The Biotech Growth Trust PLC

Annual Report for the year ended 31 March 2019

THE BIOTECH GROWTH TRUST PLC

Frostrow CAPITAL

OrbiMed Healthcare Fund Management

Who We Are

About 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 11 and 12.

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. $13 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 pages 68 and 69.

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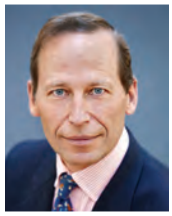
PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

Strategic Report / Chairman's Statement



Andrew Joy

Investment Performance

During the year to 31 March 2019 the Company's net asset value per share rose by 5.3% and the share price by 4.6%, reflecting a slight widening in the discount to net asset value per share, from 6.1% at the start of the Company's year to 6.7% at 31 March 2019. The positive return over the year to 31 March as a whole reflected a strong first half, when net asset value per share rose by 19.9% and a weak second half when it fell by 12.2%. Much of the second half fall reflected a weak period for the biotechnology market overall, with the NASDAQ Biotechnology Index (sterling adjusted) (the "NBI") down by 8.1% in the six months to 31 March.

Larger capitalisation biotechnology stocks, which account for more than half the aggregate index, collectively had a tough year. The larger stocks' lacklustre performance also cast a shadow over the whole sector, as they can be considered "bellwethers". By way of illustration of their difficulties, late in the year, in March, Biogen reported very disappointing news on its prospective treatment for Alzheimer's, aducanumab. **Celgene's** share price continued to suffer over the first nine months following a major rerating of its shares towards the end of 2017. In January the low valuation did in fact provoke a takeover offer from Bristol-Myers Squibb which reversed the decline, but the valuation remained well below the level of 24 months ago.

Other factors in the relative weakness of the biotechnology sector include firstly some background disquiet about political pressures on drug prices – a disquiet which your Portfolio Manager, OrbiMed, argues is overdone – and secondly a shift in how biotechnology is understood by the market. Historically, the sector tended to be considered one with high growth, justifying a high rating. With larger biotechnology stocks now relatively mature, and no longer offering such high growth, the transition into mainstream portfolios has yet to happen.

For the Company, the weakness in the market in biotechnology stocks in the second half of the year was compounded by relative underperformance. This was principally a result of particular stock choices and weightings against the NBI, the chosen benchmark, as more fully set out in the Portfolio Manager's report. The NBI rose 13.0% in the year as a whole, against the 5.3% noted above for the Company.

Mitigating the underperformance was the U.S. dollar's strength against sterling over the twelve months to 31 March 2019, over which period it was up 7.1%. Almost all the Company's assets are denominated in U.S. dollars.

It is clearly disappointing that the Company has underperformed its benchmark both this year, and overall for the past five years. The Board has held extensive discussions with OrbiMed and Frostrow in order to understand how a process which has had great long-term success has hit such choppy water. It is clear that there is no obvious simple factor. The team and investing strategy are the same as that which achieved a decade of outperformance. Amongst other influences, it appears that within the sector, investor behaviour while still sensitive to scientific advance within particular companies, is also influenced by market sentiment, which has diluted the impact of the proprietary research the Portfolio Manager conducts. It appears that market behaviour has changed, and we are discussing the implications of that with OrbiMed and how they can adapt to it.

There are reasons to be optimistic about the future for the biotechnology sector. There is a sea-change in the science underlying the sector, driven by advances in gene technology. Gene therapy and gene editing are now a reality; new CAR-T products addressing blood cancers have been approved and other novel treatments, such as **Vertex's** for cystic fibrosis, are now on the market. In addition, there has been a pickup in merger and acquisition (M&A), including the take-over of **Celgene** by Bristol-Myers Squibb noted above. As far as the Company is concerned, OrbiMed are working hard to maintain their long-term record of outperformance and reverse recent underperformance. Since they took over management of the portfolio the Company's net asset value per share has appreciated by 689.1% against the benchmark return of 624.8%.

One small but significant step was taken in the year: in the search for sources of outperformance, OrbiMed made what was for the Company its first investment in a Chinese biotechnology company's initial public offering (IPO) on the Hong Kong stock exchange. The outperformance of this share since IPO will not on its own make a big difference to the portfolio but it is a sign that OrbiMed is searching globally for outperformance.

Capital Structure and Gearing

The Company continues to pursue an active policy of protecting its discount by buying back its shares. The policy is to protect a discount of 6% although volatility within a short period may mean the discount could be somewhat higher at times. During the year to 31 March 2019 the company re-acquired 3,872,351 shares, representing 6.9% of the shares at the start of the period. Last year no shares were repurchased.

The Company reduced its gearing level from 6.8% at the start of the year to 5.5% at the end.

Return and Dividend

The total return per share amounted to 38.8p for the year (2018: loss of 53.3p), comprising a revenue profit of 1.0p per share (2018: 1.1p) and a capital profit of 37.8p (2018: loss of 54.4p). No dividend is recommended in respect of the year ended 31 March 2019 (2018: nil).

Composition of the Board

As noted in the annual report last year Geoff Hsu, who has been involved in managing the portfolio since OrbiMed became its Portfolio Manager, succeeded Sven Borho on the Board in May 2018. Although it is increasingly unusual to see a representative of the Portfolio Manager on an investment trust board, in this case your Board recognises the importance of having such a representative as a Director as it both ensures access to key senior personnel and also that the Portfolio Manager is fully engaged in all aspects of the Board's discussions concerning the Company's portfolio. Geoff Hsu has waived his fee for being a Director and does not sit on any of the Company's Committees.

Outlook

For the reasons given in the review of investment performance, the biotechnology sector has proved both difficult and volatile over the year. However, there remain good reasons for it to resume its record of growth over the long term particularly as stocks are now starting from a relatively low base.

Annual General Meeting

The Annual General Meeting of the Company this year will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Thursday, 11 July 2019 at 12 noon and we hope as many shareholders as possible will attend. This will be an opportunity to meet the Board and to receive a presentation from our Portfolio Manager. Shareholders who are unable to attend are encouraged to vote by proxy to ensure their votes are represented.

As I mentioned last year, we have not issued paper forms of proxy as a matter of course this year. Voting on the resolutions to be considered at the Company's Annual General Meeting can be made via our Registrar's website at www.signalshares.com (please also see page 72 for further information). However, any shareholders who would like a hard copy form of proxy may request one from our Registrar, Link Asset Services, who contact details can be found on page 76.

Andrew Joy
Chairman

24 May 2019

Strategic Report / Financial Highlights for the Year

Net asset value per share total return*^

+5.3%

2018 -6.7%

Share price total return*^

+4.6%

2018 -6.1%

Benchmark†*

+13.0%

2018 -2.2%

† NASDAQ Biotechnology Index (sterling adjusted)

Discount of share price to net asset value per share*^

6.7%

2018: 6.1%

Ongoing Charges^

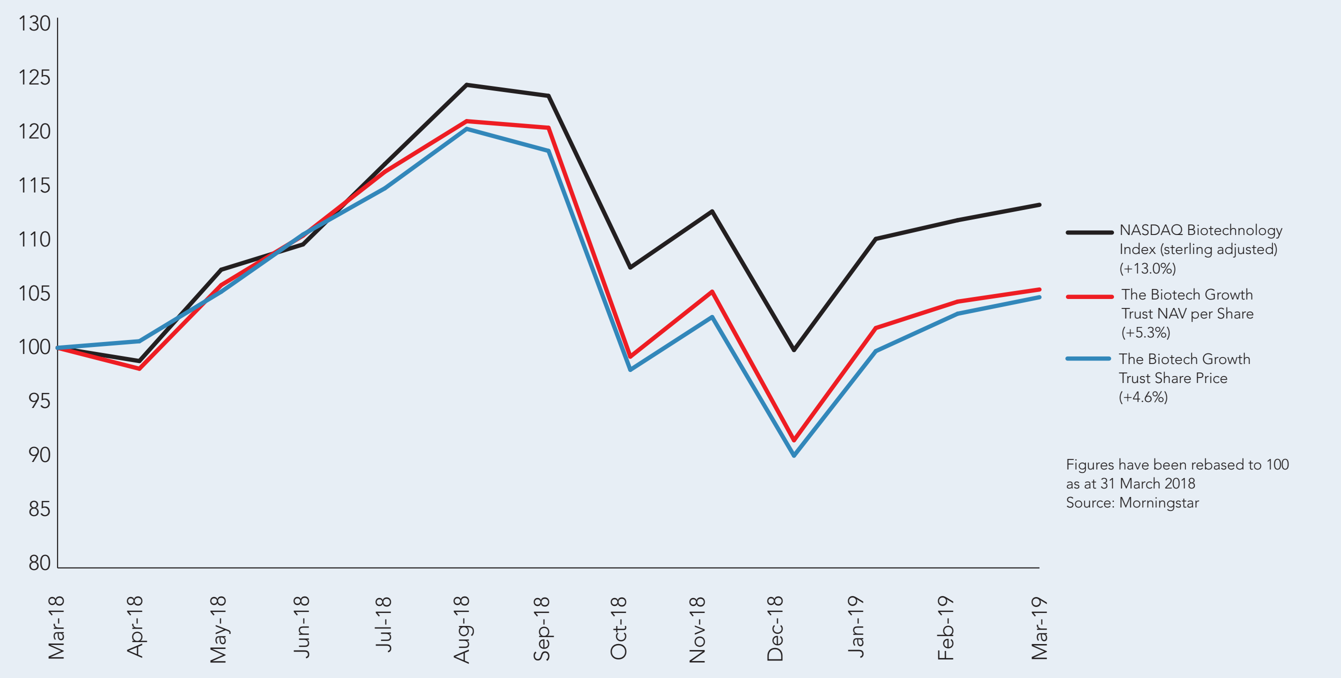
1.1%

2018: 1.1%

*Source: Morningstar.

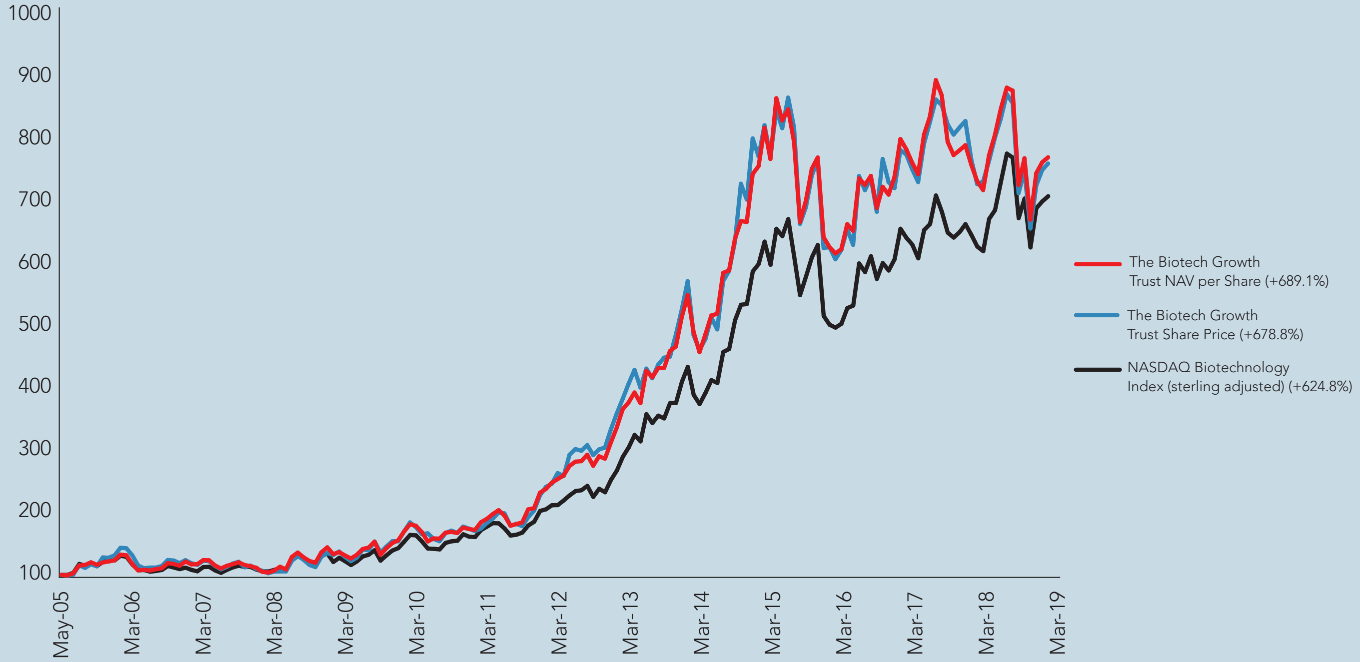
^Alternative Performance Measure (see glossary beginning on page 66).

Performance for the year to 31 March 2019



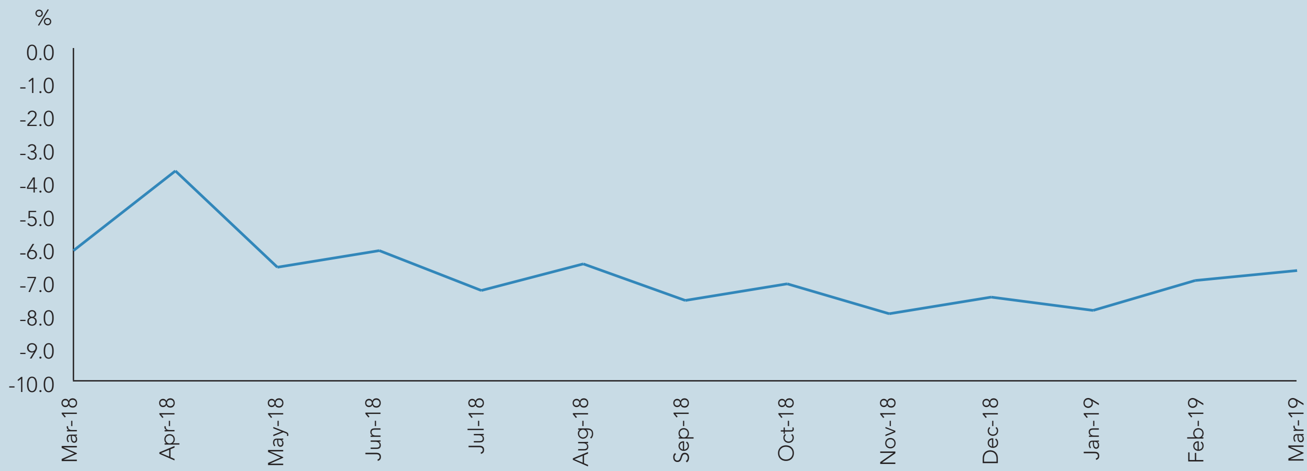
Strategic Report / Company Performance

Performance since the date of appointment of OrbiMed Capital LLC as Portfolio Manager to 31 March 2019



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

Discount of the Company's Share Price to the Net Asset Value per Share – Year to 31 March 2019



The discount of the Company's share price to the net asset value per share at 31 March 2019 stood at 6.7% (2018: 6.1%).
Source: Frostrow Capital LLP.

