including derivative instruments, cash balances, debtors and creditors that arise directly from its operations, such as sales and purchases awaiting settlement, accrued income and the loan facility. The financial risk management and policies arising from its financial instruments are disclosed in note 14 to the Financial Statements on page 84.

RESULTS AND DIVIDEND

The results attributable to shareholders for the year and the transfer from reserves are shown on pages 70 and 73.
No dividend is proposed in respect of the year ended 31 March 2022 (2021: nil).

ALTERNATIVE PERFORMANCE MEASURES

The financial statements (on pages 70 to 91) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 1 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on pages 25 and 26. Please also see the glossary beginning on page 93.

AWARENESS AND DISCLOSURE OF RELEVANT AUDIT INFORMATION

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware.

Each of the Directors has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

POLITICAL AND CHARITABLE DONATIONS

The Company has not in the past and does not intend in the future to make political or charitable donations.

MODERN SLAVERY ACT 2015

The Company does not provide goods or services in the normal course of business, and as a financial investment vehicle, does not have customers. The Directors do not therefore consider that the Company is required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking. The Company's suppliers are typically professional advisers and the Company's supply chains are considered to be low risk in this regard.

ANTI-BRIBERY AND CORRUPTION POLICY

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly, it expressly prohibits any Director or associated persons, when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company.

A copy of the Company's anti-bribery and corruption policy can be found on its website at www.biotechgt.com. The policy is reviewed annually by the Audit Committee.

CRIMINAL FINANCES ACT 2017

The Board has adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found on the Company's website www.biotechgt.com. The policy is reviewed annually by the Audit Committee.

GLOBAL GREENHOUSE GAS EMISSIONS

The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets it owns. It 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 Reports and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, including those within the Company's underlying investment portfolio. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

COMMON REPORTING STANDARD (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The Registrars, Link Group, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

CORPORATE GOVERNANCE

The Corporate Governance Report set out on pages 38 to 45 forms part of the Report of the Directors.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of this report. The Company's portfolio, trading activity, cash balances, revenue and expense forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress tests which modelled the effects of substantial falls in portfolio valuations and liquidity constraints on the Company's financial position. Further information is provided in the Audit Committee report beginning on page 53.

Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement on pages 32 and 33, the Company's current cash balances, and the liquidity of the Company's investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

NOMINEE SHARE CODE

Where shares are held in a nominee company name and where the beneficial owner of the shares is unable to vote in person, the Company nevertheless undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

BENEFICIAL OWNERS OF SHARES – INFORMATION RIGHTS

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Link Group, or to the Company directly.

SECURITIES FINANCIAL TRANSACTIONS REGULATION (SFTR) DISCLOSURE

Securities financing transactions (SFTs) include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions. Whilst the Company does not engage in such SFTs it does engage in Total Return Swaps (TRS). The Company's exposure to TRS can be found on the Company's website www.biotechgt.com.

ARTICLES OF ASSOCIATION

Amendment of the Company's Articles of Association requires a special resolution to be passed by shareholders.

There are no changes proposed this year.

By order of the Board

Frostrow Capital LLP
Company Secretary

31 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements in accordance with UK-adopted international accounting standards. 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 and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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 Directors are responsible for ensuring that the Annual Report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT

We confirm that to the best of our knowledge:

- the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and the return of the Company for the year ended 31 March 2022; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

The Directors consider the Annual Report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Andrew Joy
Chairman

31 May 2022

AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS

The Audit Committee (the Committee) comprises all of the independent Directors whose biographies can be found on pages 36 to 37. Julia Le Blan, who has recent and relevant financial experience, was appointed Chair of the Committee in July 2017. In addition, the Board recognises the requirement for the Committee as a whole to have competence relevant to the sector in which the Company operates. The Committee members have a combination of financial, investment and business experience which is highly relevant to both the biotechnology and investment trust sectors.

The Committee met twice during the year. Attendance by each Director is shown in the table on page 43.

Role and Responsibilities of the Committee:

1. **To review the Company's half-yearly and annual financial statements.**
2. **To advise the Board on whether the Annual Report, taken as a whole, is fair, balanced and understandable.**
3. **To review the risk management and internal control processes of the Company and its key service providers.**
4. **To assess the effectiveness of the external audit as well as the independence and objectivity of the Auditor.**
5. **To be responsible for the selection/tender process for the external Auditor, to agree the scope of the external Auditor's work and set their remuneration.**
6. **To review and approve any non-audit work to be carried out by the Auditor.**
7. **To consider the need for an internal audit function.**
8. **To assess the going concern and longer-term viability of the Company.**
9. **To report its findings to the Board.**

A comprehensive description of the Committee's role, its duties and responsibilities, can be found in its terms of reference which are available for review on the Company's website at www.biotechgt.com..

SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE DURING THE YEAR

FINANCIAL STATEMENTS

The production of the Annual Report (including the external audit) is a thorough process involving input from a number of different organisations. In order to be able to confirm that the Annual Report is fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria have been satisfied. As part of this process, the Committee has considered the following:

- the procedures followed in the production of the Annual Report, including the processes in place to ensure the accuracy of the factual content;
- the extensive levels of review that were undertaken in the production process by the AIFM and the Committee; and
- the internal control environment as operated by the Portfolio Manager, AIFM and other service providers.

As a result of the work undertaken by the Committee, it has confirmed that the Annual Report for the year ended 31 March 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial position, performance, business model and strategy. The Committee has confirmed this to the Board.

COMPANY'S INVESTMENTS – VALUATION AND OWNERSHIP

The Committee approached and dealt with this area of risk by:

- ensuring that all investment holdings and cash/deposit balances had been agreed to an independent confirmation from the Custodian and Prime Broker. In addition, receiving and reviewing details of the internal control procedures in place at the Portfolio Manager, the AIFM and the Custodian and Prime Broker and also receiving regular reports from both the Custodian and Prime Broker and the Depositary (whose role it is to safeguard the Company's assets and to verify their valuation);
- reconfirming its understanding of the processes in place to record investment transactions and income, and to value the portfolio;

- reviewing and amending, where necessary, the Company's register of key risks in light of changes to the portfolio and the investment environment; and
- gaining an overall understanding of the performance of the portfolio both in capital and revenue terms through comparison to the Benchmark.

VALUATION OF UNQUOTED INVESTMENTS

The Company has the ability to make unquoted investments up to a limit of 10% of the portfolio at the time of acquisition. This will not include any holdings that are subject to an IPO lock-in (see glossary beginning on page 93). Both the Directors and the AIFM need to ensure that an appropriate value is placed on such investments within the Company's net asset value. The Committee has worked with the Company's Portfolio Manager and the AIFM to establish clear guidelines for the valuation of unquoted investments, including the use of valuations produced by independent external valuers, where appropriate.

During the year, the Board established a Valuation Committee which considers in detail the valuations and valuation methodologies employed in respect of the unquoted assets. The Valuation Committee also considers whether the third party valuer has followed appropriate standards and established valuation procedures, taking into account the views of the Company's external auditor. The Audit Committee notes the recommendations of the Valuation Committee.

RECOGNITION OF REVENUE FROM INVESTMENTS

The Committee took steps to gain an understanding of the processes in place to record investment income and transactions. The Committee sought and received confirmation from the Company's AIFM that all dividends both received and receivable had been accounted for correctly. The Committee noted and took comfort from the segregation of duties in place between the Company's AIFM and the Custodian and Prime Broker.

TAXATION – INVESTMENT TRUST STATUS

The Committee ensured that the Company continued to comply with section 1158 of the Corporation Tax Act 2010, in order to maintain its investment trust status, by:

– seeking confirmation from the AIFM that the Company continues to meet the eligibility conditions, as outlined in section 1158, through reports received at each Board meeting and also as part of the monthly compliance monitoring report sent to the Board; and

– understanding the risks and consequences if the Company breaches this approval in future years.

CALCULATION OF AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

The AIFM, portfolio management and performance fees are calculated in accordance with the AIFM and Portfolio Management Agreements. Both the Committee and the Auditor review and agree the calculation of any performance fee that becomes payable.

OTHER REPORTING MATTERS

AUDIT REGULATION

The Committee has not had to consider any new audit regulations in the past year. It has, however, taken note of reporting guidance and thematic reviews published by the FRC and determined how to apply any relevant best practice to the Company's reporting.

The Committee also reviews the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with our Auditor.

The Committee is aware of the extensive proposals outlined by the Department of Business, Enterprise, Industry and Skills consultation which seek to strengthen the UK's audit and corporate governance framework. The Committee awaits the outcomes of the consultation.

COVID-19

The Committee continued to pay particular attention to the effects and potential effects on the Company of the COVID-19 pandemic.

In order to mitigate the business risks caused by the pandemic, the Committee continues to review the operational resilience of its various service providers, which have continued to demonstrate their ability to provide services to the expected level, whilst doing so remotely.

There have been no breaks in the services provided or operational failures. Many businesses will not have had business continuity plans that envisaged operating remotely for this length of time, but the Committee believes that the Company's service providers have adapted their businesses well in this regard.

INVESTMENT PERFORMANCE

The Committee also gained an overall understanding of the performance of the investment portfolio both in capital and revenue terms through ongoing discussions with the Portfolio Manager and also with comparison to suitable key performance indicators (see pages 25 and 26).

ACCOUNTING POLICIES

During the year, the Committee ensured that the accounting policies, as set out on pages 74 to 78, were applied consistently throughout the year. In light of there being no unusual transactions during the year or other possible reasons, the Committee agreed that there was no reason to change the policies.

GOING CONCERN

Having reviewed the Company's financial position and liabilities, the Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. The Committee's review of the Company's financial position included consideration of the cash and cash equivalent position of the Company; the diversification of the portfolio; and an analysis of portfolio liquidity, which estimated a liquidation of c.80.5% of the portfolio within seven trading days (based on current market volumes). Stress testing was also conducted as described below. Further information is provided in the Report of the Directors on pages 50 and 51.

VIABILITY STATEMENT

The Committee also considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on pages 32 and 33. The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties and the results of stress tests. The tests assumed falls in the Company's NAV and reductions in the liquidity of the portfolio and then examined the effect this would have on the Company's expenses and the Company's ability to meet its liabilities as they fell due. The tests considered the extent of market falls experienced over the last 100 years and applied the reductions to the Company's portfolio. A reverse stress test was also conducted to understand the extent of a decline that would threaten the Company's long-term viability.

