

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu



Richard Klemm

Information as at 31 January 2020

www.biotechgt.com

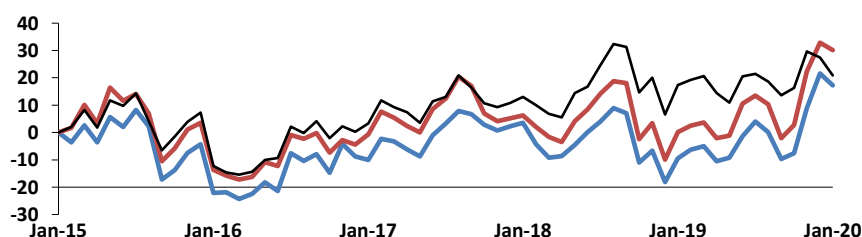


Investment Objective and Benchmark Index

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

Five Year Performance (%)

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



Net Asset Value per share (total return) +30.2%

Share Price (total return) +17.2%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +20.9%

Source: Morningstar, Index - Bloomberg.

Commentary

In January, the NAV per share was down 2.1%, the share price was down 3.6% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 5.1%.

Biotechnology underperformed the broader markets in January. Investor expectations were high heading into the annual J.P. Morgan Healthcare Conference during the month, particularly around potential M&A announcements given the large volume of acquisitions announced in December. Only one major acquisition was announced in January (Eli Lilly's acquisition of Dermira, for \$1.1 billion), and little major stock-moving news was announced at the J.P. Morgan conference, disappointing some investors. An unforeseen development in January was the outbreak of the Wuhan coronavirus in China, causing substantial shutdowns in China, as well as cautionary measures globally. While data on the virus is still emerging, cases of infections and deaths from coronavirus have been reported across several countries, and much of China's domestic manufacturing and production remains on hold. Many healthcare companies have announced early efforts in developing treatments for the coronavirus infection, though we believe not enough information is currently known to accurately gauge the prospects of these potential treatments. We don't expect substantial impact to the Company's China holdings and are optimistic the outbreak can be brought under control soon.

In January, the U.S. Senate held an impeachment trial of President Trump after the U.S. House of Representatives voted to impeach. As expected, the Senate voted to acquit the President, who will remain in office through the 2020 election. Headlines continue to be focused on the field of Democratic Presidential candidates, with Senator Bernie Sanders winning the recent New Hampshire primary. While a Sanders nomination would pose a headline risk for healthcare given his far left stance, including his proposal for Medicare for All, we continue to see dramatic policy reform as unlikely. We would note that centrist candidate Mayor Pete Buttigieg has also steadily gained traction in polling and would be viewed as less of a risk for healthcare.

Applied Therapeutics, Acceleron and Milestone Pharmaceuticals were the top positive contributors to performance during the month. Shares of Applied Therapeutics were strong after the company reported positive potentially pivotal Phase 2 data for AT-007 in galactosemia. We believe AT-007 is poised to fill a strong unmet need in galactosemia, an orphan disease with no currently available treatment options. Shares of Acceleron outperformed after the company announced positive data from a Phase 2 trial of sotatercept in pulmonary arterial hypertension (PAH). We believe sotatercept showed a strong treatment benefit in PAH and is an under-appreciated pipeline asset. Milestone Pharmaceuticals shares appreciated as investors positioned themselves ahead of upcoming Phase 3 data of etripamil in paroxysmal supraventricular tachycardia (PSVT). We anticipate positive data from the trial, which will provide additional proof-of-concept for a larger study in atrial fibrillation.

Mirati, CRISPR Therapeutics and Amgen were the largest negative contributors to performance during the month. Mirati shares were weak after the company announced unexpected leadership changes and a secondary offering of shares. We continue to see MRTX849 and the KRAS inhibitor field as a multi-billion dollar opportunity across multiple tumor types. CRISPR Therapeutics shares declined after Bayer, a top corporate shareholder, reduced its holding in the company to reflect the termination of the companies' previous joint venture, Casebia. We continue to view CRISPR Therapeutics as a best-in-class gene editing platform with clear proof-of-concept. Amgen shares were weak after reporting lower-than-expected financial guidance for 2020.

Biographies

Geoffrey C. Hsu, CFA, 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. Geoff 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.

Richard D. Klemm, Ph.D., CFA, is a Public Equity Partner at OrbiMed focused on biotechnology companies. He completed a Ph.D. from the Massachusetts Institute of Technology in molecular biology in 2000. Richard has published scientific articles in the fields of DNA replication and transcription. He received a B.A. from the University of California, Berkeley in 1994 with majors in molecular and cell biology and economics.