Strategic Report / Company Performance

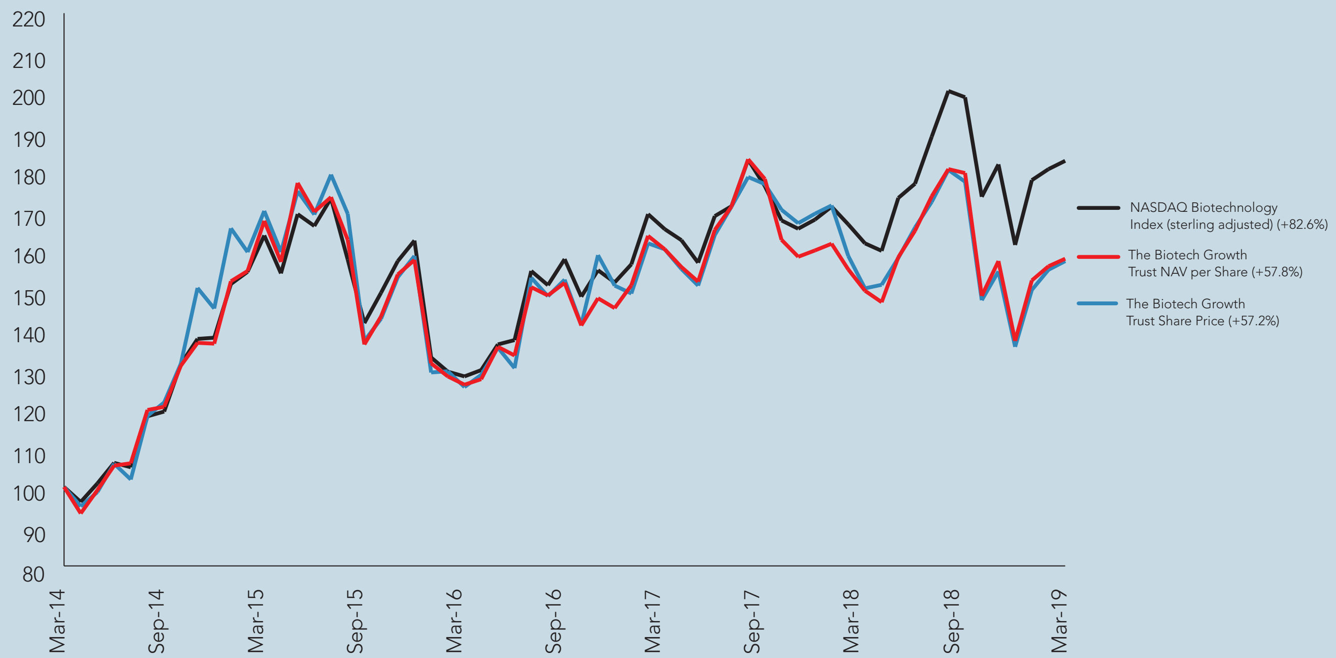
Historic Performance Record for the years ended 31 March

	2014	2015	2016	2017	2018	2019
Net asset value per share total return*^	34.2%	67.4%	(24.8%)	27.5%	(6.7%)	5.3%
Share price total return*^	26.9%	69.9%	(26.3%)	27.9%	(6.1%)	4.6%
Benchmark return*	34.7%	63.7%	(21.8%)	29.2%	(2.2%)	13.0%
Net asset value per share	498.7p	834.7p	627.9p	800.8p	747.5p	786.8p
Share price	467.0p	793.5p	585.0p	748.0p	702.0p	734.0p
Discount of share price to net asset value per share*^	6.4%	4.9%	6.8%	6.6%	6.1%	6.7%
Ongoing charges^	1.2%	1.2%	1.0%	1.1%	1.1%	1.1%
Gearing^	8.3%	9.4%	11.1%	3.2%	6.8%	5.5%

*Source: Morningstar.

^Alternative Performance Measure (see glossary beginning on page 66).

Five year performance to 31 March 2019



Figures have been rebased to 100 as at 31 March 2014
Source: Morningstar

Investments held as at 31 March 2019

Security	Country /Region	Fair value £'000	% of investments
Vertex Pharmaceuticals	United States	38,990	9.0
Regeneron Pharmaceuticals	United States	28,386	6.6
Neurocrine Biosciences	United States	27,555	6.4
Alexion Pharmaceuticals	United States	25,928	6.0
Gilead Sciences	United States	22,145	5.1
Sarepta Therapeutics	United States	21,841	5.1
Celgene	United States	21,353	5.0
Illumina	United States	19,814	4.6
Amgen	United States	17,795	4.1
Deciphera Pharmaceuticals	United States	16,568	3.8
Ten largest investments		**240,375**	**55.7**
Biogen	United States	15,903	3.7
Exelixis	United States	14,651	3.4
Apellis Pharmaceuticals	United States	11,371	2.6
Argenx	Netherlands	9,938	2.3
MeiraGTx	United States	9,710	2.2
Immunomedics	United States	9,393	2.2
Heron Therapeutics	United States	7,615	1.8
Mylan	United States	7,573	1.8
Amarin	United Kingdom	7,443	1.7
MyoKardia	United States	7,152	1.7
Twenty largest investments		**341,124**	**79.1**
Enanta Pharmaceuticals	United States	6,825	1.6
Aurinia Pharmaceuticals	Canada	6,799	1.6
CanSino Biologics	China	6,681	1.5
Genfit	France	6,623	1.5
Amicus Therapeutics	United States	5,406	1.3
Clovis Oncology	United States	5,244	1.2
BioMarin Pharmaceutical	United States	5,209	1.2
PTC Therapeutics	United States	5,198	1.2
BeiGene	China	5,035	1.2
Spero Therapeutics	United States	4,981	1.2
Thirty largest investments		**399,125**	**92.6**
Athenex	United States	4,042	0.9
Foamix Pharmaceuticals	Israel	3,836	0.9
Menlo Therapeutics	United States	3,804	0.9
Assembly Biosciences	United States	3,568	0.8
Puma Biotechnology	United States	3,556	0.8
Avrobio	United States	3,357	0.8
OrbiMed Asia Partners L.P. (unquoted)*	Asia	3,039	0.7
Aerie Pharmaceuticals	United States	2,114	0.5
KalVista Pharmaceuticals	United States	1,976	0.5
Krystal Biotech	United States	1,492	0.3
Forty largest investments		**429,909**	**99.7**
Alector	United States	1,263	0.3
Total investments		**431,172**	**100.0**

All of the above investments are equities unless otherwise stated.

* Partnership interest

Portfolio Breakdown

Investments	Fair value £'000	% of investments
Equities	428,133	99.3
Partnership interest (unquoted)	3,039	0.7
Total investments	**431,172**	**100.0**

Strategic Report / Portfolio Manager's Review

Geoff Hsu

Richard Klemm

Performance Review

The year ended 31 March 2019 was characterised by major swings in biotechnology sector performance despite overall positive fundamentals for the industry. Share price performance for the sector was generally positive for the first six months of the year, but a macro-driven sell-off in the fourth quarter of 2018 led to a dramatic decline in biotechnology valuations. Whereas large capitalisation companies are historically thought of as lower-risk and more defensive, the market sell-off in 2018 was largely indiscriminate and affected both large capitalisation and emerging biotechnology companies.

The biotechnology sector subsequently rebounded in 2019 along with the broader markets, but we believe investor appetite for biotechnology was particularly reinvigorated by increased merger & acquisition (M&A) activity in early 2019, including the acquisitions of **Celgene** by Bristol-Myers Squibb, Loxo Oncology by Eli Lilly and Spark Therapeutics by Roche. Both **Celgene** and Spark were positions in the portfolio at the time of their respective M&A announcements. We have previously discussed acquisitions as a likely strategy for large capitalisation companies to bolster their existing portfolios and pipelines, many of which are facing patent expirations on their key products. The acquisition of **Celgene**, a mature major biotechnology company that has been plagued by investor concerns about future growth, reinforces the view that major biotechnology valuations are overly depressed and that these franchises are still attractive to larger pharmaceutical companies. Valuations among other large capitalisation biotechnology companies remain at multi-year lows, so we would not be surprised if further consolidation occurred.

Against this sector backdrop, the Company's net asset value per share total return increased 5.3% during the year. This compares to a 13.0% increase in the Company's benchmark, the NASDAQ Biotechnology Index (NBI) (measured on a sterling adjusted basis).

The underperformance compared to the benchmark is partially attributed to relatively high exposure to new cancer drug launches which fell short of expectations, through investments in **Puma Biotechnology** and **Clovis Oncology**. Product launch stories generally fell out of favour among investors during the financial year, as uncertainties regarding future competition, concerns about peak sales potential, and a lack of M&A dampened the share price performance of many companies launching their first products. In the past, young commercial stage biotechnology companies have traditionally been likely candidates for acquisition by larger companies, but M&A activity for commercial assets was relatively subdued over the course of the year. We continue to believe that many of the emerging biotechnology companies launching drugs for the first time will eventually be acquired, as it frequently takes a larger company with a more established infrastructure to maximise the sales potential of an asset. Although the portfolio retains significant exposure to companies focused on cancer therapeutics, as of the time of this writing we do not have any further exposure to imminent oncology launches.

An additional factor that contributed to underperformance was the fact that the portfolio was underweight life science tools companies (i.e. the companies selling the equipment and reagents for biopharmaceutical research) in favour of therapeutics companies compared to the benchmark. This positioning contributed to underperformance compared to the benchmark as tools companies performed strongly during the year. We do not expect this relative trend to continue, and we retain our overweight positioning toward therapeutics companies, which we believe hold more promise for substantial value creation over the long term. Our therapeutics exposure spans widely across disease areas, but particular areas of focus include cancer, rare genetic disorders, and infectious disease.

Contributors and Detractors

Vertex Pharmaceuticals, **Illumina**, **Alexion Pharmaceuticals**, **Argenx** and Aerie Pharmaceuticals were the leading positive contributors to performance in the portfolio during the year.

- **Vertex Pharmaceuticals** shares outperformed as the company strengthened its dominant position in cystic fibrosis. Data from Phase III trials of the company's triple combination regimens showed dramatic, unprecedented improvements in lung function in cystic fibrosis patients. The first triple combination therapy is expected to launch in 2020 and have multi-billion dollar peak sales potential. Additionally, **Vertex's** existing commercial portfolio of Orkambi, Kalydeco and Symdeko continued its strong performance.
- **Illumina** is a leader in gene sequencing technology and sells many of the instruments laboratories use to conduct research. Shares in **Illumina** appreciated as sales of sequencing consumables accelerated due to continued adoption of new sequencer NovaSeq, and as margins expanded meaningfully, leading to significant earnings growth.
- Shares in **Alexion Pharmaceuticals** were strong following continued strong commercial performance of its complement inhibitor Soliris in paroxysmal nocturnal haemoglobinuria (PNH), as well as a strong launch of the drug in myasthenia gravis. The company's next-generation complement inhibitor Ultomiris has also shown impressive early launch numbers in PNH.

- **Argenx** is a Dutch antibody company whose shares appreciated following impressive early Phase I/II data for cusatuzumab in acute myeloid leukemia, and the announcement of a partnership with Janssen to develop the drug. Lead asset efgartigimod also continues to have an attractive clinical profile with the potential to address multiple autoimmune indications.
- Shares in Aerie Pharmaceuticals appreciated after an earlier-than-expected approval of the company's first-in-class glaucoma treatment Rhopressa and positive early launch metrics. We exited the position after we thought the shares had fully priced in commercial success.

DBV Technologies, **Puma Biotechnology**, **Clovis Oncology**, Global Blood Therapeutics and **Assembly Biosciences** were the principal detractors for the year.

- Shares in French company DBV Technologies were weak due to the unexpected withdrawal of the company's marketing application for Viaskin Peanut, a patch to prevent peanut allergies, due to manufacturing issues. The company is planning to refile the application once the manufacturing issues have been remedied.
- Shares in **Puma Biotechnology** underperformed due to concerns over slowing sales growth for their breast cancer treatment Nerlynx despite a relatively nascent launch. Expectations for a near-term takeout of the company also declined over time.
- Shares in **Clovis Oncology** underperformed after disappointing sales of the company's ovarian cancer treatment Rubraca, and clinical data suggesting the drug may be reserved for use in a small genetically-defined population in other tumour types, such as prostate cancer.
- Shares of Global Blood Therapeutics were weak due to an unexpected change in regulatory strategy for the company's sickle cell disease treatment voxelotor, with the company pursuing a new biomarker-based filing strategy for the drug rather than a more established clinical endpoint.
- Shares of **Assembly Biosciences** underperformed as initial data from the company's hepatitis B treatment ABI-H0731 were mixed; leaders in the field have suggested further clinical validation in humans would be necessary for broad support for **Assembly's** approach.

Healthcare Reform Increasingly in Focus

Over the course of 2018, the Trump administration announced a number of proposals for drug price reform in the U.S., including lowering out-of-pocket costs for patients, indexing Medicare drug prices to international drug prices, and eliminating the rebate system that obfuscates true drug costs. As of the time of writing, none of these proposals have yet been enacted, and we think all of them are manageable for the biotechnology industry.

As the 2020 U.S. Presidential election approaches, we expect political rhetoric to continue regarding broad healthcare and drug pricing reform. A number of progressive Democratic Presidential candidates have talked about "Medicare for All," which would represent an expansion of government-run health insurance. We believe much of this election year rhetoric could create "headline noise" for the sector but believe implementation of anything dramatic is highly unlikely. Currently the U.S. has a "split" Congress, with the Democrats controlling the House and the Republicans controlling the Senate. We expect this split Congress to continue after the 2020 election, which will make transformative legislative changes extremely difficult to enact.