In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to be able to meet its liabilities as they fall due. Based on the information available to the Directors at the time, the Committee therefore concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company. The process accords with guidance issued by the FRC and is subject to regular review by the Committee. The Board has overall responsibility for the Company's risk management and internal controls systems, and for reviewing their effectiveness. Operational responsibility is delegated to the Audit Committee. Internal controls systems are designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. These controls aim to ensure that the Company's assets are safeguarded, that proper accounting records are maintained and that the Company's financial information is reliable.

The Committee has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 March 2022. During the course of its review, the Committee has not identified or been advised of any failings or weaknesses that have been determined as significant. All business risks faced by the Company are recorded in a detailed risk register which is reviewed at each Committee meeting. In arriving at its judgement of what constitutes a sound system of internal control, the Directors considered the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the likelihood of such risks becoming a reality; and
- the Company's ability to reduce or mitigate the incidence and impact of risk on its performance.

Against this background, the Board has split the review of risk and associated controls into five sections (as contained in the Company's risk matrix) reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- investment activity;
- published information, compliance with laws and regulations;
- service providers; and
- financial activity.

The Committee also considers at each meeting whether there are any emerging risks to which the Company is becoming increasingly exposed. Details of the key risks to the Company (including emerging risks) can be found on pages 27 and 31.

The Committee also obtained from the Company's various service providers assurances and information relating to their internal controls systems to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- review of communication methods and procedures; and
- assessment of the control procedures.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Audit Committee or on its behalf by Frostrow.

In addition to reviewing the systems of internal control in place at the Company's principal service providers, the Committee also reviewed the cyber security strategies adopted by them.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control and risk management during the year, as set out above, and that the ongoing process for identifying, evaluating and managing significant risks faced by the Company, has been in place for the year under review and up to the date of approval of this report.

HALF YEAR REPORT AND FINANCIAL STATEMENTS

The Committee reviewed the Half Year Report and financial statements, which are not audited or reviewed by the Auditor, to ensure that the accounting policies were consistent with those used in the annual financial statements and that they portrayed a fair, balanced and understandable picture of the period in question.

INTERNAL AUDIT

The Committee considered whether there was a need for the Company to have an internal audit function. As the Company delegates its day-to-day operations to third parties and has no employees, the Committee concluded that there was no such need.

EXTERNAL AUDITOR

APPOINTMENT AND TENURE

BDO LLP (BDO) was the Auditor for the financial year and this was their third audit of the Company.

Peter Smith was the audit partner for the financial year under review and he has been the audit partner since BDO's appointment.

THE AUDIT

The Committee reviewed BDO's audit plan on 4 November 2021. The review considered, *inter alia*, the scope of the audit, the level of materiality, the audit risks identified by BDO, the Auditor's approach to testing the portfolio, and pertinent regulatory developments. The Committee met with BDO on 16 May 2022 to discuss the progress of the audit and the draft Annual Report. The Committee then met BDO on 26 May to review formally the outcome of the audit.

The Auditor was provided with an opportunity to meet with the Committee without the AIFM or the Portfolio Manager being present. No concerns were raised by the Auditor or the Committee in relation to the service provided by the AIFM, the Portfolio Manager, or any other third-party service provider. There were no material or significant adverse matters brought to the Committee's attention in respect of the 2022 audit, which should be brought to shareholders' attention.

INDEPENDENCE AND EFFECTIVENESS:

The Committee evaluated the independence of the Auditor and the effectiveness of the external audit. In order to fulfil this responsibility, the Committee reviewed:

- the senior audit personnel in the audit plan for the year, in order to ensure that there were sufficient, suitably experienced staff with knowledge of the investment trust sector working on the audit;
- the steps the Auditor takes to ensure its independence and objectivity including their arrangements concerning any conflicts of interest;
- the extent of any non-audit services provided by the Auditor during the year; and
- the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.

In order to consider the effectiveness of the audit process, the Committee reviewed:

- the Auditor's fulfilment of the agreed audit plan, including their ability to communicate with management and to resolve any issues promptly and satisfactorily;
- the presentation of the audit findings; and
- feedback from BDO and Frostrow as the AIFM and Company Secretary.

The Committee is satisfied with the Auditor's independence and the effectiveness of the audit process.

REMUNERATION

The Committee approved a fee of £40,000 for the audit for the year ended 31 March 2022 (2021: £37,500). This represents an increase of 6.7% compared with the previous year's fee and is in line with the average inflation rate in financial services, as provided by the ONS. The Committee believes that the fee is in line with general audit fees payable for the quoted investment trust sector and is reflective of the level of work required to audit a listed company.

NON-AUDIT SERVICES

During the year, BDO LLP undertook a review of the performance fee calculation, which crystallised at 30 June 2021, prior to payment of the fee by the Company. The Company's share of the cost amounted to £5,000. BDO did not undertake any other non-audit services during the year.

The provision of all non-audit services by the Auditor has to be approved by the Audit Committee. Such services are only permissible where no conflicts of interest arise, the service is not expressly prohibited by audit legislation, where the independence of the Auditor is not likely to be impinged by undertaking the work and the quality and the objectivity of both the non-audit work and audit work will not be compromised. In particular, non-audit services may be provided by the Auditor if they are inconsequential or would have no direct effect on the Company's financial statements and the audit firm would not place significant reliance on the work for the purposes of the statutory audit. A copy of the Company's non-audit services policy can be found on the Company's website: www.biotechgt.com

AUDITOR'S REAPPOINTMENT

BDO have indicated their willingness to continue to act as Auditor for the forthcoming year and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Committee conducted a review of the performance of the Auditor during the year and concluded that performance was satisfactory and there were no grounds for change.

PERFORMANCE EVALUATION

The Committee's performance over the past year was reviewed as part of the annual Board evaluation. The internal evaluation considered the composition of the Committee and the efficacy of Committee meetings, as well as assessing the Committee's role in monitoring and overseeing the Company's financial reporting and accounting, risk management and internal controls, compliance with corporate governance regulations and the assessment of the external audit.

I am pleased to confirm that the evaluation result was positive and no matters of concern or requirements for change were highlighted.

Julia Le Blan
Chair of the Audit Committee
31 May 2022

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report is subject to an annual advisory shareholder vote and therefore an ordinary resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting (AGM).

The law requires the Auditor to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report to shareholders beginning on page 63. The Remuneration Policy on page 62 forms part of this report.

During the year, due to the small size and entirely non-executive nature of the Board, the Remuneration Committee was disbanded and therefore it is now the independent Directors on the Board who consider the framework for the Directors' remuneration on an annual basis. The independent Directors review the ongoing appropriateness of the Company's remuneration policy and the remuneration of individual Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in line with the AIC Code.

The simple fee structure reflects the non-executive nature of the Board, which itself reflects the Company's business model as an externally-managed investment trust (please refer to the Business Review beginning on page 23 for more information). Accordingly, statutory reporting requirements relating to executive directors' and employees' pay do not apply.

During the year, it was agreed to maintain Directors' fees at their current levels with the exception of the fee payable to the Chair of the Audit Committee, which was increased with effect from 1 April 2022 to bring it more into line with the peer group average.

The table below shows the level of fees paid to Directors and the percentage increase from the prior year:

	Forecasted Year Ending 31 March 2023 Fee Level (per annum)	2023 increase (%)	Year Ended 31 March 2022 Fee Level (per annum)	2022 increase (%)	Year Ended 31 March 2021 Fee Level (per annum)
Chairman of the Board	£40,000	–	£40,000	8.1	£37,000
Audit Committee Chair	£32,000	6.7	£30,000	5.3	£28,500
Management Engagement Committee Chair	£30,000	–	£30,000	5.3	£28,500
Director	£27,500	–	£27,500	5.8	£26,000

The Board believes these levels of remuneration reflect both the time commitment and the level of responsibility of the role.

DIRECTORS' REMUNERATION FOR THE YEAR (AUDITED)

The Directors who served in the year received the following remuneration:

	Date of Appointment to the Board	Year ended 31 March 2022 Fees £	Year ended 31 March 2022 Taxable Benefits+ £	Year ended 31 March 2022 Total £	Year ended 31 March 2021 Fees £	Year ended 31 March 2021 Taxable Benefits+ £	Year ended 31 March 2021 Total £
Andrew Joy (Chairman)	15 March 2012	40,000	–	40,000	37,000	–	37,000
Steve Bates	8 July 2015	30,000	–	30,000	28,500	–	28,500
Julia Le Blan	12 July 2016	30,000	–	30,000	28,500	–	28,500
Dr Nicki Shepherd	18 January 2021	27,500	–	27,500	5,333	–	5,333
The Rt Hon Lord Willetts	11 November 2015	27,500	–	27,500	26,000	–	26,000
Roger Yates	1 December 2021	9,667	–	9,667	–	–	–
Professor Dame Kay Davies CBE*	15 March 2012	8,654	–	8,654	28,500	–	28,500
		173,321	–	173,321	153,833	–	153,833

The amounts shown in the table above exclude any employers' national insurance contributions, if applicable.

+ Taxable benefits primarily comprise travel and associated expenses incurred by the Directors in attending Board and Committee meetings in London. Any amounts shown would be subject to tax and National Insurance as a benefit in kind.

* Professor Davies retired from the Board on 14 July 2021.

Geoff Hsu joined the Board on 16 May 2018. Mr Hsu has waived his Director's fee as he is a General Partner at OrbiMed, the Portfolio Manager, which is party to the Portfolio Management Agreement with the Company and receives fees as described on page 46 of this Annual Report.

The Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

In certain circumstances, under HMRC rules, travel and other out of pocket expenses reimbursed to the Directors may be considered as taxable benefits. Where expenses are classed as taxable under HMRC guidance they would be shown in the Taxable Benefits column of the table above.

RELATIVE COST OF DIRECTORS' REMUNERATION

To enable shareholders to assess the relative cost of Directors' remuneration, the table below shows the amount spent on Directors' fees compared with AIFM, portfolio management fees and the Company's other expenses, performance fees, and the amount spent on share buybacks during the year.

