

Investment Objective and Benchmark Index

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

Five Year Performance (%)

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



— Share Price (total return) +14.9%
 — Net Asset Value per share (total return) +6.7%
 — Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +26.7%

Source: Morningstar, Index - Bloomberg.

Ten Largest Holdings as at 31 May 2022 (% of total investments)

Name	Total
BioMarin Pharmaceutical	5.4
Horizon Therapeutics	4.6
Seagen	4.4
Syndax Pharmaceuticals	4.4
Yisheng	4.3
Gilead Sciences	4.3
Argenx	3.8
Xenon Pharmaceuticals	3.8
Vaxcyte	3.7
Aclaris Therapeutics	3.6
Total	42.3



Portfolio Manager Geoffrey Hsu



OrbiMed
 Healthcare Fund Management

Fast Facts

As at 31 May 2022

Launch Date	June 1997
AIC Sector	Biotechnology & Healthcare
Date of Appointment of OrbiMed	19 May 2005
Annual Management Fee (payable by the Company)	0.65% of net assets plus 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
Performance fee	See Annual Report for details
Ongoing Charges Ratio (OCR) *	1.1%
Continuation Vote	2025 AGM and every 5th AGM thereafter
Year / interim end	31 March / 30 September
Capital Structure	40,921,729 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	70
Net Assets (£m)	£331.7m
Market Capitalisation (£m)	£331.5m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	4.4%
Leverage**	Gross 104.4% Commitment 104.4%
Share Price (p)	810.00
NAV (p)	810.56
(Discount) / Premium	(0.1%)
Portfolio Turnover p.a.	83.1%
Active Share***	75.8%

Geographical Breakdown as at 31 May 2022 (%)

North America	72.6%
Continental Europe	12.1%
*Unquoted	10.3%
China (quoted)	4.2%
United Kingdom	0.7%
Singapore	0.1%

Total **100.0%**

* No more than 10% of gross assets will be invested in unquoted investments at the time of acquisition. This limit includes any investment or commitment to invest in private equity funds managed by OrbiMed or an affiliate thereof. Investments or commitments to invest in such private equity funds will be limited to US\$15m, after the deduction of proceeds of disposal and other returns of capital. Of the 10.3% unquoted investments, 9.7% was in China, 0.5% was in Asia, and 0.1% was in Canada.

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth 12 Month Return	2017	2018	2019	2020	2021	YTD
NAV	9.9	-14.3	47.4	52.4	-23.1	-31.4
Share Price	12.1	-19.9	48.5	67.7	-24.6	-31.8
Index	10.5	-3.8	19.6	22.1	0.2	-15.8

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	May 17- May 18	May 18- May 19	May 19- May 20	May 20- May 21	May 21- May 22
NAV	4.0	-5.0	67.1	7.1	-39.7
Share Price	4.6	-4.9	68.4	14.0	-39.9
Index	10.4	-3.0	38.1	-2.2	-12.4

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

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

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

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

***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.

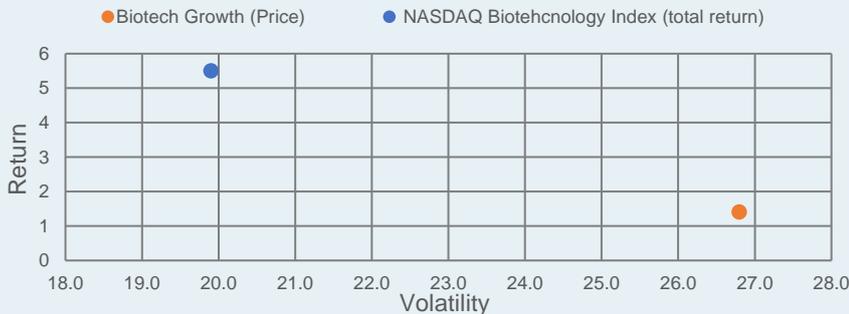
Codes

Sedol	0038551
ISIN	GB0000385517
Legal Entity Identifier (LEI)	549300Z41EP32MI2DN29
Global Intermediary Identification Number (GIIN)	U1MQ70.99999.SL.826
Bloomberg	BIOG LN
EPIC	BIOG