Regulatory Environment Remains a Tailwind

The U.S. Food and Drug Administration (FDA) regulatory environment during the Trump administration has generally been a favourable one for the biotechnology industry. One of the principal ways that Trump has sought to manage drug price inflation in the U.S. is by expediting the approval of new drugs to increase competition in the marketplace. Under FDA Commissioner Scott Gottlieb, policies were implemented to promote innovative drug development, including greater collaboration between the FDA and sponsors to streamline clinical trials and increased agency flexibility on endpoint requirements for approval. These initiatives have helped to reduce the time, cost, and approval risk for new drugs in development, which has benefited the biotechnology industry. In fact, in 2018, the FDA approved 59 new molecular entity drugs, the highest number of new drug approvals in history.

In March, Gottlieb announced his resignation, which initially led to investor fears that his departure could lead to a more stringent FDA. However, the appointment of Ned Sharpless, former head of the National Cancer Institute, as the new commissioner appears to be another positive development for the industry. Sharpless has publicly stated that he intends to continue Gottlieb's policies, so we expect the regulatory environment to remain constructive under his leadership.

Strategic Report / Portfolio Manager's Review

Innovation with Groundbreaking Technologies Continues

A number of new technologies, including cell therapy, gene therapy, RNA interference and bispecific antibodies have resulted in breakthrough products reaching the market in the past couple years. Moreover, we've seen strong proof of concept data in human clinical trials for the application of these technologies to a wide variety of diseases. In gene therapy for example, we've seen positive clinical data for such disorders as haemophilia, muscular dystrophy, and sickle cell disease with only a single administration of treatment. Each of these novel technologies we believe is capable of ultimately generating several billion dollars worth of peak sales from marketed products. We think the industry is still in the very early stages of maximising the potential from these novel technologies.

Because the value of these technologies is just starting to be realised, we continue to view companies with strong platform technologies as attractive investments and see technical know-how as an increasingly valuable asset. With the emergence of newer treatment modalities such as cell therapy, gene therapy and gene editing, we believe manufacturing and technical expertise has become a critical aspect of generating and maintaining value. As a record number of gene therapy programmes are poised to enter the clinic in 2019, infrastructure and manufacturing capacity has struggled to grow proportionally to support these trials, and thus has become a valuable commodity in the space.

We believe recent transactions in gene therapy reflect the value of internal technical expertise, with the acquisition of portfolio company Spark Therapeutics by Roche as a prime example. With the first marketed in vivo gene therapy in the United States and multiple late-stage gene therapy candidates, Spark has been a clear pioneer in manufacturing, clinical development and regulatory and commercial execution in the space. We also highlight portfolio company **MeiraGTx** as a gene therapy company with strong technical expertise, which we believe is also reflected by Janssen's licensing and collaboration deal with the company in inherited retinal diseases. Portfolio company **Sarepta Therapeutics**, with a promising gene therapy for muscular dystrophy, has also become one of the leaders in the space.

Re-emergence of Targeted Therapy

Following the striking clinical and commercial success of first wave of immuno-oncology drugs including Keytruda and Opdivo, many biotechnology companies have focused their efforts on identifying the next immuno-oncology target. Disappointingly, several high-profile immuno-oncology targets, such as IDO1, have failed to produce meaningful clinical benefit in large clinical trials. While the search for the next immuno-oncology target continues with markedly less enthusiasm, we see targeted therapies as re-emerging as the class of choice in oncology.

First-generation tyrosine kinase inhibitors (TKIs) such as Gleevec were a revolution of their time and produced impressive clinical results across a variety of tumour types, though identifying patients who could benefit from targeted therapies remained challenging. However, with improved genetic sequencing capability, companies have developed inhibitors of specific genetic mutations driving specific tumour types, leading to unprecedented response rates in targeted populations. We see the targeted therapy approach as a clear success for precision medicine and believe innovation will continue to develop therapies that are increasingly personalised and tailored to the specific disease characteristics of the patient.

Portfolio company **Exelixis** has pioneered the development of next-generation targeted therapies with the commercial success of its drug Cabometyx/Cometriq in various tumour types including renal cell carcinoma and hepatocellular carcinoma. We also see portfolio company **Deciphera** as an important player in TKIs, with their drug ripretinib showing strong efficacy in KIT-mutant gastrointestinal stromal tumours, particularly in patients who have failed first-generation KIT inhibitors.

With the approval of Eli Lilly/Loxo's Vitrakvi in NTRK-mutant tumours and continued development of targeted therapies, we believe genetic sequencing will increasingly become a key aspect of early diagnosis in oncology. We therefore see portfolio company **Illumina** as a clear beneficiary in the resurgence in targeted therapies, as we expect increasing use of their sequencing technology to support further drug development and commercial uptake of these drugs.

Emerging Biotechnology Opportunities in China

The Company seeks to invest in the best opportunities in biotechnology worldwide. While most of the biotechnology innovation historically has occurred in the U.S. and Europe, we are seeing a trend towards increased innovation in China, the second largest pharmaceutical market in the world. The Chinese domestic drug market has been traditionally focused on specialty generics and traditional Chinese medicines, but the Chinese government has taken a number of steps over recent years to encourage greater innovation in drug development. For example, the Chinese FDA has tightened its approval standards to eliminate substandard products and accelerated the clinical trial process for innovative drugs. In addition, the Hong Kong stock exchange has recently relaxed its listing requirements so that pre-revenue companies can now go public, opening up a key source of financing for the Chinese biotechnology sector. The Company has already participated in a couple of select Chinese biotechnology initial public offerings (IPOs), such as **Cansino Biologics**, a vaccine player serving the private pay market. Because OrbiMed has offices in Hong Kong and Shanghai with dedicated public equity analysts in those locations, we believe we are well-positioned to capitalise on this emerging opportunity.

Outlook and Strategy

In summary, we believe the outlook for the biotechnology sector is very positive. Innovation remains strong in the sector. In particular, new treatment modalities including gene therapy have the potential to transform patient care and treat previously incurable diseases. The large number of biotechnology IPOs over the past several years will allow broad investment in this new wave of therapies. The regulatory environment remains supportive of new drug approvals and clinical trial requirements have become more flexible. Large capitalisation biotechnology companies continue to trade at a valuation discount versus historical norms, and we believe a re-rating can occur from M&A, pipeline developments, and new product launches. Political rhetoric on drug pricing may persist into the 2020 elections, but we ultimately do not expect any substantial impact on the biotechnology industry given a split Congress. Finally, we see increasing opportunities to capture innovation in emerging markets like China.

Despite the underperformance relative to the benchmark this year, we believe we will be able to restore historical outperformance as our stock picks play out. We believe the portfolio is well positioned with diversification between major biotechnology companies, which are trading at historically low valuations, and promising emerging biotechnology companies, which have substantial upside as their drugs successfully pass through clinical development. Because of the **Celgene** acquisition, large capitalisation exposure will naturally drift downwards as those assets are redeployed into smaller names. Name count and gearing will remain roughly at the same levels. We believe the portfolio is well positioned to capture the value creation from the exciting developments in the biotechnology sector today.

Geoff Hsu and Richard Klemm
OrbiMed Capital LLC, Portfolio Manager

24 May 2019

Principal Contributors to and Detractors from Net Asset Value Performance

Top Five Contributors	Contribution for year to 31 March 2019 £'000	Contribution per share (pence)*
Vertex Pharmaceuticals	9,428	17.3
Illumina	7,673	14.1
Alexion Pharmaceuticals	7,204	13.2
Argenx	5,276	9.7
Aerie Pharmaceuticals†	4,468	8.2
	34,049	**62.5**

Top Five Detractors		
DBV Technologies†	(6,629)	(12.2)
Puma Biotechnology	(6,298)	(11.6)
Clovis Oncology	(5,120)	(9.4)
Global Blood Therapeutics†	(4,038)	(7.4)
Assembly Biosciences	(3,633)	(6.7)
	(25,718)	**(47.3)**

* based on 54,430,259 shares being the weighted average number of shares in issue for the year ended 31 March 2019

† not held in the portfolio on 31 March 2019

Strategic Report / Business Review

The Strategic Report, set out on pages 1 to 17, contains a review of the Company's business model and strategy, an analysis of its performance during the financial year and its future developments and details of the principal risks and challenges it faces. Its purpose is to inform the shareholders in the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

Business Model

The Biotech Growth Trust PLC is an investment trust and has a premium listing on the London Stock Exchange. Its investment objective is set out below. In seeking to achieve this objective, 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 27 and 28. The Board has determined an investment policy and related guidelines and limits, as described below.

The Company is subject to UK and European legislation and regulations including UK company law, International Financial Reporting Standards, the Alternative Investment Fund Managers Directive, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, taxation law and the Company's own Articles of Association.

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 Company's 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 7 to 10. While performance is measured against the Company's Benchmark, the Board encourages Frostrow and 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 direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Portfolio Manager or any affiliates of such entity.

- 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 at the discretion of 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.

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 held at the Annual General Meeting in 2020.

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;

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;

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 Fact Sheets, Annual and Half Year 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.

Strategic Report / Business Review

Key Performance Indicators

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 Report and a record of these measures is shown on page 3, 4 and 5.

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. OrbiMed's investment style is such that performance is likely to deviate from that of the Benchmark. The Board considers the most important comparator to be the NASDAQ Biotechnology Index (sterling adjusted).

During the year under review the Company's net asset value per total share return was +5.3%, underperforming the Benchmark by 7.7%. Since OrbiMed's date of appointment (19 May 2005) to 31 March 2019, the Company's net asset value per share total return is +689.1% compared with Benchmark performance of +624.8%. Please see the Chairman's Statement (beginning on page 1) and the Portfolio Manager's Review (beginning on page 7) for further information.

Share Price Total Return^

The Directors also regard the Company's share price return to be a key indicator of performance. This is monitored closely by the Board.

During the year under review the Company's share price total return was +4.6%. Since OrbiMed's date of appointment (19 May 2015) to 31 March 2019, the Company's share price total return is +678.8% compared with Benchmark performance of +624.8%.

Share Price (Discount)/Premium to Net Asset Value per Share^

The Board undertakes a regular review of the level of discount/premium of the Company's share price to the net asset value per share and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share issuance and buy-backs, where appropriate. The Board has a discount control mechanism in place intended to establish a target level of no more than a 6% discount of share price to the net asset value per share. Shareholders should note, however, that it remains possible for the share price discount to net asset value per share to be greater than 6% on any one day due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. New shares will only be issued at a premium to the Company's net asset value per share. The volatility of the net asset value per share in an asset class such as biotechnology is another 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.

Ongoing Charges^

The Board continues to be conscious of expenses and works hard to maintain a sensible balance between strong service and costs.

As at 31 March 2019 the ongoing charges figure was 1.1% calculated by taking the operating expenses of the Company divided by the average daily assets of £432.3m (2018: 1.1% (average daily assets of £457.1m)).

^ Alternative Performance Measure (see Glossary beginning on page 66).

Risk Management

The Board is responsible for the ongoing identification, evaluation and management of the principal risks faced by the Company and has established a process for the regular review of these risks and their mitigation.

The Directors confirm that they have carried out a thorough assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The risks identified and the ways in which they are managed or mitigated are summarised below.

With the assistance of Frostrow, the Audit Committee has drawn up a risk matrix which identifies the key risks to the Company. These are reviewed and noted on a regular basis. These key risks fall broadly under the following categories:

Principal Risks and Uncertainties	Management/Mitigation
Objective and Strategy 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 against the benchmark index and the investment guidelines. Additional reports and presentations are regularly presented to investors by the Company's AIFM and Portfolio Manager.
Volatility and Level of Discount/Premium The risk of the Company's share price not being representative of its underlying net assets.	The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and investor relations services (see page 12) and also share issuance and buy-backs, if considered appropriate. The Board has an active discount management policy in place, buying back the Company's shares for cancellation if the market price is at a discount greater than 6% on any given day to the Company's net asset value per share. New shares will only be issued at a premium to the net asset value per share. The making and timing of any share issuance or buy-backs is at the absolute discretion of the Board. Shareholders should note, however, that it remains possible for the share price discount to the net asset value per share to be greater than 6% on any given day. This is due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as biotechnology is another factor over which the Board has no control.
Portfolio Performance Investment performance may not be meeting 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 show an analysis of performance compared to 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.

Strategic Report / Business Review

Principal Risks and Uncertainties	Management/Mitigation
Investment 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 operate a team environment such that the loss of any individual should not impact on service levels; • 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, outside the designated lead managers, at OrbiMed's offices and encouraging the participation of the wider OrbiMed team in investor updates; and • delegating to the Management Engagement Committee, responsibility to perform an annual review of the service received from OrbiMed, including, *inter alia*, the team supporting the lead managers and succession planning.
Operational and Regulatory A breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains, whilst a serious breach of other regulatory rules (including those associated with the Alternative Investment Fund Managers Directive) may lead to suspension from the Stock Exchange or to a qualified Audit Report. Other control failures, including cyber crime, relating to the AIFM, the Portfolio Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.	All transactions and income and expenditure forecasts are reviewed by the Board at each Board Meeting. The Board considers regularly all major risks, the measures in place to control them and the possibility of any other risks that could arise. The Board also ensures that satisfactory assurances are received from service providers. The Audit Committee has reviewed the cyber security policies for the Company's principal services providers. The Compliance Officer of the AIFM and of the Portfolio Manager produce regular reports for review at the Company's Audit Committee meetings and are available to attend such meetings in person if required.
Market Price Risk Uncertainty about future prices of financial instruments held.	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 to the Board monthly.
Liquidity Risk Ability to meet funding requirements when they arise.	The Portfolio Manager has constructed the portfolio so that funds can be raised at short notice if required. Please see page 6 for further information on the make-up of the portfolio.