	2022 £'000	2021 £'000	Difference £'000
Fees payable to non-executive Directors	173	154	19
AIFM, portfolio management fees and other re-occurring expenses	5,412	6,008	(596)
Performance fees crystallised and paid during the year	6,979	1,025	5,954
Repurchase of own shares for cancellation	6,933	–	6,933

DIRECTORS' REMUNERATION REPORT

At the Annual General Meeting held in July 2021, the results in respect of the non-binding resolution to approve the Directors' Remuneration Report were as follows:

	Percentage of votes cast For	Percentage of votes cast Against	Number of votes withheld
	99.97%	0.21%	5,319

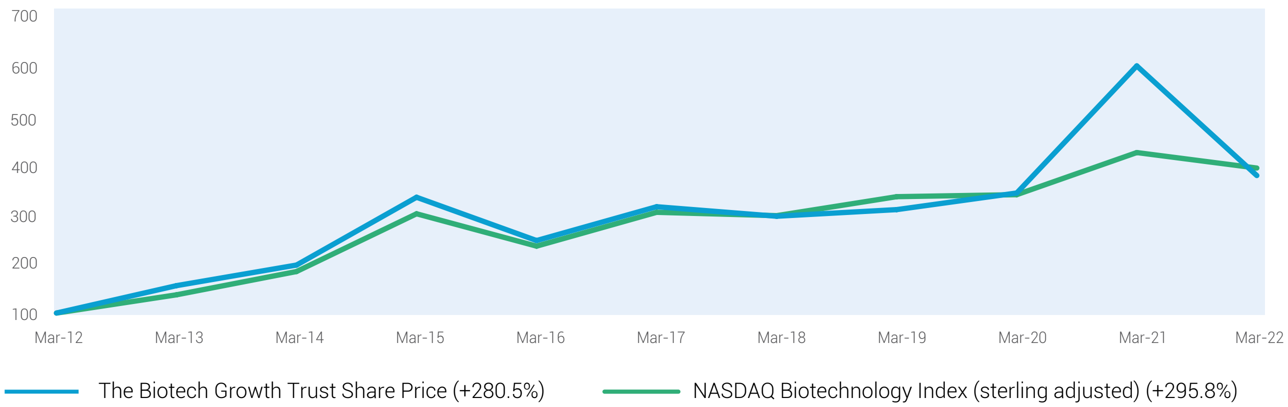
LOSS OF OFFICE

Directors do not have service contracts with the Company but are engaged under letters of appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

SHARE PRICE RETURN

The chart below illustrates the shareholder return for a holding in the Company's shares as compared to the NASDAQ Biotechnology Index (sterling adjusted), which the Board has adopted as the principal comparator for both the Company's performance and that of the Portfolio Manager.

SHAREHOLDER TOTAL RETURN FOR TEN YEARS TO 31 MARCH 2022



Rebased to 100 as at 31 March 2012
Source: Bloomberg

DIRECTORS' INTERESTS IN SHARES (AUDITED)

The Directors' interests in the share capital of the Company are shown in the table below:

	Number of shares held as at		
	30 May 2022	31 March 2022	31 March 2021
Andrew Joy (Chairman)	55,000	55,000	55,000
Steve Bates	10,000	10,000	10,000
Julia Le Blan	7,000	7,000	7,000
Geoff Hsu	nil	nil	nil
Dr Nicki Shepherd[1]	nil	nil	nil
The Rt Hon Lord Willetts	nil	nil	nil
Roger Yates[2]	nil	nil	nil

1 Dr Shepherd joined the Board on 18 January 2021.

2 Mr Yates joined the Board on 1 December 2021.

None of the Directors were granted or exercised rights over shares during the year.

Andrew Joy

Chairman

31 May 2022

DIRECTORS' REMUNERATION POLICY

DIRECTORS' REMUNERATION POLICY

The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive directors. This policy is reviewed annually and it is intended that it will continue for the year ending 31 March 2023 and for subsequent financial years.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association. The present aggregate limit is £250,000 per annum. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The Company does not have any employees.

DIRECTORS' REMUNERATION YEAR ENDED 31 MARCH 2022

The current and projected Directors' fees are disclosed on page 58. None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

No communications have been received from shareholders regarding Directors' remuneration.

The Directors' Remuneration Policy is subject to a binding shareholder vote every three years. Approval of this policy was granted by shareholders at the Annual General Meeting held in July 2020 and so shareholder approval will be sought next at the Annual General Meeting to be held in 2023. There have been no changes to the Remuneration Policy during the year and no changes are proposed for the year ending 31 March 2023. If, however, the Remuneration Policy is varied, shareholder approval for the new policy will be sought at the AGM following such variation. The Board reviews the Remuneration Policy annually to ensure that it remains appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIOTECH GROWTH TRUST PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 its loss for the year then ended;
- have been properly prepared in accordance with UK adopted International accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Biotech Growth Trust PLC (the 'Company') for the year ended 31 March 2022 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 20 February 2020 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is three years, covering the years ending 31 March 2020 to 31 March 2022. We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

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:

- Evaluating the Directors' method of assessing going concern in light of market volatility and the present uncertainties, including assessing how the Directors have factored in the potential impact of the Ukraine/Russia conflict on the business, and checking that this had been appropriately considered as part of the Directors' going concern assessment.
- Challenging Directors' assumptions and judgements made namely with regards to stress-testing potential bear market scenarios, portfolio liquidity, and validating data assumptions used, that could have a material impact, by agreeing these to supporting documentation where possible.
- Recalculating the liquidity of the investment portfolio, using our own independently obtained trading data, to verify the liquidity assumptions which underpinned the going concern assessment and comparing it to the liabilities and expenditure.
- Calculating and considering financial ratios, namely comparison of the investments balance to the current liabilities and expenditure, to ascertain the financial health of the Company.
- Considering any other factors which could impact on going concern such as non-compliance with laws and regulation, legal matters and the presence of contingencies and commitments.

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has 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.

OVERVIEW

		2022	2021
Key audit matters	Valuation and ownership of investments	✓	✓
Materiality	*Financial statements as a whole* £3,940,000 (2021: £6,000,000) based on 1% (2021: 1%) of net assets		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Valuation and ownership of investments
Note 1 and note 8

The investment portfolio comprises quoted and unquoted investments.

We consider that the valuation and ownership of investments is the most significant audit area as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the entity. Given the significance of the investments there is a risk that an error in their valuation could have a material impact on the financial statements.

The investment valuations are prepared by the Alternative Investment Fund Manager (AIFM), Frostrow Capital LLP and are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations as the AIFM's performance fee remuneration is based on the net asset value of the Company. The majority of the investments are Level 1 quoted investments which we do not consider to be a highly subjective area. We do note there are five unquoted investments which are collectively material. The valuation of which involves a higher level of judgment and subjectivity which should be disclosed in the financial statements.

As investments make up the majority of the balance sheet, it will be necessary to ensure that the Company has appropriate confirmation of title over investments.

Due to the significance of this balance we consider this to be a key audit matter.</td><td>We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments.

In respect of the quoted investments valuation testing we have for 100% of the portfolio:
• Confirmed that bid price has been used by agreeing to externally quoted prices using our data analytics software;
• Confirmed the foreign exchange rates used in the valuations are appropriate by corroborating these to independent sources;
• Recalculated the valuation by multiplying the number of shares held by the valuation per share;
• Checked that there are no contra indicators, such as liquidity considerations, to suggest the bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings.

In respect of the unquoted investments valuation testing we:
• Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines;
• Verified and benchmarked key inputs and estimates to independent information and our own research;
• Recalculated the value attributable to the Company;
• Performed an independent calculation using the Black-Scholes model for the share warrants;
• Performed back testing by comparing the selling price of sold unquoted investments or the valuation at IPO to the most recent fair value per the books and records prior to the sale;
• Considered the competence, capabilities and expertise of the management expert through consideration of the qualifications held by the expert. We considered the independence and objectivity of the expert through review of the independence declaration made by the expert to the Company. We considered the appropriateness of the methodology and assumptions employed by the expert through review of the accounting policy and valuation guidelines followed.
• Where reasonable alternative assumptions existed, we performed sensitivity analysis on the valuation.</td></tr>
</table>

Key audit matter	How the scope of our audit addressed the key audit matter
	We reviewed financial statement disclosures in respect of investment valuations to assess if these are in accordance with the requirements of IFRS, in particular that sensitivities in the financial instruments with regards to currency and other risks are appropriately disclosed. We have corroborated ownership by reference to confirmations: • from the custodian, J.P. Morgan Securities LLC for quoted investments; and, • from the investee companies for the unquoted investments. *Key observations:* Based on our procedures performed we considered management's valuations of these investments to be appropriate and that existence is appropriately supported.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Financial statements	
	2022	*2021*
Materiality	£3,940,000	£6,000,000
Basis for determining materiality	1% of net assets	
Rationale for the benchmark applied	As an investment trust, net asset value is considered to be the key measure of performance.	
Performance materiality	£2,950,000	£4,500,000
Basis for determining performance materiality	Performance materiality was set at 75% of total materiality based on past experience and history of uncorrected misstatements.	

Specific testing threshold

We also determined that for items impacting on revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined a specific testing threshold for these items based on the higher of our reporting threshold and 10% of revenue return before tax, being £197,000 (2021: £300,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £197,000 (2021: £300,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP and UK adopted International accounting standards, VAT, and other taxes. We also considered the company's qualification as an Investment Trust under UK tax legislation.

We considered compliance with this framework through discussions with the Directors and the Audit Committee and performed audit procedures on these areas as considered necessary.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements and the susceptibility of the entity's financial statements to material misstatement including fraud. We considered that the areas in which fraud might occur are in respect of management override and the valuation and ownership of investments. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the AIFM, Administrator, the Directors and the Audit Committee about any known or suspected non-compliance with laws and regulations or fraud;
- testing of journal postings which met specific criteria to identify potential management override of controls;
- the procedures as outlined in our key audit matter above;
- review of legal invoice and correspondence to look for potential non-compliance with laws and regulations or undisclosed contingencies and commitments;
- checked compliance with each of the Investment Trust tax legislation tests to assess whether the Company has maintained its investment trust status;
- review of minutes of board meetings throughout the period to look for potential non-compliance with laws and regulations or undisclosed contingencies and commitments; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.

Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Investment income	2	1,084	–	1,084	986	–	986
(Losses)/gains on investments held at fair value through profit or loss	8	–	(206,032)	(206,032)	–	221,127	221,127
Exchange (losses)/gains on currency balances		–	(2,340)	(2,340)	–	3,394	3,394
AIFM, Portfolio management and performance fees	3	(237)	6,232	5,995	(268)	(23,826)	(24,094)
Other expenses	4	(678)	(124)	(802)	(647)	(30)	(677)
Profit/(loss) before finance costs and taxation		169	(202,264)	(202,095)	71	200,665	200,736
Finance costs	5	(9)	(166)	(175)	(9)	(170)	(179)
Profit/(loss) before taxation		160	(202,430)	(202,270)	62	200,495	200,557
Taxation	6	(149)	–	(149)	(131)	–	(131)
Profit/(loss) for the year		11	(202,430)	(202,419)	(69)	200,495	200,426
Basic and diluted earnings/(loss) per share	7	0.0p	(488.5)p	(488.5)p	(0.2)p	500.7p	500.5p

The Company does not have any income or expenses which are not included in the profit/(loss) for the year. Accordingly the "profit/(loss) for the year" is also the "total comprehensive profit/(loss) for the year", as defined in IAS 1 (revised) and no separate Statement of Other Comprehensive Income has been presented.

