

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu

Information as at 30 April 2020

www.biotechgt.com

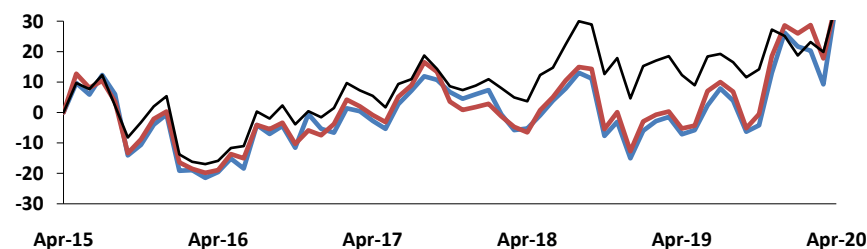
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Investment Objective and Benchmark Index

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) +36.9%

Share Price (total return) +36.4%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +35.9%

Source: Morningstar, Index - Bloomberg.

Commentary

In April, the NAV per share was up 16.0%, the share price was up 24.8% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 13.3%.

Biotechnology continued to outperform the broader markets in April, rebounding strongly from the lows of March. We see the biopharma industry's efforts in combating the coronavirus pandemic as a welcome sentiment boost for the sector, as many companies have pivoted significant resources to developing diagnostics, therapeutic treatments and vaccines for the coronavirus. While select geographies have begun re-opening from pandemic-related shutdowns, we expect an effective treatment or vaccine will be required for a full return to pre-virus normalcy. Substantial progress has been made on this front, with over 70 ongoing vaccine programs worldwide and many more programs focused on therapeutic treatments post-infection. We expect initial data readouts from many of these programs over the next few months. Some companies in the portfolio with coronavirus programs include CanSino Biologics, Applied Therapeutics, Gilead Sciences, Regeneron, and Arcturus.

The coronavirus pandemic has been disruptive for many businesses, though we believe it has had less of an impact on defensive industries like biotech. We expect some mild pressure to commercial sales in the second quarter as well as delays to some clinical trial timelines. However, overall, we believe the fundamentals in biotech remain largely intact: the FDA appears to be adhering to its standard drug approval timelines, supply chains have not been disrupted, and the financing environment remains strong for biotech. As more geographies ease social distancing guidelines, we expect clinical trial activity and regular prescription trends to resume.

Keros Therapeutics, Immunomedics and Sarepta were the top positive contributors to performance during the month. Keros shares were strong after the company's initial public offering in early April. The Company had invested in a private crossover round in Keros in March and we added to the position on the IPO. We see Keros' pipeline of candidates targeting hematologic disorders as mechanistically de-risked in meaningful market opportunities. Immunomedics shares outperformed as the company's Phase 3 trial of Trodelvy was stopped early for compelling efficacy in triple-negative breast cancer (TNBC); Trodelvy was subsequently granted accelerated approval by the FDA for third-line TNBC. We continue to expect Trodelvy to be a blockbuster product in TNBC, with additional pipeline indications in other tumor types supporting future growth. Shares of Sarepta were strong as investors positioned ahead of a key competitor update for SRP-9001, the company's gene therapy candidate for Duchenne muscular dystrophy (DMD). We continue to see Sarepta as the leading DMD company, with SRP-9001 showing a differentiated safety and efficacy profile from its competitors, a stable commercial portfolio and an extensive pipeline.

Avrobio, Biogen and Neoleukin were the largest negative contributors to performance during the month. Avrobio shares declined during the month after the company announced that certain of its gene therapy trials had been put on hold due to COVID-19. Follow-up data from patients already treated with Avrobio's gene therapies continue to look strong, and we expect a quick resumption in clinical trial activity once lockdown restrictions are lifted. Biogen shares underperformed as the company delayed regulatory filings for its Alzheimer's disease treatment aducanumab. Investors saw the unexpected delay as indicative of additional risk in the aducanumab filing, though we continue to believe the drug will be approved given high unmet need in Alzheimer's disease. Neoleukin shares declined modestly over the month. There was no significant news of note for that name.

Biography

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.

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 30 April 2020 (% of total investments)

| Name | Total |
|---------------------------|-------------|
| Vertex Pharmaceuticals | 7.1 |
| Biogen | 4.8 |
| Gilead Sciences | 4.7 |
| Amgen | 4.5 |
| Applied Therapeutics | 4.0 |
| Neurocrine Biosciences | 3.4 |
| Immunomedics | 3.3 |
| Hansoh Pharmaceutical | 3.1 |
| Sarepta Therapeutics | 3.0 |
| Regeneron Pharmaceuticals | 2.9 |
| Total | 40.8 |

Geographical Breakdown as at 30 April 2020 (%)

| | |
|--------------------|---------------|
| Norther America | 85.4% |
| China | 6.2% |
| Continental Europe | 4.3% |
| *Unquoted | 2.4% |
| Other | 1.7% |
| 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 | 6.3 |
| Share Price | 9.1 | -4.7 | 12.1 | -19.9 | 48.5 | 8.1 |
| Benchmark | 17.8 | -6.5 | 10.5 | -3.8 | 19.6 | 8.6 |

Standardised Discrete Performance (%)

| Percentage Growth 12 Month Return | Apr 15- Apr 16 | Apr 16- Apr 17 | Apr 17- Apr 18 | Apr 18- Apr 19 | Apr 19- Apr 20 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| NAV | -18.9 | 22.6 | -5.8 | 1.4 | 44.3 |
| Share Price | -19.5 | 20.9 | -2.6 | -2.0 | 46.8 |
| Index | -15.9 | 25.4 | -1.7 | 8.4 | 20.9 |

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

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

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 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 30 April 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 | 39,207,269 Ordinary Shares of 25p |

Trust Characteristics

| | |
|-----------------------------------|--|
| Number of Holdings | 63 |
| Total Net Assets (£m) | £420.3m |
| Market Capitalisation (£m) | £398.3m |
| Dividend Policy | It is not anticipated that the Company will pay a dividend |
| Gearing (AIC basis) | 5.5% |
| Leverage** | |
| Gross & Commitment | 105.5% |
| Share Price (p) | 1016.00 |
| NAV (p) | 1071.93 |
| (Discount) / Premium | (5.2%) |

*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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