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 as 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 investors. Please see page 14 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 hedge against currency exposure (see page 12).
Loan Facility The provider of the Company's loan facility may no longer be prepared to lend to the Company.	The Board, the AIFM and the Portfolio Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion. 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).
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 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 Securities LLC 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 Securities LLC. J.P. Morgan Securities LLC 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 Securities LLC's insolvency, the Company may be unable to recover in full assets held by it as Custodian or held as collateral. See page 28 for further information. The risk is managed through the selection of a financially strong counterparty, through limitations on the use of gearing and through reliance on a robust regulatory regime (SEC). In addition, the Board regularly monitors the credit rating of J.P. Morgan Securities LLC. J.P. Morgan Securities LLC is also subject to regular monitoring by J.P. Morgan Europe Limited, the Company's Depositary, and the Board receives regular reports from J.P. Morgan Europe Limited. Further information on financial instruments and risk, as required by IFRS 7, can be found in note 13 to the financial statements beginning on page 58.

Strategic Report / Business Review

Impact of Brexit

The Board has considered whether Brexit poses a discrete risk to the Company. At the date of this report, there was still considerable uncertainty around both the process and the effects of Brexit and therefore the analysis at this stage is necessarily general.

As the Company is priced in sterling and the Company's portfolio companies are priced in foreign currencies sharp movements in exchange rates can affect the net asset value (see page 59 for the foreign currency sensitivity analysis).

Furthermore, whilst the Company's current shareholders are predominantly UK based, sharp or unexpected changes in investor sentiment, or tax or regulatory changes, could lead to short term selling pressure on the Company's shares which potentially could lead to the share price discount widening.

Overall, however, the Board believes that over the longer term, Brexit is unlikely to affect the Company's business model or whether the Company's shares trade at a premium or discount to the net asset value per share. The Board will continue to monitor developments as they occur.

Long Term Viability

The Board has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to mitigate these as far as possible, are shown on pages 14 to 16.

The Board believes it to be appropriate to make this assessment over a five-year period. This basis is deemed appropriate due to our Portfolio Manager's long-term investment horizon and also what the Board believe to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties, as shown on pages 14 to 16. The Directors also took into account the liquidity of the portfolio when considering the viability of the Company over a five-year period and its ability to meet liabilities as they fall due.

The Directors do not expect there to be any significant change in the principal risks that have been identified and the adequacy of the mitigating controls in place. Also the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. The Directors believe that only a substantial financial crisis affecting the global economy and causing substantial falls in share prices could have an impact on this assessment.

The Directors recognise that there is a continuation vote due to take place at the 2020 Annual General Meeting. The Directors fully support the continuation of the Company and expect that the Company will continue to exist for the foreseeable future, at least for the period of assessment. However, if such a vote were not passed, the Directors would follow the provisions in the Articles of Association relating to the winding up or other reorganisation of the Company and the realisation of its assets.

Based on this assessment, the Directors have 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-year period.

Looking to the Future

The Board concentrates its attention on the Company's investment performance and OrbiMed's investment approach and on factors that may have an effect on this approach. Marketing reports are given to the Board at each Board meeting by the AIFM which include how the Company will be promoted and details of planned communications with existing and potential shareholders. The Board is regularly updated by the AIFM on wider investment trust industry issues and discussions are held at each Board meeting concerning the Company's future development and strategy.

A review of the Company's year, its performance since the year-end and the outlook for the Company can be found in the Chairman's Statement on pages 1 and 2 and in the Portfolio Manager's Review on pages 7 to 10.

As mentioned above, the Board recognises that there is a continuation vote due to take place at the 2020 Annual General Meeting. The Board expects that the Company will continue to exist for the foreseeable future.

By order of the Board

Frostrow Capital LLP
Company Secretary

24 May 2019

Governance / Board of Directors

Andrew Joy
Independent Non-Executive Chairman

Joined the Board in 2012 and became Chairman in July 2016

*Remuneration: £36,500 pa

Andrew is also Chairman of the Nominations Committee.

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

Yes

Steven Bates
Independent Non-Executive Director

Joined the Board in 2015

*Remuneration: £27,000 pa

Steven is Chairman of the Management Engagement Committee.

Shareholding in the Company: 10,000

Skills and Experience

Steven has extensive experience as an Investment Manager and was head of global emerging markets at J.P. Morgan Asset Management until 2002.

Other Appointments

Steven is non-executive Chairman of BMO Capital and Income Investment Trust plc, of the Vinacapital Vietnam Opportunity Fund Limited and of Third Point Offshore Investors Limited. He is also a Director of Guard Cap Asset Management Limited. He 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: £28,000 pa

Julia is Chair of the Audit Committee.

Shareholding in the Company: 7,000

Skills and Experience

A Chartered Accountant, Julia has worked in the financial services industry for over 30 years. She was 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 BMO UK High Income Trust plc, Impax Environmental Markets plc, J.P. Morgan US Smaller Companies Investment Trust plc and Aberforth Smaller Companies Trust plc.

Standing for re-election

Yes

* information as at 31 March 2019

Governance / Board of Directors

Professor Dame Kay Davies CBE
Independent Non-Executive Director

Joined the Board in 2012

*Remuneration: £28,000 pa

Professor Davies is Chair of the Remuneration Committee and is the Senior Independent Director.

Shareholding in the Company: 3,500

Skills and Experience
Professor Davies is Professor of Genetics and Associate Head of the Medical Sciences Division at the University of Oxford and a fellow of Hertford College.

Other Appointments
Professor Davies is Co-Director of the Oxford Neuromuscular Centre and a Director of biopharmaceutical company UCB Pharma S.A. Professor Davies also serves on the GRL Board (Sanger Institute) and the Genome England Board (NHS).

Standing for re-election
Yes

Geoff Hsu
Non-Executive Director

Joined the Board in 2018

*Remuneration: Nil

Geoff does not sit on any of the Company's Committees.

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
Independent Non-Executive Director

Joined the Board in 2015

*Remuneration: £25,500 pa

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 Executive Chairman of the Resolution Foundation and a Visiting Professor at King's College London. He is also a Governor of the Ditchley Foundation and a member of the Council of the Institute for Fiscal Studies. Lord Willetts is also Chairman of the GRL Board (Sanger Institute).

Standing for re-election
Yes

* information as at 31 March 2019

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

Chairman – Andrew Joy

Senior Independent Director – Professor Dame Kay Davies

Four 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.

Remuneration Committee

Chair
Professor Dame Kay Davies

All Independent Directors

Key responsibilities:

- to set the remuneration policy of the Company.

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 review the performance of the Company's external Auditor.

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
Steven Bates

All Independent Directors

Key responsibilities:

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

*The Directors believe that Julia Le Blan has the necessary recent and relevant financial experience to Chair the Company's Audit Committee.

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

Governance / Corporate Governance

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 ('AIC Code'), and by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide') published in 2016.

The Financial Reporting Council has confirmed that by following the AIC Code and the AIC Guide, boards of investment companies will meet their obligations in relation to the UK Code and paragraph 9.8.6 of the UK Listing Rules.

The AIC Code and AIC Guide address the principles set out in the UK Corporate Governance Code, which applies for the year ended 31 March 2019, as well as setting out additional principles and recommendations on issues that are specific to investment trusts. The Board considers that reporting in accordance with the principles and recommendations of the AIC Code provides more relevant and comprehensive information to shareholders. The AIC Code and the AIC Guide can be viewed at www.theaic.co.uk. A revised UK Corporate Governance Code was published in July 2018 for accounting years commencing on or after 1 January 2019, a corresponding revised AIC Code was published in January 2019 and will be reported against in the Annual Report of the Company for the year commencing 1 April 2019. The Corporate Governance Statement on pages 21 to 26, forms part of the Report of the Directors on pages 27 to 31.

The Principles of the AIC Code

The AIC Code is made up of 21 principles split into three sections covering:

- The Board
- Board Meetings and relations with OrbiMed and Frostrow
- Shareholder Communications

Statement of Compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as follows:

The UK Code includes certain provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore with the exception of the need for an internal audit function which is addressed further on page 33, the Company has not reported further in respect of these provisions.

The Board

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

The Board consists of six non-executive Directors, each of whom, with the exception of Geoff Hsu, is 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 been an employee of the Company, OrbiMed or any of the Company's service providers. Further details regarding the Directors can be found on pages 18 and 19.

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. All Directors retire at the AGM each year and, if appropriate, seek re-election. Each Director has signed a letter of appointment to formalise the terms of their engagement as a non-executive Director, copies of which are available on request at the office of Frostrow Capital LLP and at the Annual General Meeting.

Meetings

The Board meets formally at least four times each year. A representative of OrbiMed attends all meetings; representatives from Frostrow Capital LLP are also in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co operative approach for all participants.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and the Benchmark, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any geography or category of investment or in any one investment, and the Company's share issuance and share buyback policies.

The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues.

The Chairman is responsible for ensuring that the Board receives accurate, timely and clear information. Representatives of OrbiMed and Frostrow Capital LLP report regularly to the Board on issues affecting the Company.

The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.

Appointments to the Board

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

When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.

Meeting Attendance

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 March 2019 and the number of meetings attended by each Director.

	Board	Management Engagement Committee	Audit Committee	Nominations Committee	Remuneration Committee
Number of meetings held in 2018/19:	**4**	**1**	**2**	**1**	**1**
Steven Bates	4	1	2	1	1
Professor Dame Kay Davies CBE	4	1	2	1	1
Geoff Hsu*	4	–	–	–	–
Andrew Joy	4	1	2	1	1
Julia Le Blan	4	1	2	1	1
The Rt Hon Lord Willetts	4	1	2	1	1

All of the serving Directors attended the Annual General Meeting held on 11 July 2018.

* Geoff Hsu joined the Board on 16 May 2018. He is not a member of any committees.

Governance / Corporate Governance

The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company will ensure that a diverse group of candidates is considered.

The Board regularly considers its structure. 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 to the Board; 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. The plan is reviewed annually and at such other times as circumstances may require.

Policy on Director Tenure

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

The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of the Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term, although new Directors are appointed with the expectation that they will serve for a minimum period of three years subject to shareholder approval. The AIC Code states that any Director who has served for more than nine years is subject to annual re-appointment.

All of the Company's Directors (who are not retiring from the Board) seek appointment or re-appointment at each Annual General Meeting.

Board Evaluation

During the year the external independent review of the Board, its committees and individual Directors (including each Director's independence) was carried out by an independent third party, Lintstock.

The Board reviewed the report from Lintstock in November 2018 and the Chairman is leading on implementing those changes recommended by the report that the Board considered should be made. The review concluded that the Board worked in a collegiate efficient and effective manner, and did not identify any material weaknesses or concerns.

The Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

As an independent external review of the Board was undertaken in 2018 the next such review will be held in 2021.

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 Annual General Meeting for the following reasons:

Andrew Joy, has been a Director since March 2012 and Chairman since July 2016. He has extensive knowledge of the financial sector and 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 Director of numerous growing companies over the past 30 years.

Professor Dame Kay Davies CBE who has been a Director since March 2012. She is the Senior Independent Director and Chair of the Remuneration Committee. Professor Davies has extensive knowledge of the biopharmaceutical sector and is Professor of Genetics and Associate Head of the Medical Science Division at the University of Oxford.

Julia Le Blan joined the Board in July 2016. A Chartered Accountant and a former tax partner at Deloitte, she has a wealth of financial services industry and investment company sector experience. 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 Company's Portfolio Manager. He has been a part of the team that manages the Company's portfolio since OrbiMed's appointment in 2005.

Steven Bates joined the Board in July 2015. He has a wealth of experience as an investment manager and has extensive experience 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 extensive and relevant experience and a strong interest in the biotechnology sector.

The Chairman is pleased to report that following the formal external performance evaluation, the Directors' performance continues to be effective and they continue to demonstrate commitment to the role.

Training and Advice

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.

The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense.

Conflicts of Interest

Company Directors have a statutory obligation to avoid a situation in which they (and connected persons) have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has in place procedures for managing any actual or potential conflicts of interest. No conflicts of interest arose during the year under review.

Promoting the Success of the Company

In accordance with Section 172(1) of the Companies Act 2006, the Directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In addition to the mandatory information already included in the Strategic Report, a separate, clearly identifiable statement which describes how the Directors have addressed this will need to be included in the Strategic Report with effect from the Annual Report of the Company for the year commencing 1 April 2019.

Risk Management and Internal Controls

The Board has overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The Company applies the guidance published by the Financial Reporting Council on internal controls. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objective and can provide only reasonable and not absolute assurance against material misstatement or loss. These controls aim to ensure that the assets of the Company are safeguarded, that proper accounting records are maintained and that the Company's financial information is reliable. The Directors have a robust process for identifying, evaluating and managing the significant risks faced by the Company, which are recorded in a risk matrix. The Audit Committee, on behalf of the Board, considers each risk as well as reviewing the mitigating controls in place. Each risk is rated for its "likelihood" and also its "impact" on the Company. This process was in operation during the year and continues in place up to the date of this report. The process also involves the Audit Committee receiving and examining regular reports from the Company's principal service providers. The Board then receives a detailed report from the Audit Committee on its findings. The Directors have not identified any significant failures or weaknesses in respect of the Company's internal control systems.

Governance / Corporate Governance

Social, Economic and Environmental Matters

The Directors, through the Company's Portfolio Manager, encourage companies in which investments are made to adhere to best practice with regard to corporate governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

The Company recognises that social and environmental issues can have an effect on some of its investee companies.

The Company is an investment trust and so its own direct environmental impact is minimal. The Board of Directors consists of six Directors, five of whom are resident in the UK and one resident in the United States. The Board holds the majority of its regular meetings in the United Kingdom and has a policy that travel, as far as possible, is minimal, thereby minimising the Company's greenhouse gas emissions. Further details concerning greenhouse gas emissions can be found within the Report of the Directors on page 31.

Voting Policy

The Board has delegated discretion to OrbiMed to exercise voting powers on its behalf.

The Board has reviewed OrbiMed's Voting Guidelines and is satisfied with their approach.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Relationship with Shareholders

The Board, the AIFM and the Portfolio Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are informed by the publication of annual and half-year 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 is also keen that the Annual General Meeting ("AGM") be a participative event for all shareholders. The Portfolio Manager makes a presentation and shareholders are encouraged to attend. The Chairmen of the Board and of the Committees, attend the AGM and are available to respond to queries and concerns from shareholders. Twenty working days' notice of the AGM has been given to shareholders and separate resolutions are proposed in relation to each substantive issue. Shareholders may submit questions for the AGM in advance of the meeting or make general enquiries of the Company via the Company Secretary at the registered office of the Company. The Directors make themselves available after the AGM to meet shareholders.