The "Total" column of this statement represents the Company's Income Statement, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The accompanying notes from page 74 to page 91 are an integral part of this statement.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Non current assets			
Investments held at fair value through profit or loss	8	427,399	643,270
Current assets			
Other receivables	10	49	4,760
Cash and cash equivalents		–	1,502
		49	6,262
Total assets		427,448	649,532
Current liabilities			
Other payables	11	1,499	20,668
Loan	14	31,741	26,779
Derivative – OTC equity swaps	8, 9	–	618
		33,240	48,065
Net assets		394,208	601,467
Equity attributable to equity holders			
Ordinary share capital	12	10,289	10,396
Share premium account		79,951	77,895
Capital redemption reserve		13,141	12,997
Capital reserve	16	291,231	500,594
Revenue reserve		(404)	(415)
Total equity		394,208	601,467
Net asset value per share	13	957.8p	1,446.4p

The financial statements on pages 70 to 91 were approved by the Board on 31 May 2022 and were signed on its behalf by:

Andrew Joy
Chairman

The accompanying notes from page 74 to 91 are an integral part of this statement.

The Biotech Growth Trust PLC – Company Registration Number 3376377 (Registered in England and Wales)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Ordinary Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 April 2021		10,396	77,895	12,997	500,594	(415)	601,467
Net (loss)/profit for the year		–	–	–	(202,430)	11	(202,419)
Issue of new shares	12	37	2,060	–	–	–	2,097
Cost of share issuance		–	(4)	–	–	–	(4)
Repurchase of own shares for cancellation		(144)	–	144	(6,933)	–	(6,933)
At 31 March 2022	13	10,289	79,951	13,141	291,231	(404)	394,208

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Ordinary Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 April 2020		9,802	43,021	12,997	300,099	(346)	365,573
Net profit/(loss) for the year		–	–	–	200,495	(69)	200,426
Issue of new shares	12	594	34,945	–	–	–	35,539
Cost of share issuance		–	(71)	–	–	–	(71)
At 31 March 2021	13	10,396	77,895	12,997	500,594	(415)	601,467

The accompanying notes from page 74 to 91 are an integral part of this statement.

See note 16 on page 91 for details of the amounts of reserves available for distribution.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Operating activities			
(Loss)/profit before taxation*		(202,270)	200,557
Finance costs		175	179
Losses/(gains) on investments held at fair value through profit or loss	8	204,987	(222,562)
Transaction costs		1,045	1,435
Foreign exchange losses/(gains)		2,340	(3,394)
(Increase)/decrease in other receivables		(14)	3
(Decrease)/increase in other payables		(18,255)	18,239
Taxation paid	6	(149)	(131)
Net cash outflow from operating activities		(12,141)	(5,674)
Investing activities			
Purchases of investments and derivatives		(439,160)	(599,120)
Sales of investments and derivatives		453,237	575,006
Transaction costs		(1,045)	(1,435)
Net cash inflow/(outflow) from investing activities		13,032	(25,549)
Financing activities			
Gross proceeds from the issue of shares		2,097	35,539
Cost of share issuance		(4)	(71)
Repurchase of own shares for cancellation		(6,933)	–
Finance costs – interest paid		(175)	(179)
Net drawdown/(repayment) of the loan facility		2,622	(2,564)
Net cash (outflow)/inflow from financing activities		(2,393)	32,725
Net (decrease)/increase in cash and cash equivalents		(1,502)	1,502
Cash and cash equivalents at start of year		1,502	–
Cash and cash equivalents at end of year		–	1,502

* Includes dividends earned during the year of £1,027,000 (2021: £875,000) and bond income of £37,000 (2021: £111,000).

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022 £'000	2021 £'000
Balance as at 1 April	26,779	32,737
Net cash flow on the loan facility	2,622	(2,564)
Foreign exchange losses/(gains)	2,340	(3,394)
Loan balance at 31 March	31,741	26,779

The accompanying notes from page 74 to page 91 are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The principal accounting policies adopted are set out below.

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of investments. Where presentational guidance is set out in the Statement of Recommended Practice (the "SORP") for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies ("AIC") dated April 2021, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

The Board has considered an assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of significant reductions in market liquidity on the Company's financial position. The results of the tests showed that the Company would have sufficient cash through access to the J.P. Morgan loan facility, or the ability to liquidate a sufficient proportion of its listed holdings, to meet its liabilities as they fall due. Based on the information available to the Directors at the time of this report, including the liquidity of the Company's listed investments and the results of the stress tests, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months from the date the financial statements are approved and that, accordingly, it is appropriate to adopt the going concern basis in preparing these financial statements.

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Judgements and key sources of estimation and uncertainty

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the process of applying the Company's accounting policies, the Directors have made the following estimate:

Fair value of the unquoted investments estimate

The Board has established a Valuation Committee to review the valuations and the valuation methodologies of the Company's unquoted investments. The Board has approved the valuations of the unquoted investments on the recommendation of the Valuation Committee.

The unquoted investment, OrbiMed Asia Partners L.P., has been valued using the net asset value as presented in the partnership's Consolidated Financial Statements as at 31 December 2021. The statements were audited by KPMG LLP (New Jersey Headquarters) and were approved on 30 March 2022. As at the date of this report, the Directors have received confirmation that the March 2022 valuation is in line with the estimated valuation used in these financial statements.

The following three investments, StemiRNA, XtalPi and Yisheng Biopharma have been valued by Kroll, formerly Duff & Phelps, an independent valuer, using the probability – weighted expected returns methodology: ("PWERM"). Under the PWERM, fair value is determined using models based on the consideration of values for the Company under different scenarios, such as 'partial recovery', 'full recovery' and expected IPO dates. Examples of inputs into the valuation models are:

- the probability assigned to potential future outcomes;
- discount rates and
- likely exit scenarios.

AWAKN warrants have been valued using the Black Scholes model with the volatility having been assessed by Kroll. See note 14 beginning on page 84 for further details.

1. ACCOUNTING POLICIES continued

(B) INVESTMENTS

Investments are recognised and de-recognised on the trade date.

As the entity's business is investing in financial assets with a view to profiting from their total return in the form of dividends or increases in fair value, investments are classified as fair value through profit or loss (FVTPL) and are initially recognised at fair value. The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the Board.

Investments classified at fair value through profit or loss, which are quoted investments, are measured at subsequent reporting dates at fair value which is either the bid or the last trade price, depending on the convention of the exchange on which it is quoted.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques which may include using weighted expected returns, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised.

Gains and losses on disposal and fair value changes are also recognised in the Income Statement.

(C) PRESENTATION OF INCOME STATEMENT

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. Net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010. The requirements are to distribute net revenue but only so far as there are positive revenue reserves.

(D) INVESTMENT INCOME

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Foreign dividends are grossed up at the appropriate rate of withholding tax, with the withholding tax recognised in the taxation charge.

Dividends from investments in unquoted shares and securities are also recognised when the Company's right to receive payment is established.

Income from fixed interest securities is recognised on a time appointment basis so as to reflect the effective interest rate.

In deciding whether a dividend should be regarded as a Capital or Revenue receipt, the Company reviews all relevant information as to the reasons for and sources of the dividend on a case by case basis depending upon the nature of the receipt.

Special dividends of a revenue nature are recognised through the revenue column of the Income Statement. Special dividends of a capital nature are recognised through the capital column of the Income Statement.

(E) EXPENSES AND FINANCE COSTS

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement as follows:

- transaction costs on the acquisition or disposal of an investment are charged to the capital column of the Income Statement;
- expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investment can be demonstrated, and accordingly;
    - during the year, AIFM and Portfolio Management fees were charged 95% to the capital column of the Income Statement as the Directors had expected that in the long term virtually all of the Company's returns would come from capital;
    - during the year, loan interest was charged 95% to the capital column of the Income Statement as the Directors had expected that in the long term virtually all of the Company's returns would come from capital;

1. ACCOUNTING POLICIES continued

- performance fees are charged 100% to the capital column of the Income Statement. Performance fees are recognised as a liability of the Company when they crystallise and become due for payment. Details of the performance fee are set out on page 46 and 47; and
- all other expenses are charged to the revenue column of the Income Statement.

(F) TAXATION

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Income Statement, then no tax relief is transferred to the capital column.

Investment trusts which have approval under Section 1158 Corporation Tax Act 2010 are not liable for taxation on capital gains.

Current tax is provided at the amounts expected to be paid or recovered.

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 Balance Sheet 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, or Other Comprehensive Income (OCI), in which case the deferred tax is also dealt with in equity or OCI respectively.

(G) FUNCTIONAL AND PRESENTATION CURRENCY

The financial information is shown in sterling, being the Company's presentational currency. In arriving at the functional currency the Directors have considered the following:

(i) the primary economic environment of the Company;

(ii) the currency in which the original capital was raised;

(iii) the currency in which distributions would be made;

(iv) the currency in which performance is evaluated; and

(v) the currency in which the capital would be returned to shareholders on a break up basis.

The Directors have also considered the currency to which the underlying investments are exposed and liquidity is managed. The Directors are of the opinion that sterling best represents the functional currency.

(H) FOREIGN CURRENCIES

Transactions involving currencies other than sterling are recorded at the exchange rate ruling on the transaction date. At each Statement of Financial Position date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange.

Exchange differences are included in the Income Statement and allocated as capital if they are of a capital nature, or as revenue if they are of a revenue nature.

1. ACCOUNTING POLICIES continued

(I) RESERVES

Ordinary share capital

- represents the nominal value of the issued share capital.

Share premium account

- represents the surplus of net proceeds received from the issue of new shares over the nominal value of such shares. The Share premium account is non-distributable.

Capital redemption reserve

- a transfer will be made to this reserve on cancellation of the Company's own shares purchased, equal to the nominal value of the shares. This reserve is non-distributable.

Capital reserves

The following are credited or charged to the capital column of the Income Statement and then transferred to the Capital Reserve:

- gains or losses on disposal of investments;
- exchange differences of a capital nature;
- expenses allocated to this reserve in accordance with the above policies;
- increases and decreases in the valuation of investments held at year-end; and
- shares which have been bought back by the Company for cancellation.