Investment Policy

In order to achieve its investment objective, the Company invests in a diversified portfolio of shares and related securities in biotechnology companies on a worldwide basis. The Company will not invest more than 15% of the value of its gross assets in any one individual stock at the time of acquisition. No more than 10% of gross assets will be invested in unquoted investments at the time of acquisition. This limit includes any investment or commitment to invest in private equity funds managed by OrbiMed or an affiliate thereof. Investments or commitments to invest in such private equity funds will be limited to US\$15m, after the deduction of proceeds of disposal and other returns of capital. The Company's borrowing policy is that borrowings will not exceed 20% of the Company's net assets. The Company may be unable to invest directly in certain countries. In these circumstances, the Company may gain exposure to companies in such countries by investing indirectly through swaps. Where the Company invests in swaps, exposure to underlying assets will not exceed 5% of the gross assets of the Company at the time of entering into the contract.

Return vs Volatility (5 Years Annualised) – Chart (%)



Commentary

In May, the NAV per share was down 9.6%, the share price was down 4.3% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 1.6%.

In a backdrop of ongoing macro uncertainty, biotech sector performance continues to lag that of the broader markets. A highly correlated repricing downwards in small and midcap biotech suggests investors have little regard for differences in fundamentals among companies. High inflation, rising interest rates, and the repricing of risk assets continued to pressure biotech stocks and the broader markets in May. Absolute valuations in small and midcap biotech continued to decline to unprecedented depressed levels, with over 27% of companies in the sector trading at market caps below the net cash on their balance sheets as of month-end. We think this valuation discount is unwarranted and will correct once some of the macro headwinds dissipate. The fund's heavy overweight positioning in small cap biotech continues to act as a headwind for relative performance versus the benchmark, but since we believe we are at or close to a valuation bottom, we have not appreciably changed our positioning in order to capture a recovery in share prices.

On the positive side, we did see some merger & acquisition activity in May. Pfizer announced its intention to buy neuroscience-focused Biohaven Pharma for \$11.6bn, a takeout price near Biohaven's 52-week high and a 33% premium to its recent share price. Glaxo SmithKline also announced its intention to acquire private company Affinivax, which is developing a next-generation pneumococcal vaccine, for \$2.1 bn. We view such deals as encouraging to the sector as M&A activity is an important ingredient to trigger a durable market reversal. We remain cautiously optimistic as the XBI (an index that is commonly used as a proxy for small and midcap biotech) has started to show some signs of stabilizing on the back of these more recent deals. As we observe an increasing number of small and midcap biotechs trade below cash, we think the indiscriminate selling has produced some unique investment opportunities that we intend to capitalize on.

Compass Therapeutics, Gilead Sciences, and Amgen were the largest positive contributors to performance during the month. In early May, Compass Therapeutics stock outperformed based on early-stage data in cholangiocarcinoma (cancer of the bile duct) that demonstrated a strong response rate. Amgen and Gilead appreciated due to investor rotation into more defensive, larger cap value stocks within the biotechnology sector.

Keros Therapeutics, GH Research, and Guardant Health were the largest negative contributors to performance during the month. Keros Therapeutics shares were down despite the company reporting encouraging results from a Phase 1 trial of its drug for pulmonary hypertension. GH Research sold off with the broader market in May on no fundamental news. Guardant Health was weak in May as it announced a delay in a key colorectal cancer trial readout from "mid-year" to September/October.

Discount / Premium Control Mechanism

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

How to Contact Us

Frostrow Capital LLP
25 Southampton Buildings
London, WC2A 1AL

Tel.: 0203 008 4910
Fax: 0203 043 8889

Website: www.frostrow.com
Email: info@frostrow.com



Risk Warnings

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

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

Important Information

The Biotech Growth Trust PLC is a public limited company whose shares are premium listed on the LSE and is registered with HMRC as an investment trust. The Company has an indeterminate life, although shareholders consider and vote on the continuation of the Company every five years (the next such vote will be held in 2025).