Portfolio Manager Profile

Portfolio management services are provided by OrbiMed Capital LLC (OrbiMed). OrbiMed is owned by six principals, including Geoff Hsu. The U.S.-based firm employs over 80 experienced investment professionals who between them have extensive scientific, medical, financial and operational expertise. They employ a bottom-up stock selection process driven by intensive proprietary research, which involves company visits and developing an understanding of commercial prospects and development programmes for individual drugs. The firm covers some 600 international pharmaceutical and biotechnology companies, two thirds of which are actively researched. OrbiMed is registered as an investment adviser under the U.S. Securities and Exchange Commission (SEC). SEC registration does not imply a certain level of skill or training.

Investment Policy

In order to achieve its investment objective, the Company invests in a diversified portfolio of shares and related securities in biotechnology companies on a worldwide basis. The Company will not invest more than 15% of the value of its gross assets in any one individual stock at the time of acquisition. It will not invest more than 10% of the value of its gross assets in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by OrbiMed or any affiliate. Up to US\$15m, after the deduction of proceeds of disposal and other returns of capital, may be invested in private equity funds managed by OrbiMed or an affiliate. The Company's borrowing policy is that borrowings will not exceed 20% of the Company's net assets. The Company may be unable to invest directly in certain countries. In these circumstances, the Company may gain exposure to companies in such countries by investing indirectly through swaps. Where the Company invests in swaps, exposure to underlying assets will not exceed 5% of the gross assets of the Company at the time of entering into the contract.

Discount Control Mechanism

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

The Biotech Growth Trust PLC conducts its affairs so that its shares can be recommended by independent financial advisers ("IFAs") to retail private investors. The shares are excluded from the Financial Conduct Authority's ("FCA's") restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

The Biotech Growth Trust PLC

10 Largest Holdings at 31 January 2020 (% of total investments)

Name	Total
Vertex Pharmaceuticals	8.6
Neurocrine Biosciences	5.8
Applied Therapeutics	4.5
Amgen	4.5
Mirati Therapeutics	4.5
Deciphera Pharmaceuticals	4.1
Gilead Sciences	3.5
CRISPR Therapeutics	3.3
Hansoh Pharmaceutical	3.3
Sarepta Therapeutics	3.2
Total	45.3

Geographical Breakdown as at 31 January 2020 (%)

North America	85.7%
Other	7.5%
Continental Europe	5.3%
United Kingdom	0.8%
*Unquoted	0.7%
Total	100.0%

* No more than 10% of gross assets will be invested in direct unquoted investments at the time of acquisition. The Company may also invest or commit for investment a maximum of US\$15m, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed or an affiliate thereof.

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth	2015	2016	2017	2018	2019	YTD
NAV	15.6	-7.6	9.9	-14.3	47.4	-2.1
Share Price	9.1	-4.7	12.1	-19.9	48.5	-3.6
Benchmark	17.8	-6.5	10.5	-3.8	19.6	-5.1

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jan 15- Jan 16	Jan 16- Jan 17	Jan 17- Jan 18	Jan 18- Jan 19	Jan 19- Jan 20
NAV	-13.7	15.3	6.8	-5.7	29.9
Share Price	-22.1	15.5	15.0	-12.5	29.4
Index	-12.2	17.8	9.3	3.9	3.0

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

Risk Warnings

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

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

Important Information

The Biotech Growth Trust PLC is a public limited company whose shares are premium listed on the LSE and is registered with HMRC as an investment trust. The Company has an indeterminate life, although shareholders consider and vote on the continuation of the Company every five years (the next such vote will be held in 2020).

This financial promotion is issued by Frostrow Capital LLP which is authorised and regulated by the Financial Conduct Authority ("FCA").

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Fast Facts

As at 31 January 2020

Launch Date	June 1997
AIC Sector	Biotechnology & Healthcare
Date of Appointment of OrbiMed 19 May 2005	
Annual Management Fee (payable by the Company)	0.65% of net assets <u>plus</u> 0.30% of market cap. <u>plus</u> £60,000
Performance fee	See Annual Report for details
Ongoing charges*	1.1%
Continuation Vote	At AGM in 2020; every 5 years
Year / Half Year	31 March / 30 September
Capital Structure	40,403,837 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	57
Total Net Assets (£m)	£398.9m
Market Capitalisation (£m)	£366.1m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	10.7%
Leverage**	
Gross & Commitment	110.7%
Share Price (p)	906.00
NAV (p)	987.16
(Discount) / Premium	(8.2%)

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

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

Codes

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

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