Realised Capital Reserves are distributable by way of a dividend.

Revenue reserve

- reflects all income and expenditure recognised in the revenue column of the Income Statement. Amounts standing to the credit of the Revenue Reserve are distributable by way of dividend.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term deposits with a maturity of three months or less, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(K) OTHER RECEIVABLES AND OTHER PAYABLES

Other receivables and payables are typically settled in a short time frame and are carried at the amount due to be settled. As a result, the fair value of these balances is considered to be materially equal to the carrying value.

(L) LOAN

The Company has a loan facility repayable on demand, provided by J.P. Morgan Securities LLC ("J.P. Morgan"). As part of the arrangements with J.P. Morgan they may take assets as collateral, up to 140% of the value of the loan drawn down. Such assets taken as collateral by J.P. Morgan may be used, loaned, sold, rehypothecated† or transferred. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan. Loans payable on demand are carried at the undiscounted amount of the cash or other consideration expected to be paid. Interest on the facility is charged at the United States overnight bank funding rate plus 45 basis points. Finance costs are apportioned 95% to capital in accordance with the policy set out under note 1(e) expenses and finance costs on page 75.

† See glossary beginning on page 93.

1. ACCOUNTING POLICIES continued

(M) OPERATING SEGMENTS

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investments business. The results published in this report therefore correspond to this sole operating segment.

(N) FINANCIAL INSTRUMENTS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual right to the cash flows from the asset expires or substantially all the risks and rewards of ownership are transferred. Financial liabilities are derecognised when the contractual obligation is discharged, with gains and losses recognised in the income statement.

The Company uses derivative financial instruments namely equity swaps. All derivative instruments are valued initially, and at subsequent reporting dates, at fair value in the Statement of Financial Position.

The equity swaps are accounted for as Fixed Assets or Current Liabilities (see the glossary beginning on page 93).

(O) ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these financial statements the following standards and amendments to standards, which have not been applied in these financial statements, were in issue, but not yet effective:

- IFRS 17, 'Insurance contracts' (effective for accounting periods beginning on or after 1 January 2023).
- Amendments to IAS1 'Classification of liabilities as current or non-current' (effective for accounting periods beginning on or after 1 January 2023).
- Amendments to IAS 8 'Definition of Accounting Estimates' (effective for accounting periods on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective for accounting periods on or after 1 January 2023).
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective for accounting periods on or after 1 January 2023).

The Company does not believe that there will be a material impact on the financial statements or the amounts reported from the adoption of these standards.

In the current financial period the Company has applied to the following amendment to standards:

- IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest Rate Benchmark Reform – phase 2 (amended) (effective for accounting periods beginning on or after 1 January 2021).

There is no material impact on the financial statements or the amounts reported from the adoption of these amendment to the standards.

2. INCOME

	2022 £'000	2021 £'000
Investment income		
Overseas dividend income	1,027	875
Bond income	37	111
Other income		
Derivatives	17	–
Deposit interest	3	–
Total income	1,084	986

3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

	Revenue £'000	Capital £'000	2022 Total £'000	Revenue £'000	Capital £'000	2021 Total £'000
AIFM fee – Frostrow Capital LLP	72	1,369	1,441	84	1,600	1,684
Portfolio management fee – OrbiMed Capital LLC	165	3,128	3,293	184	3,493	3,677
Performance fee (written back)/charged during the year*	–	(10,729)	(10,729)	–	18,733	18,733
	237	(6,232)	(5,995)	268	23,826	24,094

* During the financial year under review, due to underperformance against the Benchmark and in accordance with the performance fee arrangements in place, a reversal of prior period provisions totalling £10,729,000 occurred. (2021: charge of £18,733,000).

As at 31 March 2022, no performance fees were accrued or payable (31 March 2021: £17,708,000 accrued). Of the £17,708,000 prior year accrual, £6,979,000 crystallised and became payable at 30 June 2021, resulting in the £10,729,000 reversal noted above.

Further details of the AIFM, portfolio management fee and the performance fee basis can be found in the Report of the Directors on page 46 and 47.

4. OTHER EXPENSES

	2022 Total £'000	2021 Total £'000
Directors' emoluments	173	154
AIFM fixed fee	–	60
Fees payable to the Company's auditor for the audit of the Company's financial statements	40	38
Fees payable to the Company's auditor for other services to the Company+	5	4
Registrar fees	35	35
Depositary fees	68	70
Marketing and PR costs	70	63
Legal and professional fees^	103	64
Listing fees	46	35
Printing costs	30	24
Other costs	108	100
Total expenses charged to Revenue	**678**	**647**
Professional fees (charged to Capital)*	124	30
Total expenses	**802**	**677**

^ Includes quarterly valuation fees in relation to the valuation of the unquoted investments (2021: valued six monthly).

* Professional fees in respect of acquisition of unquoted and pre-IPO investments.

+ See page 57 for further information.

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 58 to 61.

5. FINANCE COSTS

	Revenue £'000	Capital £'000	2022 Total £'000	Revenue £'000	Capital £'000	2021 Total £'000
Loan interest	9	166	175	9	170	179
	9	166	175	9	170	179

6. TAXATION

(A) ANALYSIS OF CHARGE IN THE YEAR:

	Revenue £'000	Capital £'000	2022 Total £'000	Revenue £'000	Capital £'000	2021 Total £'000
Overseas tax suffered	149	–	149	131	–	131
Total taxation for the year (see note 6(b))	149	–	149	131	–	131

6. TAXATION continued

(B) FACTORS AFFECTING TOTAL TAX CHARGE FOR YEAR

Approved investment trusts are exempt from tax on capital gains made within the Company.

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Revenue £'000	Capital £'000	2022 Total £'000	Revenue £'000	Capital £'000	2021 Total £'000
Net profit/(loss) before taxation	160	(202,430)	(202,270)	62	200,495	200,557
Corporation tax at 19% (2021: 19%)	30	(38,462)	(38,432)	12	38,094	38,106
Effects of:						
Non-taxable losses/(gains) on investments	–	39,591	39,591	–	(42,659)	(42,659)
Non-taxable overseas dividends	(195)	–	(195)	(166)	–	(166)
Overseas tax suffered	149	–	149	131	–	131
Excess expenses unused	165	(1,129)	(964)	154	4,565	4,719
Total tax charge	149	–	149	131	–	131

(C) PROVISION FOR DEFERRED TAX

No provision for deferred taxation has been made in the current or prior year.

The Company has not provided for deferred tax on capital profit or losses arising on the revaluation or disposal of investments, as it is exempt from tax on these items because of its status as an investment trust company.

At 31 March 2022, the Company had unutilised management expenses and other losses of £78,625,000 (2021: £83,655,000) that are available to offset future taxable revenue.

A deferred tax asset of £19,656,000 (25% tax rate) (2021: £15,895,000 (19% tax rate)) arising as a result of these excess management expenses and other losses has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses. Given the composition of the Company's portfolio, it is not likely that this asset will be used in the foreseeable future and therefore no asset has been recognised in the financial statements.

7. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

	Revenue pence	Capital pence	2022 Total pence	Revenue pence	Capital pence	2021 Total pence
Earnings/(loss) per share	0.0	(488.5)	(488.5)	(0.2)	500.7	500.5

The total loss per share of 488.5p (2021: profit of 500.5p) is based on the total loss attributable to equity shareholders of £202,419,000 (2021: profit of £200,426,000).

7. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE continued

The revenue profit per share of 0.0p (2021: loss of 0.2p) is based on the revenue profit attributable to equity shareholders of £11,000 (2021: loss of £69,000). The capital loss per share of 488.5p (2021: profit of 500.7p) is based on the capital loss attributable to equity shareholders of £202,430,000 (2021: profit of £200,495,000).

The total loss per share is based on the weighted average number of shares in issue during the year of 41,441,570 (2021: 40,046,064).

There are no dilutive instruments issued by the Company (2021: none).

8. INVESTMENTS

As at 31 March 2022, all investments with the exception of the unquoted investments have been classified as Level 1. The unquoted investments have been classified as either Level 2 or Level 3. See note 14 beginning on page 84 for further details.

	2022				2021			
	Quoted Investments £'000	Unquoted £'000	Derivative Financial Instruments – Net £'000	Total £'000	Quoted Investments £'000	Unquoted £'000	Derivative Financial Instruments – Net £'000	Total £'000
Opening book cost	534,610	29,098	–	563,708	345,728	11,000	–	356,728
Opening investment holding gains	70,926	8,636	(618)	78,944	36,023	5,906	–	41,929
Valuation at 1 April 2021	605,536	37,734	(618)	642,652	381,751	16,906	–	398,657
Movements in the year								
Purchases at cost	424,962	13,284	–	438,246	556,274	29,824	6,286	592,384
Sales proceeds	(450,556)	(123)	2,167	(448,512)	(552,465)	(11,594)	(6,892)	(570,951)
Transfer between levels	19,625	(19,625)	–	–	–	–	–	–
Net movement in investment holding (losses)/gains	(206,398)	2,960	(1,549)	(204,987)	219,976	2,598	(12)	222,562
Valuation at 31 March 2022	393,169	34,230	–	427,399	605,536	37,734	(618)	642,652
Closing book cost at 31 March 2022	512,894	22,943	–	535,837	534,610	29,098	–	563,708
Investment holding (losses)/gains at 31 March 2022	(119,725)	11,287	–	(108,438)	70,926	8,636	(618)	78,944
Valuation at 31 March 2022	393,169	34,230	–	427,399	605,536	37,734	(618)	642,652

The Company received £447,863,000 (2021: £570,367,000) from investments sold in the year. The book cost of these investments when they were purchased was £466,513,000 (2021: £385,989,000).

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

8. INVESTMENTS continued

GAINS ON INVESTMENTS (PER THE INCOME STATEMENT)

	2022 £'000	2021 £'000
(Losses)/gains on disposal based on historical cost	(204,987)	222,562
Transaction costs	(1,045)	(1,435)
(Losses)/gains on investments held at fair value through profit or loss	(206,032)	221,127

The total transaction costs for the year were £1,045,000 (31 March 2021: £1,435,000) broken down as follows: purchase transaction costs for the year to 31 March 2022 were £396,000 (31 March 2021: £851,000), sale transaction costs were £649,000 (31 March 2021: £584,000). These costs consist mainly of commission. Transaction costs are recorded in the capital column of the Income Statement.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 £'000	2021 £'000
Fair value of OTC equity swaps (assets)	–	–
Fair value of OTC equity swaps (liabilities)	–	(618)
	–	(618)

(See page 95 for further details).