Where the vote is decided on a show of hands, the proxy votes received are relayed to the meeting and subsequently published on the Company's website. Proxy forms have a 'vote withheld' option. The Notice of Meeting sets out the business of the AGM together with the full text of any special resolutions and begins on page 70.

The Board monitors the share register of the Company; it also reviews correspondence from shareholders 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.

Exercise of Voting Powers

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company. The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible. This accords with current best practice whilst maintaining a primary focus on financial returns. The Portfolio Manager may refer to the Board on any matters of a contentious nature. 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.

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 Asset Services, or to the Company directly.

By order of the Board

Frostrow Capital LLP
Company Secretary

24 May 2019

Governance / 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 2019.

Company Management

Alternative Investment Fund Manager

Frostrow under the terms of its AIFM agreement with the Company 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 year reports and monthly fact sheets; ensuring compliance with applicable legal and regulatory requirements; and maintenance of the Company's website.

Frostrow receives a periodic fee equal to 0.30% per annum of the Company's market capitalisation, plus a fixed amount equal to £60,000 per annum. 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 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 AIFM and Portfolio Manager are 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 16.5% of any outperformance over the benchmark, the AIFM receiving 1.5% and the Portfolio Manager receiving 15% respectively. 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.

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

Depositary and Custodian and Prime Broker

The Company 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 who act as the Company's Custodian and Prime Broker.

Under the terms of a Delegation Agreement, liability has been transferred under Article 21(12) of the AIFMD for the loss of the Company's financial instruments held in custody by J.P. Morgan Securities LLC from the Depositary to J.P. Morgan Securities LLC in accordance with Article 21(13) of 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 and also lower custody charges.

J.P. Morgan Securities LLC is a registered broker-dealer and is accordingly subject to limits on rehypothecation, in particular limitations set out in U.S. SEC Rule 15c3-3. In the event of J.P. Morgan insolvency, the Company may be unable to recover in full all assets held by it as collateral for the loan or as Custodian. (See note 13 beginning on page 58 for further details.)

AIFM and Portfolio Manager Evaluation and Re-Appointment

The performance of the AIFM and the Portfolio Manager is reviewed by the Company's Management Engagement Committee (the "Committee") with a formal evaluation being undertaken each year. As part of this process, the Committee monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Committee 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 appropriateness of the appointment of the AIFM and the Portfolio Manager in February 2019 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 and on the previous page, is in the interests of shareholders as a whole. In coming to this decision, it also took into consideration the following additional 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 index; 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. (Further details can be found in note 1 beginning on page 51 and note 13 beginning on page 58).

Share Capital

As part of the package of measures adopted in 2005 by the Board to improve the attraction of the Company's shares to new investors and also to provide the prospect of a sustained improvement in the rating of the Company's shares, an active discount management policy was implemented to buy-back shares to either hold in treasury or for cancellation if the market price is at a discount greater than 6% to net asset value per share. As at 31 March 2019, the discount was 6.7% (31 March 2018: 6.1%). The making and timing of any share buy-back remains at the absolute discretion of the Board. Authority to buy-back up to 14.99% of the Company's issued share capital is sought at each Annual General Meeting.

Shareholders should note, however, that it remains possible for the share price discount to the net asset value per share to be greater than 6% on any given day. This is due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as biotechnology is another factor over which the Board has no control.

During the year 3,872,351 shares were bought back by the Company (representing 6.9% of the issued share capital at the beginning of the year, and at a total cost of £29.6 million (including expenses)) (2018: no shares were repurchased). Subsequent to the year-end a further 2,727,243 shares have been repurchased by the Company at a total cost of £19.8 million. As at 24 May 2019 there were 49,240,319 shares in issue.

Governance / Report of the Directors

Annual General Meeting

THE FOLLOWING INFORMATION TO BE DISCUSSED 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 stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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

Resolution 10 Authority to allot shares

Resolution 11 Authority to disapply pre-emption rights

Resolution 12 Authority to buy back shares

Resolution 13 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 70 to 73. Explanatory notes regarding the resolutions can be found on pages 74 and 75.

Directors

Directors' fees

A report on Directors' Remuneration and also the Directors' Remuneration Policy Report are set out on pages 37 to 40.

Directors' & Officers' liability insurance cover

Directors' & Officers' liability insurance cover was maintained by the Board during the year ended 31 March 2019. It is intended that this policy will continue for the year ended 31 March 2020 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 2019, the latest practicable date before publication of the annual report.

Shareholders	30 April 2019 No. of shares	30 April 2019 % of Issued share capital	31 March 2019 No. of shares	31 March 2019 % of Issued share capital
Hargreaves Lansdown	4,372,175	8.7	4,449,935	8.5
Border to Coast Pensions Partnership	3,200,000	6.4	3,800,000	7.3
Alliance Trust Savings	2,424,742	4.9	2,441,836	4.7
Aberdeen Standard Capital	2,141,947	4.3	2,144,382	4.1
Rathbones	1,878,295	3.5	1,869,865	3.6
Charles Stanley	1,838,214	3.7	1,855,572	3.6
Brewin Dolphin, Stockbrokers	1,719,084	3.4	1,750,870	3.4
M&G Investment Management	1,656,061	3.3	1,656,061	3.2
Interactive Investor	1,606,601	3.2	1,643,681	3.2

As at 31 March 2019 the Company had 51,967,562 shares in issue. As at 30 April 2019 the Company had 50,013,928 shares in issue.

Financial Instruments

The Company's financial instruments comprise its portfolio, 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 13 to the Financial Statements.

Results and Dividend

The results attributable to shareholders for the year and the transfer to reserves are shown on pages 47 and 49. No dividend is proposed in respect of the year ended 31 March 2019 (2018: nil).

Alternative Performance Measures

The Financial Statements (on pages 47 to 63) 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 5 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 13. Please also see the glossary beginning on page 66.

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.

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. During the year 3,872,351 shares were repurchased by the Company at an average discount of 6.0% to the Company's net asset value per share and at a cost of £29.6 million. No new shares were issued by the Company during the year. Further details are given in note 11 to the Financial Statements on page 58.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this Annual Report are given in note 9 to the Notice of Annual General Meeting on page 72.

Political and Charitable Donations

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

Governance / Report of the Directors

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.

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 regularly by the Audit Committee.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), (including those within our underlying investment portfolio).

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 Asset Services, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Corporate Governance

The Corporate Governance Statement set out on pages 21 to 26 forms part of the Report of the Directors.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made under Listing Rule 9.8.4.

Articles of Association

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

Securities Financial Transactions Regulation ('SFTR') Disclosure

The Company has not engaged in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365) during the year. Securities financing transactions 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) or total return swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31 March 2019.

By order of the Board

Frostrow Capital LLP
Company Secretary

24 May 2019

Governance / Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare Financial Statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 of 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 applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern disclosing, as appropriate, matters related to going concern; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the Financial Statements comply with the above requirements.

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 to enable them to ensure that the financial statements and the Directors' Remuneration Report 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, which is maintained by the Company's AIFM. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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 the foreseeable future, being taken as 12 months after approval of the financial statements. The Company's shareholders are asked every five years to vote for the continuation of the Company, this will be put to shareholders at the Annual General Meeting in 2020. The validity of the going concern basis depends on the outcome of the continuation vote on which the Board is recommending that shareholders vote in favour; the Board expects that the Company will continue to exist for the foreseeable future. In particular, no provision has been made for the cost of winding-up the Company or other reorganisation in the event that the resolution is not passed. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis. The Directors also took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments and the ability of the Company to meet all of its liabilities, including the loan and ongoing expenses from its assets.

Responsibility Statement of the Directors in Respect of the Annual Report

We confirm that to the best of our knowledge:

- the Company's financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

We consider the Annual Report and the financial statements, 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
24 May 2019

Governance / Audit Committee Report

for the year ended 31 March 2019

Composition and Meetings

The Committee comprises the independent Directors. 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 Audit 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 22.

Role and Responsibilities of the Audit Committee

1. **To review the Company's half-year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company.
2. **To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee reviewed the appropriateness of the Company's anti bribery and corruption policy and also its policy on the prevention of the facilitation of tax evasion.
3. **To recommend the appointment of an external Auditor,** and agreeing the scope of its work and its remuneration, reviewing its independence and the effectiveness of the audit process. Also, to be responsible for the selection process of the external Auditor.
4. **To consider any non-audit work to be carried out by the Auditor.** The Audit Committee reviews the need for non-audit services to be performed by the Auditor in accordance with the Company's non-audit services policy, and authorises such on a case by case basis having given consideration to the cost effectiveness of the services and the objectivity of the Auditor. (see page 36 for further information)
5. **To consider the need for an internal audit function.** Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.

The Committee's terms of reference are available for review on the Company's website at www.biotechgt.com.

Significant Issues Considered by the Audit Committee during the Year

Financial Statements

The production of the Company's Annual Report (including the audit by the Company's external Auditor) is a thorough process involving input from a number of different areas. 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 to the following:

- the procedures followed in the production of the Annual Report, including the processes in place to assure the accuracy of the factual content;
- the extensive levels of review that were undertaken in the production process, by the Company's AIFM and also by 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 2019, 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 also 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.

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 Manager 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 – Ensuring that the Regulations for the Company to Maintain its Investment Trust Status have been Observed

The Committee approached and dealt with the area of risk, surrounding compliance with section 1158 of the Corporation Tax Act 2010, 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;

– by obtaining written confirmation from HMRC, evidencing the approval of the Company as an investment trust under the regime; 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. The Committee reviews the calculation of any performance fee that becomes payable and receives details of any matters arising from the Auditor's review of the AIFM and Portfolio Management fee calculations. The Auditor independently recalculates any performance fee prior to payment and also recalculates the AIFM and Portfolio Management fee as part of the audit.

Other Reporting Matters

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 and analysis with and the Company's Portfolio Manager and also with comparison to suitable key performance indicators (see page 13).

Accounting Policies

During the year the Committee ensured that the accounting policies, as set out on pages 51 to 54, 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. During the year the Company adopted IFRS9 (regarding the classification and measurement of financial assets and liabilities). Further information can be found in note 1(n) to the Financial Statements on page 54.

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. Further detail is provided on page 32.

Internal Controls

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company. The process accords with advice issued by the FRC and is subject to regular review by the Audit Committee. The Board has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 March 2019. During the course of its review the

Governance / Audit Committee Report

Audit 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 map which is reviewed periodically. 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 threat of such risks becoming a reality; and
- the Company's ability to reduce 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.

Details of the key risks to the Company can be found on pages 14 to 16.

The Company has obtained from its various service providers assurances and information relating to their internal systems and controls 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 Board or on its behalf by Frostrow.

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 24 May 2019.

Viability Statement

The Board is required to make a longer-term viability statement in relation to the continuing operations of the Company. The Committee reviewed papers produced in support of the statement made by the Board which assesses the viability of the Company over a period of five years. These included a series of stress tests that considered the impact of severe stock market and currency volatility on shareholders' funds. The Company is a long-term investor and the Committee believes that is appropriate to recommend to the Board that the Company's viability should be assessed over a five-year period, also taking account of the Company's current position and the potential impact of the Company's principal risks and uncertainties as shown on pages 14 to 16. The Committee recognises that there is a continuation vote due to take place at the 2020 Annual General Meeting. The Committee expects that the Company will continue to exist for the forseeable future and at least for the period of assessment.

External Auditor

Meetings:

This year the nature and scope of the audit together with Ernst & Young LLP's audit plan were considered by the Committee on 1 November 2018. The Chair of the Committee had a meeting with them specifically to discuss the audit and any issues that arose (of which there were none of any significance). The Committee then met Ernst & Young LLP on 16 May 2019 to formally review the outcome of the audit and to discuss the limited issues that arose. The Committee also discussed the presentation of the Annual Report with the Auditor and sought their perspective.

Independence and Effectiveness:

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, the Committee reviewed:

- the senior audit personnel in the audit plan for the year,
- the Auditor's arrangements concerning any conflicts of interest,
- the extent of any non-audit services, 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,
- the report arising from the audit itself, and
- feedback from the Company's AIFM.

With regard to the provision of non-audit services during the year, the Auditor undertook a review of the Company's Key Information Document, where their fee amounted to £6,500 (2018: £6,825 in respect of their review of the Company's half year accounts). The Auditor provided no other non-audit services to the Company during the year ended 31 March 2019 (2018: none). The Committee continues to keep this under close review. The Company's policy on the provision by the Auditor of non-audit services to the Company can be found below.

The Committee is satisfied with the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

Non-Audit Services Policy

The Company operates on the basis whereby the provision of all non-audit services by the Auditor has to be pre-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.

Appointment and Tenure

Ernst & Young LLP were appointed on 10 July 2014 following a formal tender process and this appointment has been renewed at each subsequent AGM. The Committee reviews the re-appointment of the Auditor every year and the need to put the audit out to tender. Based on existing legislation, another tender process will be conducted no later than 2024. The Company is therefore in compliance with the provisions of "The Statutory Audit Services for Large Companies Market Investigation" (Mandatory use of competitive tender process and audit committee responsibilities) Order 2014 as issued by the Competition & Markets Authority.

The Company's Audit Partner is required to be rotated every five years. Amarjit Singh has been in post since the date of Ernst & Young LLP's appointment and so this is his last audit. The Chair of the Committee met with Mr Singh's proposed successor in advance of his formal appointment.

Auditor Reappointment

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

The Committee reviews the scope and effectiveness of the audit process, including agreeing the Auditor's assessment of materiality and monitors the Auditor's independence and objectivity. It 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.

Effectiveness of the Committee

Lintstock, an independent third party, commented on the effectiveness of the Committee as part of their evaluation of the Board (see page 23). In particular the management of Committee meetings in terms of the annual cycle of work, the meeting agenda and the input during meetings was rated highly.

Julia Le Blan
Chair of the Audit Committee

24 May 2019

Governance / Directors' Remuneration Report

for the year ended 31 March 2019

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. A non-binding Ordinary Resolution for the approval of this report was last put to the shareholders at the 2018 Annual General Meeting. The Directors Remuneration Policy Report can be found on page 40.

The law requires the Company's Auditor to audit certain of the 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 41. The Remuneration Policy Report on page 40 forms part of this report.

The Remuneration Committee considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of 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.