10. OTHER RECEIVABLES

	2022 £'000	2021 £'000
Future settlements – sales	–	4,725
Prepayments and accrued income	49	35
	49	4,760

11. OTHER PAYABLES

	2022 £'000	2021 £'000
Future settlements – purchases	452	1,366
Other creditors and accruals	1,047	1,594
Performance fees accrued	–	17,708
	1,499	20,668

12. ORDINARY SHARE CAPITAL

	2022 Number of Shares	2021 Number of Shares
Allotted, issued and fully paid at 1 April 2021	41,584,769	39,207,269
Issue of new shares	150,000	2,377,500
Shares bought back for cancellation during the year	(576,087)	–
At 31 March 2022	41,158,682	41,584,769

During the year 150,000 new ordinary shares were issued for a consideration of £2,093,000 net of issue costs of £4,000 (2021: 2,377,500 shares were issued for a consideration of £35,468,000 net of issue costs of £71,000) and 576,087 shares bought back for cancellation for a consideration of £6,933,000 (2021: nil) .

	2022 £'000	2021 £'000
Allotted, issued and fully paid shares of 25p	10,289	10,396

13. NET ASSET VALUE PER SHARE

	2022	2021
Net asset value per share	957.8p	1,446.4p

The net asset value per share is based on the net assets attributable to equity shareholders of £394,208,000 (2021: £601,467,000) and on 41,158,682 (2021: 41,584,769) shares in issue at 31 March 2022.

14. RISK MANAGEMENT POLICIES AND PROCEDURES

As an investment trust, the Company invests in equities and other investments for the long term in order to achieve its investment objective as stated on page 23. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction or increase in the Company's net assets or in profits.

The Company's financial instruments comprise securities and other investments, cash balances, debtors and creditors and a loan facility that arise directly from its operations (for example, in respect of sales and purchases awaiting settlement).

The main risks the Company faces from its financial instruments are (i) market price risk (comprising currency risk, interest rate risk and other price risk (i.e. changes in market prices other than those arising from interest rate or currency risk)), (ii) liquidity risk and (iii) credit risk. The Board also considers (iv) fair value measurement and (v) capital management.

The Board reviews and agrees policies regularly for managing and monitoring each of these risks.

OTC EQUITY SWAPS (See glossary beginning on page 93 for further details)

The Company uses OTC equity swap positions to gain access to Chinese markets where the Company is not locally registered to trade directly. The swap positions previously held in BGI Genomics were sold prior to the Company's year end.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

1. MARKET PRICE RISK:

The Company's portfolio is exposed to fluctuations in market prices in the biotechnology sector and the regions in which it invests. Market-wide uncertainties which have recently caused increased volatility in the markets include the outbreak of war in Ukraine and the ongoing COVID-19 pandemic including further lockdowns in China, and increased inflationary pressures.

The Company's exposure to market price fluctuations are monitored by the AIFM and the Portfolio Manager in pursuance of the investment objective. Further information on the composition of the portfolio is set out on pages 7 and 8..

This market risk comprises three elements – foreign currency risk, interest rate risk and other price risk.

(a) Foreign currency risk:

The Company's portfolio is denominated in currencies other than sterling (the Company's functional currency, and in which it reports its results). As a result, movements in exchange rates can significantly affect the sterling value of those items.

Management of the risk

The AIFM and the Portfolio Manager monitor the Company's exposure to foreign currencies on a continuous basis and report to the Board regularly. The Company does not hedge against foreign currency movements to manage market price risk.

The Company does not use financial instruments to mitigate the currency exposure in the period between the time that the income is included in the financial statements and its receipt.

Foreign currency exposure

At the date of the Statement of Financial Position the Company held £395,486,000 (2021: £588,142,000) of investments denominated in U.S. dollars and £31,913,000 (2021: £54,510,000) in other non-sterling currencies.

Foreign currency sensitivity

The fair value of the Company's monetary items that have foreign currency exposure at 31 March 2022 is shown below.

Where the Company's equity investments (which are not monetary items) are priced in a foreign currency they are shown separately in the analysis as to show the overall level of exposure..

	2022 £'000	2021 £'000
Sterling equivalent of US$ and other non-sterling exposure		
Current assets	19	6,251
Creditors	(452)	(1,366)
Loan (non-sterling)	(31,709)	(26,779)
Foreign currency exposure on net monetary items	(32,142)	(21,894)
Investments held at fair value through profit or loss including derivative equity swap	427,399	642,652
Total net foreign currency exposure	395,257	620,758

The table on page 86 details the sensitivity of the Company's profit or loss after taxation for the year (investment values) to a 10% increase and decrease in the value of sterling compared to the U.S. dollar and other non-sterling currencies (2021: 10% increase and decrease).

The above percentages have been determined based on market volatility in exchange rates over the previous twelve months. The analysis is based on the Company's foreign currency financial instruments held at each Statement of Financial Position date, after adjusting for an increase/decrease in the AIFM and Portfolio management fees.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

If sterling had weakened against the U.S. dollar and other non-sterling currencies, as stated above, this would have had the following effect:

	2022 £'000	2021 £'000
Impact on revenue return	–	–
Impact on capital return	43,500	72,055
Total return after tax/effect on shareholders' funds	43,500	72,055

If sterling had strengthened against the U.S. dollar and other non-sterling currencies, as stated above, this would have had the following effect:

	2022 £'000	2021 £'000
Impact on revenue return	–	–
Impact on capital return	(35,592)	(52,836)
Total return after tax/effect on shareholders' funds	(35,592)	(52,836)

(b) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate exposure

The Company's main exposure to interest rate risk is through its loan facility with J.P. Morgan Securities LLC which is repayable on demand.

At the year-end financial liabilities subject to interest rate risk were as follows (there were no assets subject to interest rate risk).

	Fixed rate 2022 £'000	Floating rate 2022 £'000	Floating rate 2021 £'000
Unquoted debt instruments cash	–	–	–
Loan facility	–	31,741	26,779
Financial swap position (Gross exposure)	–	–	3,397
	–	31,741	30,176

Management of the risk

The level of borrowings is approved and monitored by the Board and the AFIM on a regular basis.

Interest rate sensitivity

The majority of the Company's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. The Company has a loan facility with J.P. Morgan Securities LLC as disclosed above. The amount utilised at 31 March 2022 was £31,741,000 (2021: £26,779,000). Interest is charged at the United States overnight bank funding rate plus 45 basis points. The level of interest fluctuates in line with the funding rate and the amount of the loan. If the rate increased by 1%, the impact on the profit or loss and net assets would be expected to be £317,000 (2021: £268,000).

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(c) Other price risk

Other price risk may affect the value of the quoted investments.

If market prices at the date of the Statement of Financial Position had been 20% higher or lower (2021: 20% higher or lower) while all other variables had remained constant, the return and net assets attributable to shareholders for the year ended 31 March 2022 would have increased/decreased by £84,668,000 (2021: £127,982,000), after adjusting for an increase or decrease in the AIFM and the Portfolio management fees. The calculations are based on the portfolio valuations as at the respective Statement of Financial Position dates.

Other price risk exposure

	2022 Assets £'000	2022 Liabilities £'000	2022 Notional exposure* £'000	2021 Assets £'000	2021 Liabilities £'000	2021 Notional exposure* £'000
Investments	427,399	–	427,399	643,270	–	643,270
OTC Equity Swaps	–	–	–	–	(618)	2,779
	427,399	–	427,399	643,270	(618)	646,049

* Calculated in accordance with AIFMD requirements, see glossary beginning on page 93 for further details.

2. LIQUIDITY RISK:

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities that are readily realisable within one week, in normal market conditions. Stress tests have been performed to understand how long the portfolio would take to realise in such situations. The Board is comfortable that in such situations the Company would be able to meet its liabilities as they fall due. Short-term funding flexibility can be achieved through the use of the bank loan facility. The maximum amount of gearing permitted by the Board is 20% of net assets.

The Board gives guidance to the Portfolio Manager as to the maximum amount of the Company's resources that should be invested in any one company.

Liquidity exposure and maturity

Contractual maturities of the financial liabilities as at 31 March 2022, based on the earliest date on which payment can be required, are as follows:

	2022 3 months or less £'000	2022 3 to 12 months £'000	2021 3 months or less £'000	2021 3 to 12 months £'000
Loan facility (repayable on demand)	31,741	–	26,779	–
Future settlements	452	–	1,366	–
Performance fees accrued	–	–	–	17,708
Derivative – OTC equity swaps	–	–	–	618
Other creditors and accruals	1,047	–	1,594	–
	33,240	–	29,739	18,326

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

3. CREDIT RISK:

Credit risk is the risk of failure of a counterparty to discharge its obligations resulting in the Company suffering a loss.

As noted on page 31, J.P. Morgan Securities LLC ("J.P. Morgan") may take assets with a value of up to 140% of the loan as collateral. Such assets held by J.P. Morgan are available for rehypothecation†.

As at 31 March 2022, the maximum value of assets available for rehypothecation was £44,437,000 being 140% of the loan balance of £31,741,000 (31 March 2021: £37,491,000 being 140% of the loan balance of £26,779,000).

See pages 31 and 47 for further details on the loan facility and the associated credit risk.

† See glossary beginning on page 93.

Management of the risk

The risk is not significant and is managed as follows:

J.P. Morgan

- by receiving and reviewing regular updates from the Custodian and Prime Broker and Depository.
- by reviewing their Internal Control reports and regularly monitor J.P. Morgan's credit rating. J.P. Morgan has a credit rating of Aa3 (Moody's), A+ (S&P) and AA (Fitch).
- by reviewing on a monthly basis assets which are available for rehypothecation.

Other counterparties

- by only dealing with brokers which have been approved by OrbiMed Capital LLC and banks with high credit ratings such as Goldman Sachs International who have a credit rating of A1 (Moody's), A+ (S&P) and A+ (Fitch);
- by investing in markets that mainly operate DVP (delivery versus payment) settlement.
- all cash balances are held with approved counterparties. J.P. Morgan is the Custodian of the Company's assets and all assets are segregated from J.P. Morgan's own assets.

At 31 March 2022 the Company's exposure to credit risk amounted to £nil and was in respect of amounts due from brokers in relation to future settlements (2021: £4,725,000).

4. FAIR VALUE MEASUREMENT

Hierarchy of investments

As required under IFRS 13 "Fair Value Measurement", the Company has classified its financial assets designated at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets	393,169	303	33,927	427,399
Financial investments held at fair value through profit or loss	393,169	303	33,927	427,399

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

As of 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets	605,536	251	37,483	643,270
Derivatives: equity Swap (liabilities)	–	(618)	–	(618)
Financial investments held at fair value through profit or loss	605,536	(367)	37,483	642,652

As at 31 March 2022, the investment in OrbiMed Asia Partners LP Fund has been classified as Level 3. The OrbiMed Asia Partners Fund LP has been valued at the net asset value as at 31 December 2021 and the Directors have received confirmation that the March 2022 valuation is in line with the estimated valuation. If the value of the fund were to increase or decrease by 10%, while all other variables had remained constant, the return and net assets attributable to shareholders for the year ended 31 March 2022 would have increased/decreased by £175,000 (2021: £212,000).

The following investments have been valued by the Board, following recommendations received from the Valuation Committee which has reviewed in detail both the valuation and the methodologies provided by Kroll, an independent valuer. StemiRNA, XtalPi and Yisheng Biopharma have been valued using the probability-weighted expected returns methodology and are classified as Level 3. If the value of these investments were to increase or decrease by 10%, while all other variables remain constant, the return attributable to shareholders for the year ended 31 March 2022 would have increased/decreased by £3,218,000.

These Level 3 investments include assumptions based on non-observable market data such as:

(i) probability of scenario,

(ii) expected time to sale date and

(iii) discount rates.

The table below sets out the range of inputs applied in arriving at the fair value of the level three investments valued by Kroll.

2022	**Probability of scenario***	**10%-35%**
	Probability of scenario weighted average	**22.5%**
2021	Probability of scenario*	7.5%-35%
	Probability of scenario weighted average	21.3%
2022	**Expected time to sale range**	**0.3-1.8 years**
	Expected time to sale weighted average	**1.05 years**
2021	Expected time to sale range	0.2-1.8 years
	Expected time to sale weighted average	1.0 year
2022	**Discount rate**	**20.5%**
	Discount rate weighted average	**20.5%**
2021	Discount rate	20.5%
	Discount rate weighted average	20.5%

*Scenarios include probability of partial recovery, full recovery and IPO.

AWAKN warrants have been valued using the Black Scholes model with the volatility having been assessed by Kroll. They have been classified as Level 2.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Level 3 Reconciliation

The reconciliation below shows the changes during the year for the financial assets and liabilities designated at fair value through profit or loss classified as being Level 3.

	2022 £'000	2021 £'000
Assets		
As at 1 April	37,483	16,906
Purchase of unquoted investments	13,266	29,824
Sale of unquoted investments	(40)	(11,594)
Net movement in investment holding gains during the year	2,843	2,347
Transfer from level 3 to level 1	(19,625)	–
Assets as at 31 March	33,927	37,483

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or at a reasonable approximation of fair value.

5. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the total return to its equity shareholders.

The Board's policy is to limit gearing to a maximum of 20% of the Company's net assets. As at 31 March 2022 the Company was geared 8.4% (2021: 6.8%).

The Company's capital is disclosed in the Statement of Financial Position on page 71 and is managed on a basis consistent with its investment objective and policy as set out on pages 23 and 24.

Shares may be repurchased by the Company as explained on page 25.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

As at 31 March 2022, the maximum value of assets available for rehypothecation was £44,437,000 being 140% of the loan balance of £31,741,000 (31 March 2021: £37,491,000 being 140% of the loan balance of £26,779,000).

15. TRANSACTIONS WITH THE MANAGERS AND RELATED PARTIES

The following are considered to be related parties:

- Frostrow Capital LLP
- OrbiMed Capital LLC
- The Directors of the Company

Details of the relationship between the Company and Frostrow Capital LLP, the AIFM, and OrbiMed Capital LLC, the Portfolio Manager, are disclosed in the Report of the Directors on page 46. Geoff Hsu, who joined the Board on 16 May 2018, is a General Partner at OrbiMed. Details of fees paid to OrbiMed by the Company can be found in note 3 on page 79. All material related party transactions have been disclosed in notes 3 and 4 on pages 79 and 80.

The Company holds an interest in OrbiMed Asia Partners Fund which equates to 0.4% of the investments held at 31 March 2022. Further details can be found on pages 8 and 74.

15. TRANSACTIONS WITH THE MANAGERS AND RELATED PARTIES continued

Details of the remuneration of all Directors can be found on page 59. Geoff Hsu has waived his Director's fees. Details of the Directors' interests in the capital of the Company can be found on page 61.

Three current and two former partners at OrbiMed Capital LLC have a minority financial interest totalling 20% in Frostrow Capital LLP, the AIFM. Details of the fees paid to Frostrow Capital LLP by the Company can be found in note 3 on page 79.

16. CAPITAL RESERVE

	2022			2021		
	Capital Reserves			Capital Reserves		
	Other £'000	Investment holdings gains/ (losses) £'000	Total £'000	Other £'000	Investment holdings gains/ (losses) £'000	Total £'000
At 1 April	421,917	78,677	500,594	258,170	41,929	300,099
Net (losses)/gains on investments	(19,170)	(186,862)	(206,032)	184,379	36,748	221,127
Exchange (losses)/ gains	(2,340)	–	(2,340)	3,394	–	3,394
Expenses charged to capital	5,942	–	5,942	(24,026)	–	(24,026)
Repurchase of own shares for cancellation	(6,933)	–	(6,933)	–	–	–
At 31 March	399,416	(108,185)	291,231	421,917	78,677	500,594

Sums within the Total Capital Reserve less unrealised gains (those on investments not readily convertible to cash) are available for distribution. Investment holding gains in the table above are unrealised.

17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 March 2022 there were no contingent liabilities or capital commitments for the Company (2021: nil).

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

31 March	Financial Year End
June	Final Results Announced
July	Annual General Meeting
30 September	Half Year End
November	Half Year Results Announced

ANNUAL GENERAL MEETING

The Annual General Meeting of The Biotech Growth Trust PLC will be held at the Apothecaries' Hall, 10 Black Friars Lane, London EC4V 6ER on Tuesday, 19 July, 2022 at 12 noon. Please refer to the Chairman's Statement beginning on page 2 for details of this year's arrangements.

SHARE PRICES

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

CHANGE OF ADDRESS

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Link Group, under the signature of the registered holder.

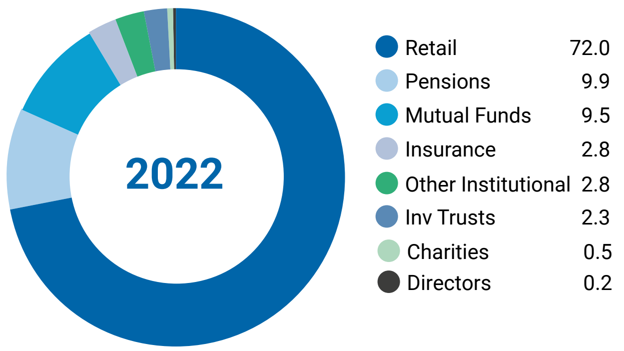
DAILY NET ASSET VALUE

The daily net asset value of the Company's shares can be obtained on the Company's website at www.biotechgt.com and is published daily via the London Stock Exchange.

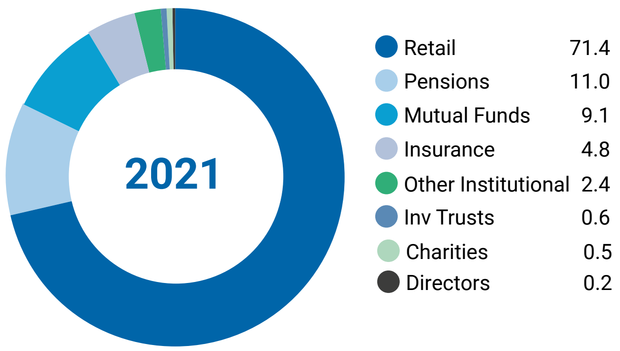
PROFILE OF THE COMPANY'S OWNERSHIP

% OF ORDINARY SHARES HELD AT 31 MARCH

2022



2021



GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

ACTIVE SHARE

Active Share is expressed as a percentage and shows the extent to which a fund's holdings and their weightings differ from those of the fund's benchmark index. A fund that closely tracks its index might have a low Active Share of less than 20% and be considered passive, while a fund with an Active Share of 60% or higher is generally considered to be actively managed.

ADR

An American depositary receipt (ADR) is a negotiable security that represents securities of a foreign company and allows that company's shares to trade in the U.S. financial markets. Shares of many non-U.S. companies trade on U.S. stock exchanges through ADRs, which are denominated and pay dividends in U.S. dollars, and may be traded like regular shares of stock.

AIC

Association of Investment Companies.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (AIFs) and requires them to appoint an Alternative Investment Fund Manager (AIFM) and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

ALTERNATIVE PERFORMANCE MEASURE ("APM")

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

DISCOUNT OR PREMIUM^

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

	pages	As at 31 March 2022 P	As at 31 March 2021 P
Share price	1&6	898.0	1,426.0
Net asset value per share (see note 13 on page 84 for further information)	1&6	957.8	1,446.4
Discount of share price to net asset value per share	1&6	6.2%	1.4%

^ Alternative Performance Measure

GEARING^

Gearing represents prior charges, adjusted for net current liabilities, expressed as a percentage of net assets. Prior charges includes all loans and overdrafts for investment purposes.

	pages	31 March 2022 £'000	31 March 2021 £'000
Loan	71	31,741	26,779
Net current liabilities (excluding loan and derivatives)	–	1,450	14,406
	–	33,191	41,185
Net assets	71	394,208	601,467
Gearing	6	8.4%	6.8%

IPO LOCK-IN

When a company offers shares in an initial public offering (IPO), investors sometimes enter into a lock-in agreement preventing them from selling their shares for a specified period after the IPO.

LEVERAGE

The AIFM Directive leverage definition is slightly different from the Association of Investment Companies' method of calculating gearing and is defined as follows: any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions.

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

	Gross Method	Commitment Method
Maximum limit	130.0%	130.0%
Actual as at 31 March 2022	108.4%	107.7%

MARGINABLE SECURITIES

Marginable securities are stocks, bonds, futures or other securities capable of being traded on a Margin Account and are available for rehypothecation*.

NET ASSET VALUE ("NAV")

The net asset value of the Company's assets, principally investments made in other companies and cash held, less any liabilities. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares in the secondary market.

* See glossary definition on page 95.