At the most recent review held on 21 February 2019, the following increases to the fees paid to the Directors were agreed with effect from 1 April 2019 as follows: Chairman £37,000 pa (previously £36,500 pa); Chair of the Audit Committee £28,500 pa (previously £28,000 pa); the Senior Independent Director £28,500 pa (previously £28,000 pa); Chairman of the Management Engagement Committee £28,500 pa (previously £27,000 pa). In light of the time and commitment required to undertake the role, it was agreed that the fee payable to the Chairman of the Management Engagement Committee should be brought into line with that paid to the Chair of the Audit Committee and also the Senior Independent Director. The remaining Director (Lord Willetts) receives £26,000 pa (previously £25,500 pa). Geoff Hsu has waived his Director's fee.

In the year to 31 March 2019, the Directors' fees were paid at the following annual rates: the Chairman of the Company £36,500, Julia Le Blan as Chair of the Audit Committee and I as the Senior Independent Director received £28,000 and Steven Bates as Chairman of the Management Engagement Committee received £27,000. The remaining Directors received £25,500.

All levels of remuneration reflect both the time commitment and responsibility of the role.

Directors' Fees

The Directors, as at the date of this report, and who all served throughout the year (unless where stated), received the fees listed in the table below. These exclude any employers' national insurance contributions, if applicable.

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have any employees. There is therefore no CEO or employee information to disclose.

Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Date of Appointment to the Board	Year ended 31 March 2019 Fees £	Year ended 31 March 2019 Taxable Benefits+ £	Year ended 31 March 2019 Total £	Year ended 31 March 2018 Fees £	Year ended 31 March 2018 Taxable Benefits+ £	Year ended 31 March 2018 Total £
Andrew Joy (Chairman)	15 March 2012	36,500	–	36,500	36,500	–	36,500
Steven Bates	8 July 2015	27,000	–	27,000	25,500	–	25,500
Sven Borho (retired 16 May 2018)	23 March 2006	3,204	–	3,204	25,500	–	25,500
Professor Dame Kay Davies CBE	15 March 2012	28,000	571	28,571	28,000	364	28,364
Peter Keen (retired 12 July 2017)	–	–	–	–	7,862	–	7,862
Julia Le Blan	12 July 2016	28,000	–	28,000	27,236	–	27,236
The Rt Hon Lord Willetts	11 November 2015	25,500	–	25,500	25,500	–	25,500
		148,204	571	148,775	176,098	364	176,462

+ Taxable benefits primarily comprise travel and associated expenses incurred by the Directors in attending Board and Committee meetings in London. These are re-imbursed by the Company and, under an interpretation of HMRC Rules, are subject to tax and National Insurance and therefore are treated as a Benefit in Kind with this table.

Geoff Hsu joined the Board on 16 May 2018. Mr Hsu has waived his Director's fee.

The Directors are entitled to be re-imbursed 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 are shown in the Taxable Benefits column of the table on the previous page.

Relative Cost of Directors’ Remuneration for the Year Ended 31 March 2019

To enable shareholders to assess the relative cost of Directors’ remuneration, this has been shown in the table below compared with the Company’s AIFM, Portfolio Management, other expenses and the cost of repurchasing their shares.

	2019 £000	2018 £000	Difference £000
Fees payable to non-executive Directors	148	176	(28)
AIFM, Portfolio management fees and other expenses	4,558	4,964	(406)
Repurchase of own shares for cancellation	29,620	–	29,620

During the year ended 31 March 2019 no performance fees were paid (2018: £nil).

Directors’ Remuneration Report

At the Annual General Meeting held in July 2018 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
98.5%	1.5%	119,936

Directors’ Remuneration Policy

At the Annual General Meeting held in July 2017 the results in respect of the binding resolution to approve the Directors’ Remuneration Policy were as follows:

Percentage of votes cast For	Percentage of votes cast Against	Number of votes withheld
98.1%	1.9%	186,743

A copy of the Directors’ Remuneration Policy may be inspected by shareholders by either contacting the Company Secretary or visiting the Company’s website at www.biogtechgt.com.

Loss of office

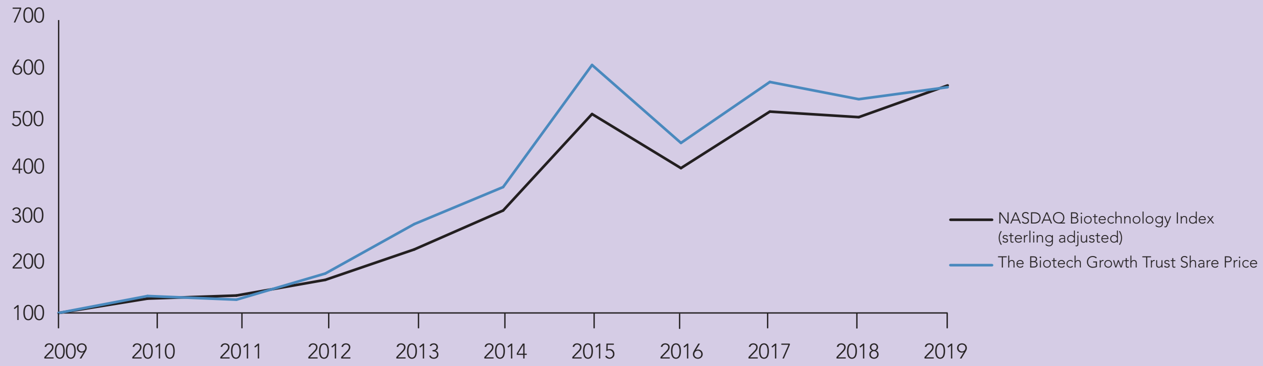
Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

Share price return

Share price versus the NASDAQ Biotechnology Index (sterling adjusted). The chart overleaf 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 measure for both the Company’s performance and that of the Portfolio Manager for the period.

Governance / Directors' Remuneration Report

Shareholder Total Return for the Ten Years to 31 March 2019



Rebased to 100 as at 31 March 2009
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 24 May 2019	31 March 2019	31 March 2018
Andrew Joy (Chairman)	55,000	55,000	55,000
Steven Bates	10,000	10,000	10,000
Sven Borho	n/a	n/a	236,218
Professor Dame Kay Davies CBE	3,500	3,500	3,500
Julia Le Blan	7,000	7,000	4,000
Geoff Hsu	nil	nil	n/a
The Rt Hon Lord Willetts	nil	nil	nil

None of the Directors was granted or exercised rights over shares during the year. During the year Sven Borho was a Managing Partner at OrbiMed, the Company's Portfolio Manager, which is party to the Portfolio Management Agreement with the Company and receives fees as described on page 27 of this Annual Report. Sven Borho retired from the Board on 16 May 2018. Geoff Hsu, a General Partner of OrbiMed, was appointed as a Director on this date.

Annual Statement

On behalf of the Board I confirm that the Remuneration Policy, set out on page 40 and Remuneration Report summarise, as applicable, for the year to 31 March 2019:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Professor Dame Kay Davies CBE
Senior Independent Director and Chair of the Remuneration Committee
24 May 2019

Directors' Remuneration Policy

The Company follows the recommendations of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. 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 2020 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 maximum aggregate limit currently being £250,000 per annum, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The current and projected Directors' fees are disclosed on page 37. The Company does not have any employees.

Directors' Remuneration Year Ended 31 March 2019

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.

In accordance with best practice recommendations the Board will put the Remuneration Policy to shareholders at the Annual General Meeting at least once every three years.

Approval of this policy was granted by shareholders at the Annual General Meeting held in July 2017 and so shareholder approval will again be sought at the Annual General Meeting to be held in 2020.

Governance / Independent Auditor's Report to the Members of The Biotech Growth Trust PLC

Opinion

We have audited the financial statements of The Biotech Growth Trust PLC for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 14 to 16 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 14 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 32 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 17 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Governance / Independent Auditor's Report to the Members of The Biotech Growth Trust PLC

Overview of our audit approach

Key audit matters

- Incorrect valuation of, or defective title to, the investment portfolio
- Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement

Materiality

- Overall materiality of £4.0m (2018: £4.2m) which represents 1% of total equity as at 31 March 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation of, or defective title to, the investment portfolio (as described on page 33 in the Audit Committee Report and as per the accounting policy 1.b set out on page 51 and Note 8 on page 57). The value of the portfolio as at 31 March 2019 was £431m (2018: £446m). The valuation of the assets held in the investment portfolio is the key driver of the company's investment return. Incorrect valuation of assets by the company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders. This risk has neither increased nor decreased compared to 2018.	We performed the following procedures: We obtained an understanding of Frostrow Capital LLC (the Manager)'s processes around investment existence and pricing. We obtained confirmation from the custodian and depositary of all investments in securities and confirmed the investment in a partnership with the investee. For quoted investments, we compared the prices of 100% of the quoted investment portfolio to an independent pricing source. For the unquoted investment, we have assessed the company's estimation of fair value and have corroborated that the fair value, as at the year-end date, is in accordance with the company's valuation policy. We have assessed whether there is any material difference between the value recorded as of that date and the independent confirmation received from the investee's general partner. We recalculated the value of investments in foreign currencies to verify the accuracy of the corresponding sterling balances based upon exchange rates from an external source.	The results of our procedures on existence and valuation of investments identified no material errors. Based on the work performed, we have no additional observations to communicate.

Governance / Independent Auditor's Report to the Members of The Biotech Growth Trust PLC

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement (as described on page 34 in the Audit Committee Report and as per the accounting policy 1.d set out on page 52 and Note 2 on page 54). The income received for the year to 31 March 2019 was £1.2m (2018: £1.6m), consisting primarily of dividend income from listed investments. The income receivable by the company during the year directly affects the company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. The Company has not recorded any special dividends.	We obtained an understanding of the Manager's processes and controls surrounding revenue recognition and allocation of special dividends by reviewing their internal controls report and performing our walkthrough procedures to evaluate the design and implementation of controls. We agreed a sample of dividends received from the income report to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable and confirmed that the cash received as shown on broker statements was consistent with the recalculated amount. We compared the exchange rates used for overseas dividends received to an independent pricing source. We reviewed the income and capital report produced by the Manager to identify special dividends recorded in the year in excess of our testing threshold. We corroborated the appropriateness of any journal entries made in relation to investment income in the preparation of the financial statements with source documentation.	The results of our procedures on revenue recognition identified no material errors. We did not identify any special dividends above our testing threshold. Based on the work performed, we have no additional observations to communicate.

In the prior year, the only key audit matter discussed was the incorrect valuation of the investment portfolio. In the current year, that key audit matter has been updated to include the existence of the portfolio in order to reflect the interaction between existence and valuation in determining the balance of this significant account. In addition, we have included a key audit matter in relation to revenue recognition in recognition of the focus on this risk area.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls at the Manager and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £4.0 million (2018: £4.2 million), which is 1% (2018: 1%) of total equity. We believe that total equity is the most important financial metric on which shareholders judge the performance of the company.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year end.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £3.0m (2018: £3.1m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £0.2m (2018: £0.2m) for the revenue column of the Income Statement, being the higher of 5% of the revenue profit before taxation and our reporting threshold as described below.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.2m (2018: £0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 32** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting set out on pages 33 to 36** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

Governance / Independent Auditor's Report to the Members of The Biotech Growth Trust PLC

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 21** – the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 report of the Directors.

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, 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 set out on page 32, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Governance / Independent Auditor's Report to the Members of The Biotech Growth Trust PLC

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, the Corporation Tax Act 2010 (CTA 2010), the London Stock Exchange Listing Rules, Disclosure and Transparency Rules, UK Corporate Governance Code and the Alternative Investment Fund Managers Directive (AIFMD).
- We understood how The Biotech Growth Trust PLC is complying with those frameworks through discussions with the Audit Committee and company secretary, and review of the Company's documented policies and procedures.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the company.
- We have assessed whether the company's control environment is adequate for the size and operating model of a listed investment company.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to management override in relation to incorrect classification of special dividends between revenue and capital, which we further discussed in the key audit matters above.

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

Other matters we are required to address

- We were appointed by the company to audit the financial statements for the year ending 31 March 2015 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 31 March 2015 to 31 March 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee

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.

AMARJIT SINGH
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF ERNST & YOUNG LLP
STATUTORY AUDITOR
LONDON
24 May 2019

Notes:

1. The maintenance and integrity of The Biotech Growth Trust PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements / Income Statement

for the Year Ended 31 March 2019

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Investment Income							
Investment income	2	1,246	–	1,246	1,576	–	1,576
Total income		1,246	–	1,246	1,576	–	1,576
Gains/(losses) on investments							
Gains/(losses) on investments held at fair value through profit or loss	8	–	27,798	27,798	–	(28,544)	(28,544)
Exchange (losses)/gains on currency balances		–	(2,380)	(2,380)	–	2,878	2,878
Expenses							
AIFM, Portfolio management and performance fees	3	–	(4,013)	(4,013)	–	(4,225)	(4,225)
Other expenses	4	(545)	–	(545)	(739)	–	(739)
Profit/(loss) before finance costs and taxation		701	21,405	22,106	837	(29,891)	(29,054)
Finance costs	5	–	(820)	(820)	–	(489)	(489)
Profit/(loss) before taxation		701	20,585	21,286	837	(30,380)	(29,543)
Taxation	6	(186)	–	(186)	(238)	–	(238)
Profit/(loss) for the year		515	20,585	21,100	599	(30,380)	(29,781)
Basic and diluted earnings/(loss) per share	7	1.0p	37.8p	38.8p	1.1p	(54.4)p	(53.3)p

The Company does not have any income or expenses which are not included in the profit/(loss) for the year. Accordingly the "profit or loss for the year" is also the "total comprehensive profit or 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 International Financial Reporting Standards (IFRS) as adopted by the EU. 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 51 to page 63 are an integral part of this statement.

Financial Statements / Statement of Financial Position

as at 31 March 2019

	Notes	2019 £'000	2018 £'000
Non current assets			
Investments held at fair value through profit or loss	8	431,172	445,666
Current assets			
Other receivables	9	60	408
		60	408
		431,232	446,074
Current liabilities			
Other payables	10	11,515	6,560
Loan	13	10,841	22,118
		22,356	28,678
Net assets		408,876	417,396
Equity attributable to equity holders			
Ordinary share capital	11	12,992	13,960
Share premium account		43,021	43,021
Capital redemption reserve		9,807	8,839
Capital reserve	16	343,868	352,903
Revenue reserve		(812)	(1,327)
Total equity		408,876	417,396
Net asset value per share	12	786.8p	747.5p

The financial statements on pages 47 to 63 were approved by the Board on 24 May 2019 and were signed on its behalf by:

Andrew Joy
Chairman

The accompanying notes from page 51 to page 63 are an integral part of this statement.