^ Alternative Performance Measure

NET ASSET VALUE PER SHARE TOTAL RETURN^

The net asset value per share return for the year ended 31 March 2022 is calculated by taking percentage movement from the net asset value per share as at 31 March 2021 of 1,446.4pp (2020: 932.4p) to the net asset value at 31 March 2022 of 957.8p (2021: 1,446.4p). The Company has not paid any dividends to shareholders during the above mentioned years. (See pages 1 and 6).

ONGOING CHARGES^

Ongoing charges are calculated by taking the Company's annualised operating expenses expressed as a proportion of the average daily net asset value of the Company over the year.

The costs of buying and selling investments are excluded, as are interest costs, taxation, performance fees, cost of buying back or issuing ordinary shares and other non-recurring costs.

	pages	31 March 2022 £'000	31 March 2021 £'000
AIFM & portfolio management fees (note 3)	79	4,734	5,361
Other re-occurring expenses (note 4)	80	678	647
Total ongoing charges		**5,412**	**6,008**
Performance fees paid/crystallised during the year*		–	1,025
Total ongoing charges including performance fees paid/crystallised*		**5,412**	**7,033**
Average daily net assets for the year		507,333	551,514
Ongoing charges	1&6	1.1%	1.1%
Ongoing charges (including performance fees paid or crystallised)		1.1%	1.3%

* See note 3 on page 79 for further information

OTC EQUITY SWAPS

Over-the-Counter (OTC) refers to the process of how securities are traded via a broker - dealer network, as opposed to on a centralised exchange.

An equity swap is an agreement where one party (counterparty) transfers the total return of an underlying equity position to the other party (swap holder) in exchange for a payment of the principal, and interest for financed swaps, at a set date. Total return includes dividend income and gains or losses from market movements. The exposure of the holder is the market value of the underlying equity position.

There are two main types of equity swaps:

- Funded – where payment is made on acquisition. They are equivalent to holding the underlying equity position with the exception of additional counterparty risk and not possessing voting rights in the underlying security; and
- Financed – where payment is made on maturity. As there is no initial outlay, financed swaps increase exposure by the value of the underlying equity position with no initial increase in the investments value – there is therefore embedded leverage within a financed swap due to the deferral of payment to maturity.

REHYPOTHECATION

Rehypothecation is the practice by banks and brokers of using collateral posted as security for loans as regulated by the U.S. Securities Exchange Commission.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

The Sustainability Accounting Standards Board (SASB) 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."

SHARE PRICE TOTAL RETURN^

The share price total return represents the theoretical return to a shareholder, on a closing market price basis. The share price total return is calculated by taking the percentage movement from the share price as at 31 March 2021 of 1,426.0p (2020: of 814.0p) to the share price as at 31 March 2022 of 898.0p (2021: of 1,426.0p). The Company has not paid dividends to shareholders during the above mentioned years.

See pages 1 and 6 for further information.

^ Alternative Performance Measure

HOW TO INVEST

RETAIL INVESTORS ADVISED BY IFAS

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relationship to non-mainstream investment procedures and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

INVESTMENT PLATFORMS

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Barclays Smart Investor	https://www.smartinvestor.barclays.co.uk/
Bestinvest	http://www.bestinvest.co.uk/
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Halifax Share Dealing	https://www.halifaxsharedealing-online.co.uk/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://www.hsbc.co.uk/investments/
iDealing	http://www.idealing.com/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
The Share Centre	https://www.share.com/

Investment scams are often sophisticated and difficult to spot

How to avoid investment scams

1 Reject unexpected offers
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2 Check the FCA Warning List
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without FCA authorisation.

3 Get impartial advice
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report a firm or scam to the Financial Conduct Authority on **0800 111 6768** or through www.fca.org.uk/scamsmart

If you've lost money in a scam, contact Action Fraud on **0300 123 2040** or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

FCA FINANCIAL CONDUCT AUTHORITY
Be a ScamSmart Investor

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of The Biotech Growth Trust PLC will be held at the Apothecaries' Hall, 10 Blackfriars Lane, London EC4V 6ER on Tuesday, 19 July 2022 at 12 noon, for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive the audited financial statements and the Report of the Directors for the year ended 31 March 2022.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2022.
3. To elect Roger Yates as a Director of the Company.
4. To re-elect Dr Nicki Shepherd as a Director of the Company.
5. To re-elect Steve Bates as a Director of the Company.
6. To re-elect The Rt Hon Lord Willetts as a Director of the Company.
7. To re-elect Julia Le Blan as a Director of the Company.
8. To re-elect Geoff Hsu as a Director of the Company.
9. To re-appoint BDO LLP as Auditor to the Company to hold office from the conclusion of the meeting to the conclusion of the next Annual General Meeting at which accounts are laid, and to authorise the Audit Committee to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolutions 11, 12 and 13 will be proposed as special resolutions:

AUTHORITY TO ALLOT SHARES

10. THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £1,023,043 (being 10% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed) and representing 4,092,172 shares of 25 pence each or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

DISAPPLICATION OF PRE-EMPTION RIGHTS

11. THAT in substitution of all existing powers the Directors be and are hereby generally empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) including if immediately before the allotment, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority conferred on them by resolution 10 set out in the notice convening the Annual General Meeting at which this resolution is proposed or otherwise as if section 561(1) of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities pursuant to:

(a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25 pence each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

(b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £1,023,043 (or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed),

and expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

AUTHORITY TO REPURCHASE ORDINARY SHARES

12. 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 one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares") either for retention as treasury shares for future reissue, resale, transfer or for cancellation provided that:

(a) the maximum aggregate number of Shares authorised to be purchased shall be that number of Shares which is equal to 14.99% of the issued Share capital of the Company as at the date of the passing of this resolution;

(b) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;

(c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade in Shares and the highest then current independent bid for Shares on the London Stock Exchange;

(d) the authority hereby conferred shall expire 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 date of the passing of this resolution unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Shares under this authority before 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 Shares in pursuance of any such contract.

GENERAL MEETINGS

13. THAT the Directors be authorised to call general meetings (other than Annual General Meetings) on not less than 14 clear days' notice, such authority to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, until expiry of 15 months from the date of the passing of this resolution.

By order of the Board

Frostrow Capital LLP
Company Secretary

31 May 2022

Registered office:
One Wood Street
London EC2V 7WS

NOTES

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. Members can vote by: logging onto www.signalshares.com and following instructions; requesting a hard copy form of proxy directly from the registrars, Link Group at enquires@linkgroup.co.uk or, in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 12 noon on 15 July 2022.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at the close of business on 15 July 2022 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
9. As at 30 May 2022 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 40,921,729 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 May 2022 are 40,921,729.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so 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 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.
11. 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 the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the 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 Application Host) from which the issuer'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 proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. 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.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Link Group on 0371 664 0300 or +44 371 664 0300 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 09.00-17.30, Monday to Friday excluding public holidays in England and Wales.
17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

    In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

EXPLANATORY NOTES TO THE RESOLUTIONS

Resolution 1 – To receive the Audited Financial Statements and the Report of the Directors

The audited financial statements and the Report of the Directors for the year ended 31 March 2022 will be presented to the Annual General Meeting. These accompanied this Notice of Meeting.

Resolution 2 – Directors' Remuneration Report

The Report on Directors' Remuneration is set out in full on pages 58 to 61.

Resolutions 3 to 8 – Election and re-election of Directors

Resolutions 3 to 8 deal with the election and re-election of the Directors. Biographies of each of the current Directors can be found on pages 36 and 37.

The Board has confirmed, following a performance review, that the Directors standing for re-election continue to perform effectively.

Resolution 9 – Re-appointment of Auditor and the determination of their remuneration

Resolution 9 relates to the re-appointment of BDO LLP as the Company's independent auditor to hold office until the next Annual General Meeting of the Company and also authorises the Audit Committee to set their remuneration.

Resolutions 10 and 11 – Issue of Shares

Ordinary Resolution 10 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,023,043 (equivalent to 4,092,172 shares, or 10% of the Company's existing issued share capital on 30 May 2022 or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 11 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 30 May 2022 or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 10. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 10 and 11 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. New shares will be only issued at a premium to the Company's net asset value per share.

Resolution 12 – Share Repurchases

The Directors wish to renew the authority given by shareholders at the Annual General Meeting held in July 2021. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special Resolution 12 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue as at the date of the passing of the resolution. Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 13 – General Meetings

Special Resolution 13 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) on not less than at 14 clear days' notice.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 72,000 shares.

COMPANY INFORMATION

DIRECTORS

Andrew Joy *(Chairman)*
Steve Bates *(Chairman of the Management Engagement Committee)*
Julia Le Blan *(Chair of the Audit Committee)*
Geoff Hsu
Dr Nicki Shepherd
The Rt Hon Lord Willetts FRS
Roger Yates

REGISTERED OFFICE

One Wood Street
London EC2V 7WS

WEBSITE

www.biotechgt.com

COMPANY REGISTRATION NUMBER

03376377 (Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.
The Company was incorporated in England on 20 May 1997 as Reabourne Merlin Life Sciences Investment Trust PLC.

ALTERNATIVE INVESTMENT FUND MANAGER, COMPANY SECRETARY AND ADMINISTRATOR

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 0203 008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority.

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

PORTFOLIO MANAGER

OrbiMed Capital LLC
601 Lexington Avenue, 54th Floor
New York NY10022 USA
Telephone: +1 212 739 6400
Website: www.orbimed.com
Registered under the U.S. Securities and Exchange Commission.

INDEPENDENT AUDITOR

BDO LLP
55 Baker Street
London
W1U 7EU

DEPOSITARY

J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

CUSTODIAN AND PRIME BROKER

J.P. Morgan Securities LLC.
Suite 1, Metro Tech Roadway
Brooklyn, NY11201
USA

REGISTRAR

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
E-mail: enquiries@linkgroup.co.uk
Telephone (in UK): 0371 664 0300†
Telephone (from overseas): + 44 371 664 0300†
Shareholder Portal: www.signalshares.com
Website: www.linkgroup.eu
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

STOCK BROKER

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

SOLICITORS

Charles Russell Speechlys
5 Fleet Place
London EC4M 7RD

IDENTIFICATION CODES

Shares:	SEDOL:	0038551
	ISIN:	GB0000385517
	BLOOMBERG:	BIOG LN
	EPIC:	BIOG

GLOBAL INTERMEDIARY IDENTIFICATION NUMBER

(GIIN): U1MQ70.99999.SL.826

LEGAL ENTITY IDENTIFIER (LEI)

549300Z41EP32MI2DN29

THE BIOTECH GROWTH TRUST PLC

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DISABILITY ACT

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Group, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the RNID) you should dial 18001 followed by the number you wish to dial.

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