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

Financial Statements / Statement of Changes in Equity

for the Year Ended 31 March 2019

	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2018	13,960	43,021	8,839	352,903	(1,327)	417,396
Net profit for the year	–	–	–	20,585	515	21,100
Repurchase of own shares for cancellation (note 11)	(968)	–	968	(29,620)	–	(29,620)
At 31 March 2019	12,992	43,021	9,807	343,868	(812)	408,876

for the year ended 31 March 2018

	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2017	13,960	43,021	8,839	383,283	(1,926)	447,177
Net (loss)/profit for the year	–	–	–	(30,380)	599	(29,781)
At 31 March 2018	13,960	43,021	8,839	352,903	(1,327)	417,396

The accompanying notes from page 51 to page 63 are an integral part of this statement.

Financial Statements / Statement of Cash Flows

for the Year Ended 31 March 2019

	2019 £'000	2018 £'000
Operating activities		
Profit/(loss) before taxation*	21,286	(29,543)
Finance costs	820	489
(Gains)/losses on investments held at fair value through profit or loss	(27,798)	28,544
Foreign exchange losses/(gains)	2,380	(2,878)
Decrease in other receivables	–	96
Decrease in other payables	(81)	(86)
Net cash outflow from operating activities before interest payable and taxation	(3,393)	(3,378)
Finance costs – interest paid	(820)	(489)
Taxation paid	(186)	(238)
Net cash outflow from operating activities	(4,399)	(4,105)
Investing activities		
Purchases of investments held at fair value through profit or loss	(395,525)	(293,180)
Sales of investments held at fair value through profit or loss	441,324	285,372
Net cash inflow/(outflow) from investing activities	45,799	(7,808)
Financing activities		
Repurchase of own shares for cancellation	(27,743)	–
Net (repayment)/drawdown of the loan facility	(13,657)	24,996
Net cash (outflow)/inflow from financing activities	(41,400)	24,996
Net increase in cash and cash equivalents	–	13,083
Cash and cash equivalents at start of year	–	(13,083)
Cash and cash equivalents at end of year	–	–

Changes in liabilities arising from financing activities

	2019 £'000	2018 £'000
Balance as at 1 April	22,118	–
Net cash flow	(13,657)	24,996
Foreign exchange losses/(gains)	2,380	(2,878)
Loan balance at 31 March	10,841	22,118

* Includes dividends earned during the year of £1,246,000 (2018: £1,576,000).

The accompanying notes from page 51 to page 63 are an integral part of this statement.

Financial Statements / Notes to the Financial Statements

1. Accounting Policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS have been adopted by the European Union.

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 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") (revised November 2014 and updated in January 2017 and February 2018) with consequential amendments is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The accounts have been prepared on a going concern basis as the Directors consider that in the foreseeable future (at least 12 months from the date of approval of the financial statements) the Company will continue to be able to meet its liabilities as they fall due.

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 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 2018. The statements were audited by KPMG LLP (New Jersey Headquarters) and were approved on 8 April 2019. The Directors believe that the Net Asset Value as at 31 March 2019 is not materially different.

(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 as 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 recent arm's length market transactions between knowledgeable, willing parties, if available, 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.

1. Accounting Policies continued

(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) 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.

Dividends from investments in unquoted shares and securities are recognised when they become receivable.

(e) Expenses and finance costs

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

- expenses which are incidental to 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.
    - AIFM and Portfolio management fees are charged to the capital column of the Income Statement as the Directors expect that in the long term virtually all of the Company's returns will come from capital; and
    - loan interest is charged through the Income Statement and allocated to the capital column, as the Directors expect that in the long-term virtually all of the Company's returns will come from capital;
    - and all other expenses are charged to 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.

Financial Statements / Notes to the Financial Statements

1. Accounting Policies continued

(g) Foreign currencies

The currency of the primary economic environment in which the Company operates (the functional currency) is sterling, which is also the presentational currency of the Company. 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.

(h) Functional and presentational 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.

(i) Reserves

Ordinary share capital

- represents the nominal value of the issued share capital

Share premium account

- the share premium arose on the issue of new shares.

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

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

The Share Premium and Capital Redemption Reserves are non-distributable.

The Revenue and Capital reserves are distributable by way of a 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.

1. Accounting Policies continued

(k) 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 100% to capital in accordance with the policy set out under note 1(e) expenses and finance costs on page 52.

† See glossary beginning on page 66.

(l) 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.

In line with IFRS 8, additional disclosure by geographical segment has been provided in note 14 on page 62 of this Annual Report.

(m) 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.

(n) Adoption of new and revised standards

- **IFRS 9 Financial Instruments**

  In the current period the Company has adopted IFRS 9 Financial Instruments which is effective for annual accounting periods starting on or after 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 has not had a material impact as financial assets will continue to be classified as fair value through profit or loss FVTPL and financial liabilities will continue to be classified as held as amortised cost. The standard has been adopted retrospectively, however, no restatement of the prior year's financial statements was required.

- **IFRIC 23 Uncertainty over Income Tax treatments**

  The interpretation is to be applied to the determination of taxable profit (taxable loss), tax basis, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatment.

2. Income

	2019 £'000	2018 £'000
Investment income		
Overseas dividend income	1,246	1,462
Other income		
Other fee income	–	114
Total income	1,246	1,576

Financial Statements / Notes to the Financial Statements

3. AIFM, Portfolio Management and Performance Fees

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
AIFM fee	–	1,214	1,214	–	1,291	1,291
Portfolio management fee	–	2,799	2,799	–	2,934	2,934
	–	4,013	4,013	–	4,225	4,225

Further details of the AIFM, portfolio management fee and the performance fee basis can be found in the Report of the Directors on page 27.

4. Other Expenses

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Directors' emoluments	148	–	148	176	–	176
AIFM fixed fee	60	–	60	60	–	60
Auditor's remuneration for the audit of the Company's financial statements	26	–	26	25	–	25
Auditor's remuneration for independent review of the half year accounts	–	–	–	7	–	7
Auditor's remuneration for agreed upon procedures	7	–	7	–	–	–
Legal and professional fees	18	–	18	55	–	55
Registrar fees	38	–	38	37	–	37
Depositary fees	62	–	62	64	–	64
Listing fees	27	–	27	27	–	27
Other costs	159	–	159	288	–	288
Total expenses	545	–	545	739	–	739

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 37 to 40.

5. Finance Costs

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Loan interest	–	820	820	–	489	489
	–	820	820	–	489	489

6. Taxation

(a) Analysis of charge in the year:

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Overseas tax suffered	186	–	186	238	–	238
Total taxation for the year (see note 6(b))	186	–	186	238	–	238

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% (2018: 19%). The differences are explained below:

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Net profit/(loss) on ordinary activities before taxation	701	20,585	21,286	837	(30,380)	(29,543)
Corporation tax at 19% (2018: 19%)	133	3,911	4,044	159	(5,772)	(5,613)
Effects of:						
Non-taxable (gains)/losses on investments	–	(5,281)	(5,281)	–	5,423	5,423
Non-taxable losses/(gains) on currency balances	–	452	452	–	(547)	(547)
Non-taxable overseas dividends	(237)	–	(237)	(278)	–	(278)
Overseas tax suffered	186	–	186	238	–	238
Excess expenses unused	104	918	1,022	119	896	1,015
Total tax charge	186	–	186	238	–	238

(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 2019, the Company had unutilised management expenses and other losses of £53,846,000 (2018: £48,468,000) that are available to offset future taxable revenue.

A deferred tax asset of £9,154,000 (17% tax rate) (2018: £8,240,000 (17% 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	2019 Total pence	Revenue pence	Capital pence	2018 Total pence
Earnings/(loss) per share	1.0	37.8	38.8	1.1	(54.4)	(53.3)

The total earnings per share of 38.8p (2018: loss 53.3p) is based on the total profit attributable to equity shareholders of £21,100,000 (2018: loss of £29,781,000).

The revenue profit per share of 1.0p (2018: profit 1.1p) is based on the revenue profit attributable to equity shareholders of £515,000 (2018: revenue profit of £599,000). The capital profit per share of 37.8p (2018: loss 54.4p) is based on the capital profit attributable to equity shareholders of £20,585,000 (2018: loss £30,380,000).

The total earnings per share are based on the weighted average number of shares in issue during the year of 54,430,259 (2018: 55,839,913).

There are no dilutive instruments issued by the Company (2018: none).

Financial Statements / Notes to the Financial Statements

8. Investments

As at 31 March 2019, all investments with the exception of the unquoted investment in OrbiMed Asia Partners L.P. fund have been classified as level 1. OrbiMed Asia Partners L.P. fund has been classified as level 3. See note 13 beginning on page 58 for further details.

	2019			2018		
	Listed Equity £'000	Unquoted £'000	Total £'000	Listed Equity £'000	Unquoted £'000	Total £'000
Cost at 1 April 2018	430,429	1,032	431,461	393,496	2,301	395,797
Investment holding gains at 1 April 2018	11,746	2,459	14,205	62,813	2,768	65,581
Valuation at 1 April 2018	442,175	3,491	445,666	456,309	5,069	461,378
Movement in the year						
Purchases at cost	398,518	166	398,684	298,591	–	298,591
Sales – proceeds	(440,976)	–	(440,976)	(284,207)	(1,552)	(285,759)
– gains on disposal	4,480	–	4,480	22,549	283	22,832
Net movement in investment holding gains	23,936	(618)	23,318	(51,067)	(309)	(51,376)
Valuation at 31 March 2019	428,133	3,039	431,172	442,175	3,491	445,666
Closing book cost at 31 March 2019	392,451	1,198	393,649	430,429	1,032	431,461
Investment holding gains at 31 March 2019	35,682	1,841	37,523	11,746	2,459	14,205
Valuation at 31 March 2019	428,133	3,039	431,172	442,175	3,491	445,666

	2019 £'000	2018 £'000
Gains/(losses) on investments:		
Gains on disposal based on historical cost	4,480	22,832
Amounts recognised as investment holding gains/(loss) in previous year	1,920	(34,737)
Gains/(losses) on disposal based on carrying value at previous financial position date	6,400	(11,905)
Net movement in investment holding gains in the year	21,398	(16,639)
Gains/(losses) on investments	27,798	(28,544)

The total transaction costs for the year were £685,000 (31 March 2018: £418,000) broken down as follows: purchase transaction costs for the year to 31 March 2019 were £379,000, (31 March 2018: £205,000), sale transaction costs were £306,000 (31 March 2018: £213,000). These costs consist mainly of commission.

9. Other Receivables

	2019 £'000	2018 £'000
Future settlements – sales	39	387
Prepayments	21	21
	60	408

10. Other Payables

	2019 £'000	2018 £'000
Future settlements – purchases	8,570	5,411
Other creditors and accruals	1,068	1,149
Repurchase of own shares	1,877	–
	11,515	6,560

11. Ordinary Share Capital

	2019 Number of Shares	2018 Number of Shares
Allotted, issued and fully paid at 1 April 2018	55,839,913	55,839,913
Shares bought back for cancellation during the year	(3,872,351)	–
At 31 March 2019	51,967,562	55,839,913

	2019 £'000	2018 £'000
Allotted, issued and fully paid:		
Shares of 25p	12,992	13,960

As at 31 March 2019 the Company had 51,967,562 (2018: 55,839,913) shares of 25p in issue. No shares were held in treasury.

During the year, 3,872,351 (2018: nil) shares were repurchased for cancellation at a cost of £29,620,000 (2018: nil). Subsequent to the year end and to the date of this report a further 2,727,243 shares were repurchased for cancellation at a total cost of £19,786,000.

At 31 March 2019 there was a creditor of £1,877,000 in relation to shares repurchased by the Company for cancellation but not settled until after that date.

12. Net Asset Value Per Share

	2019	2018
Net asset value per share	786.8p	747.5p

The net asset value per share is based on the net assets attributable to equity shareholders of £408,876,000 (2018: £417,396,000) and on 51,967,562 (2018: 55,839,913) shares in issue at 31 March 2019.

13. 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 pages 11 and 12. 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 reviews and agrees policies regularly for managing and monitoring each of these risks.

1. Market price risk:

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk.

The Company's portfolio is exposed to market price fluctuations which 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 page 6.

No derivatives or hedging instruments are utilised to manage market price risk.

(a) 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.

Financial Statements / Notes to the Financial Statements

13. Risk Management Policies and Procedures continued

Management of 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.

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 £424,491,000 (2018: £445,030,000) of investments denominated in U.S. dollars and £6,681,000 (2018: £636,000) 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 2019 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.

	2019 £'000	2018 £'000
Sterling equivalent of US$ and other non-sterling exposure		
Current assets	39	387
Creditors	(8,570)	(5,411)
Loan (non-sterling)	(10,827)	(22,118)
Foreign currency exposure on net monetary items	(19,358)	(27,142)
Investments held at fair value through profit or loss	431,172	445,666
Total net foreign currency exposure	411,814	418,524

The table below details the sensitivity of the Company's profit or loss after taxation for the year to a 10% increase and decrease in the value of sterling compared to the U.S. dollar and other non-sterling currencies (2018: 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.

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

	2019 £'000	2018 £'000
Impact on revenue return	–	–
Impact on capital return	45,322	46,063
Total return after tax/effect on shareholders' funds	45,322	46,063

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

	2019 £'000	2018 £'000
Impact on revenue return	–	–
Impact on capital return	(37,082)	(37,688)
Total return after tax/effect on shareholders' funds	(37,082)	(37,688)

(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.

13. Risk Management Policies and Procedures continued

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).

	2019 £'000	2018 £'000
Financial liabilities:		
Loan facility	10,841	22,118

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 2019 was £10,841,000 (2018: £22,118,000). 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 £108,000 (2018: £221,000).

(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 (2018: 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 2019 would have increased/decreased by £85,415,000 (2018: £88,286,000), 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.

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.

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 2019, based on the earliest date on which payment can be required, are as follows:

	2019 3 months or less £'000	2018 3 months or less £'000
Loan facility (repayable on demand)	10,841	22,118
Future settlements	8,570	5,411
Amounts due to brokers and accruals	2,945	1,149
	22,356	28,678

Financial Statements / Notes to the Financial Statements

13. 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 pages 16 and 54, 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 2019, the maximum value of assets available for rehypothecation was £15,177,000, being 140% of the loan balance of £10,841,000 (31 March 2018: £30,965,000 being 140% of the loan balance of £22,118,000).

See page 16 of the Business Review for further details on the loan facility and the associated credit risk.

† See glossary beginning on page 66.

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.
- 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; and
- 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 2019 the Company's exposure to credit risk amounted to £39,000 and was in respect of amounts due from brokers in relation to future settlements (2018: £387,000).

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 at 31 March 2019 the investment in OrbiMed Asia Partners LP fund has been classified as Level 3. The fund has been valued at the net asset value as at 31 December 2018 and it is believed that the value of the fund as at 31 March 2019 will not be materially different. If the value of the fund was 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 2019 would have increased/decreased by £304,000 (2018: £349,000).

As of 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments designated at fair value through profit or loss	428,133	–	3,039	431,172

13. Risk Management Policies and Procedures continued

As of 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments designated at fair value through profit or loss	442,175	–	3,491	445,666

Level 3 Reconciliation

Please see below a reconciliation disclosing the changes during the year for the financial assets and liabilities designated at fair value through profit or loss classified as being Level 3. There has been no transfer between fair value hierarchy levels.

	2019 £'000	2018 £'000
Assets		
As at 1 April	3,491	5,069
Net movement in investment holding gains during the year	(618)	(26)
Call payment (Return of capital)	166	(1,552)
Assets as at 31 March	3,039	3,491

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.

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 2019 the Company was geared 5.5% (2018: 6.8%).

The Company's capital is disclosed in the Statement of Financial Position on page 48 and is managed on a basis consistent with its investment objective and policy as set out on pages 11 and 12.

Shares may be repurchased by the Company as explained on page 14.

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

14. Segment Reporting

Geographical segments*

Region	2019 Value of investments £'000	2018 Value of investments £'000
North America	388,577	401,727
Europe	24,004	36,425
Asia	18,591	7,514
Total	431,172	445,666

* the country of an investee company's incorporation or listing does not always accord to the country or countries to which the Company is exposed.

Financial Statements / Notes to the Financial Statements

15. Transactions with the Managers and Related Parties

The following are considered to be related parties:

- Frostrow Capital LLP (under the Listing Rules only)
- OrbiMed Capital LLC
- The Directors of the Company

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM, and OrbiMed Capital LLC, the Company's Portfolio Manager, are disclosed on page 27. 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 55. All material related party transactions have been disclosed in notes 3 and 4 on page 55.

Details of the remuneration of all Directors can be found on page 37. Geoff Hsu has waived his Directors' fees. Details of the Directors' interests in the capital of the Company can be found on page 39.

Three current and two former partners at OrbiMed Capital LLC have a minority financial interest totaling 20% in Frostrow Capital LLP, the Company's AIFM. Details of the fees paid to Frostrow Capital LLP by the Company can be found in note 3 on page 55.

16. Capital Reserve

	2019 Capital reserves – other £'000	2019 Capital reserve – investment holdings gains/(losses) £'000	2019 Total £'000	2018 Capital reserves – other £'000	2018 Capital reserve – investment holdings gains/(losses) £'000	2018 Total £'000
At 1 April	338,698	14,205	352,903	317,702	65,581	383,283
Transfer on disposal of investments	(1,920)	1,920	–	34,737	(34,737)	–
Net gains/(losses) on investments	6,400	21,398	27,798	(11,905)	(16,639)	(28,544)
Exchange (losses)/gains	(2,380)	–	(2,380)	2,878	–	2,878
Expenses charged to capital	(4,833)	–	(4,833)	(4,714)	–	(4,714)
Repurchase of own shares for cancellation	(29,620)	–	(29,620)	–	–	–
At 31 March	306,345	37,523	343,868	338,698	14,205	352,903

Profits arising out of a change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed provided the relevant assets can be readily convertible into cash with the exception of the unquoted investment's holding gains (see note 8 on page 57). Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash. Under the terms of the revisions made to the Company's Articles of Association in 2013, sums within "Capital reserves – other" are also available for distribution.

17. Contingent Liabilities and Capital Commitments

As at 31 March 2019 there were no contingent liabilities or capital commitments for the Company (2018: £nil).

Alternative Investments Fund Managers Directive (AIFMD) Disclosures (Unaudited)

Investment objective and leverage

A description of the investment strategy and objectives of the Company, the types of assets in which the Company may invest, the techniques it may employ, any applicable investment restrictions, the circumstances in which it may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and the maximum level of leverage which the AIFM and Portfolio Manager are entitled to employ on behalf of the Company and the procedures by which the Company may change its investment strategy and/or the investment policy can be found on pages 11 and 12.

The table below sets out the current maximum permitted limit and actual level of leverages for the Company:

	As a percentage of net assets	
	Gross Method	Commitment Method
Maximum level of leverage	130.0%	130.0%
Actual level at 31 March 2019	105.5%	105.5%

Remuneration of AIFM staff

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Further disclosures required under the AIFM Rules can be found within the Investor Disclosure Document on the Company's website: www.biotechgt.com.

Further Information / Shareholder Information

Financial Calendar

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

Annual General Meeting

The Annual General Meeting of The Biotech Growth Trust PLC will be held at the Barber Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Thursday 11 July, 2019 at 12 noon.

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 Asset Services, under the signature of the registered holder.

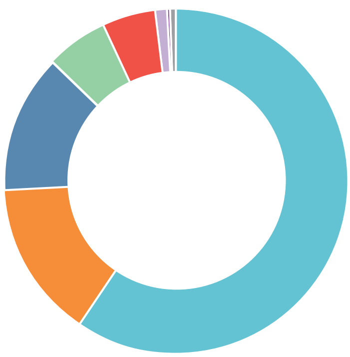
Daily Net Asset Value

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

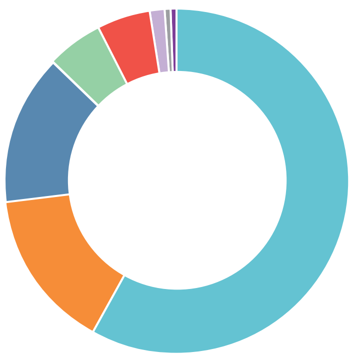
% of Ordinary Shares held at 31 March

2019



Retail	59.7
Mutual Funds	14.5
Pensions	13.1
Inv Trusts	6.0
Insurance	4.9
Other Institutional	1.2
Charities	0.5
Directors	0.1

2018



Retail	58.1
Mutual Funds	15.0
Pensions	14.2
Inv Trusts	5.3
Insurance	5.1
Other Institutional	1.2
Directors	0.6
Charities	0.5

Further Information / Glossary of Terms and Alternative Performance Measures ('APMs')

AIC
Association of Investment Companies.

Alternative Investment Fund Managers Directive (AIFMD)
Agreed by the European Parliament and the Council of the European Union and transported 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.

Brexit
The advisory public referendum which was held on 23 June 2016 in the United Kingdom to indicate whether voters wanted to remain or withdraw from membership of the European Union (EU). The referendum vote was cast in favour of leaving the EU. The process of actually leaving is termed Brexit.

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 2019 p	As at 31 March 2018 p
Share Price	5	734.0	702.0
Net Asset value per share (see note 12 on page 58 for further information)	5	786.8	747.5
Discount of share price to net asset value per share	3 & 5	6.7%	6.1%

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.

	page	31 March 2019 £'000	31 March 2018 £'000
Prior Charges	48	10,841	22,118
Net Current Liabilities	–	11,455	6,152
	–	22,296	28,270
Net Assets	48	408,876	417,396
Gearing	5	5.5%	6.8%

^ Alternative Performance Measure

Further Information / Glossary of Terms and Alternative Performance Measures ('APMs')

Leverage^

The AIFM Directive (the "Directive") has introduced the obligation on the Company and its AIFM in relation to leverage as defined by the Directive. The Directive leverage definition is slightly different to the Association of Investment Companies method of calculating gearing and is 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.

There are two methods for calculating leverage under the Directive – the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity exposure is effectively reduced.

Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being 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.

Net Asset Value per Share Total Return^

Net Asset Value per share return for the year ended 31 March 2019 is calculated by taking percentage movement from the net asset value per share as at 31 March 2018 of 747.5p (2017: 800.8p) to the net asset value at 31 March 2019 of 786.8p (2018: 747.5p). The Company has not paid any dividends to shareholders during the above mentioned years.

(See pages 3 and 5 for further information)

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 2019 £'000	31 March 2018 £'000
Operating Expenses	47 & 55	4,558	4,964
Average Daily Net Assets for the Year	–	432,314	457,120
Ongoing charges	3 & 5	1.1%	1.1%

Rehypothecation

Rehypothecation is the practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by clients.

Share Price Total Return^

The Share Price Return represents the theoretical return to a shareholder, on a closing market price basis. The Share Price Return is calculated by taking the percentage movement from the share price as at 31 March 2018 of 702.0p (2017: 748.0p) to the share price as at 31 March 2019 of 734.0p (2018: 702.0p). The Company has not paid dividends to shareholders during the above mentioned years.

(See pages 3 and 5 for further information)

Treasury Shares

Shares previously issued by a company that have been bought back from shareholders to be held by the company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

^ Alternative Performance Measure

Further Information / 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	www.youinvest.co.uk/
Alliance Trust Savings	www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	www.smartinvestor.barclays.co.uk/
Bestinvest	www.bestinvest.co.uk/
Charles Stanley Direct	www.charles-stanley-direct.co.uk/
Club Finance	www.clubfinance.co.uk/
Fidelity	www.fidelity.co.uk/
Halifax Share Dealing	www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	www.hl.co.uk/
HSBC	investments.hsbc.co.uk/
iDealing	www.idealing.com/
Interactive Investor	www.iii.co.uk/
IWEB	www.iweb-sharedealing.co.uk/share-dealing-home.asp
Saga Share Direct	www.sagasharedirect.co.uk/
Selftrade	www.selftrade.co.uk/
The Share Centre	www.share.com/
Saxo Capital Markets	uk.saxomarkets.com/

Link Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Link Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your dividend confirmation or share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

Further Information / How to Invest

For further information on this service please contact:

www.linksharedeal.com (online dealing)

Telephone: 0371 664 0445 (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 8.00 am – 4.30 pm, Monday to Friday excluding public holidays in England and Wales).

Risk Warnings

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, all of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

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 is hereby given that the Annual General Meeting of The Biotech Growth Trust PLC will be held at Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Thursday 11 July 2019 at 12 noon, for the following purposes:

Ordinary Business

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

1. To receive and, if thought fit, to accept the Audited Financial Statements and the Report of the Directors for the year ended 31 March 2019
2. To approve the Directors' Remuneration Report for the year ended 31 March 2019
3. To re-elect Andrew Joy as a Director of the Company
4. To re-elect Professor Dame Kay Davies CBE as a Director of the Company
5. To re-elect Steven 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 Ernst & Young LLP as Auditor to the Company 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 £1,231,007 (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 4,924,031 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 2020 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 12 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

Further Information / Notice of the Annual General Meeting

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 £1,231,007 (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 as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments);

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 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
24 May 2019

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. This year, hard copy forms of proxy have not been included with this notice. Members can vote by: logging onto www.signalshares.com and following instructions; requesting a hard copy form of proxy directly from the registrars, Link Asset Services 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 Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 12 noon on 9 July 2019.
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 9 July 2019 (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 24 May 2019 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 49,240,319 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 24 May 2019 are 49,240,319.
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.

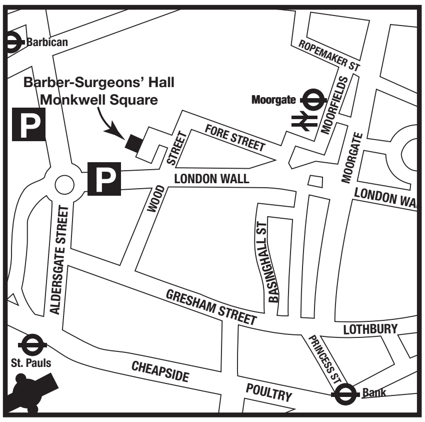
Further Information / Notice of the Annual General Meeting

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 Asset Services on 0871 664 0300 or 0371 664 0300 if calling from outside the United Kingdom. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be 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 Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

    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.

LOCATION OF THE ANNUAL GENERAL MEETING

Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL



Further Information / Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 March 2019 will be presented to the Annual General Meeting. These accounts accompanied this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolution 2 – Remuneration Report

The Report on Directors' Remuneration is set out in full on pages 37 to 40.

Resolutions 3 to 8 – Re-election and election of Directors

Resolutions 3 to 8 deal with the re-election of each Director. Biographies of each of the current Directors can be found on pages 18 and 19.

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 Ernst & Young 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 £1,231,007 (equivalent to 4,924,031 shares, or 10% of the Company's existing issued share capital on 24 May 2019 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 24 May 2019 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.

Resolution 12 – Share Repurchases

The Directors wish to renew the authority given by shareholders at the previous Annual General Meeting. 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.

Further Information / Explanatory Notes to the Resolutions

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 of special business, 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 totaling 75,500 shares.

Further Information / Company Information

Directors
Andrew Joy *(Chairman)*
Steven Bates *(Chairman of the Management Engagement Committee)*
Julia Le Blan *(Chair of the Audit Committee)*
Geoff Hsu
Professor Dame Kay Davies CBE *(Senior Independent Director and Chair of the Remuneration Committee)*
The Rt Hon Lord Willetts

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.
The Company was incorporated 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
Ernst & Young LLP
25 Churchill Place
London E14 5EY

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

Registrars
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
shareholderportal: www.signalshares.com
Telephone (in UK): 0871 664 0300†
Proxy Form related enquiries: 0871 664 0391†
Telephone (from overseas): +44 371 664 0300†
E-Mail: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.
†calls cost 12p per minute plus your phone company's access charge and may be recorded for training purposes. Calls outside the UK will be charged at the applicable international rate. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

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

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 Asset Services 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 RNID) you should dial 18001 from your textphone followed by the number you wish to dial.

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