BIOTECH GROWTH TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDED
31 MARCH 2020

Frostrow CAPITAL

OrbiMed Healthcare Fund Management

The Biotech Growth Trust PLC

The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry. In order to achieve its investment objective, the Company invests in a diversified portfolio of shares and related securities in biotechnology companies on a worldwide basis.

Further details of the Company's investment policy are set out on pages 15 and 16.

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 81 and 82.

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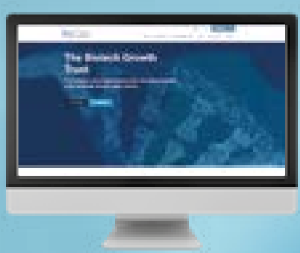

For more information about The Biotech Growth Trust PLC visit the website at
www.biotechgt.com

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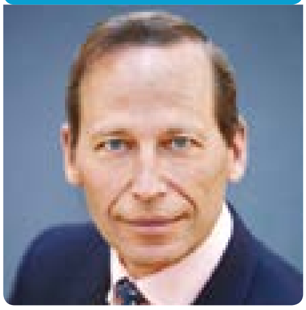


CHAIRMAN'S STATEMENT

ANDREW JOY

INTRODUCTION AND RESULTS

As a result of the COVID-19 pandemic the year to 31 March 2020 proved to be one of the most dramatic in the history of the Company since its inception in 1997. The pandemic has dealt a profound shock to the world in health, economic and political terms. Healthcare and healthcare stocks are at the epicentre of this great convulsion. Before reporting on the last year, it is right to acknowledge that this has been a very difficult time for many people. Victims have suffered and in some cases, died; key workers, many in healthcare, have put themselves at great personal risk for the benefit of others; and it has required all of us to adapt our lives.

One effect of this terrible epidemic has, of course, been to put a spotlight on the healthcare industry, and the remarkable strength of biotechnology stocks since mid-March, both relative to other sectors of the stock market and in absolute terms. The stock market recognises two things. First that in contrast to some economic sectors, healthcare is set to remain strong after the end of the pandemic, and represents a blend of defensive and growth characteristics. This has led to a rotation out of less favoured sectors into healthcare. This process started in earnest in March and has continued to be pronounced since the Company's year-end. Secondly, the market recognises that the biotechnology sector is itself in an era of innovation without parallel and could hold the key for treating or indeed preventing a number of previously intractable diseases, including COVID-19. Although the biotechnology sector may not necessarily earn lucrative returns from COVID-19 treatments or vaccines, these have been a significant driver of share price movements in the current environment. Moreover, the investing world does see that biotechnology is a key and growing part of healthcare and of all of our futures.

As in a number of other sectors, the crisis appears to have led to a rapid acceleration of trends which were already in place. Strategically these trends place the Company in a strong position over the long term.

Turning to the results for the year to 31 March 2020, the Company's net asset value per share total return was +18.5%, and the share price total return was +10.9%, significantly outperforming the Company's benchmark, the NASDAQ Biotechnology Index (sterling adjusted) which rose by 1.2% over the year. At the half year, shareholders will recall that the net asset value per share had fallen by 5.6%. The annual result thus reflects a very strong second half total return of +24.1% in the net asset value per share. This has continued since the Company's year-end with both the Company's net asset value per share, and share price, reaching all-time highs in late April and early May. The performance over the year was helped by the strength of the U.S. dollar over the year. It rose by 4.8 % against sterling over the period. Almost all of the Company's assets are in U.S. dollars.

The Company's gearing, which increased to 9.0% at the year-end from 5.5% at the beginning of the year, contributed positively 1.0% to the Company's overall return during the year. At the time of writing, the gearing level had reduced slightly to 7.2%.

The main driver of the performance however has been the major outperformance by our Portfolio Manager, of the overall biotechnology market. Earlier in the year, as explained in the half year report, OrbiMed, with the Board's encouragement, shifted the portfolio more towards emerging biotechnology stocks and away from the giants of the biotechnology industry, which comprise a significant portion of the index. The intention was to allow OrbiMed to exercise its advantage of superior research and judgement in smaller capitalisation stocks, and diverge more from a passive market weighting. This will tend to mean greater volatility in the net asset value per share, but as can be seen from the second half performance it also provides the opportunity to outperform to a material degree.

Last year, the Company made its first investments in Chinese biotechnology stocks. While most of the biotechnology innovation historically has occurred in the U.S. and Europe, there is a trend towards increased innovation in China, the second largest pharmaceutical market in the world. The Chinese government has taken a number of steps in recent years to encourage greater innovation in drug development. The early stocks in this strategy have performed extremely strongly. They will never represent a large share of the Company's investments, but they are a segment where OrbiMed, which has had an investing capability in China since 2009, has a distinct advantage.

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

COVID-19 AND IMPLICATIONS FOR THE COMPANY

The COVID-19 virus has swept the globe and has claimed many thousands of lives. It is clear that the pandemic has had a far more severe impact on markets than previous virus outbreaks, with governments having taken strict measures to contain the virus. Despite the risks of a global recession with associated volatility in world stock markets, our Portfolio Manager believes that healthcare as a defensive sector should fare better than other parts of the economy. In terms of the impact on biotechnology companies specifically, there may be some temporary negative impact to commercial sales, potential delays for clinical trials, possible regulatory delays, and a more dilutive financing environment with the decline in share prices. However, sales of drugs taken by patients at home should be minimally impacted, supply chain disruption for the biotechnology industry has been largely non-existent and the U.S. Food and Drug Administration (FDA) has stated that it intends to adhere to drug approval timelines. Most biotechnology companies are believed to have sufficient cash to avoid any imminent financing needs. Overall, our Portfolio Manager believes that any headwinds should be manageable for the industry, and that strategically the sector will benefit.

Our Portfolio Manager's strategy in light of the COVID-19 outbreak remains largely unchanged. They are fundamental stock pickers and have been capitalising on market volatility to improve the quality of the portfolio and add to their best ideas. They are encouraged by the biotechnology companies attempting to develop potential treatments and vaccines for COVID-19, but they have not actively chased these companies, as the probability of success and ultimate revenue potential from those therapies remains unknown. It should be noted though that some of the Company's portfolio companies do have active COVID-19 programmes, including **Gilead Sciences** (developing the antiviral remdesivir), **Regeneron Pharmaceuticals** (developing antibody treatments for COVID-19), and **CanSino Biologics** (a Chinese vaccine company which has already advanced a vaccine for COVID-19 into human trials).

Looking beyond the COVID-19 pandemic, our Portfolio Manager believes that all of the fundamental investment themes for the biotechnology sector remain intact: unprecedented innovation based on novel technologies, a friendly FDA proactively approving new drugs, compelling valuations relative to historical norms, and expected continued merger and acquisition (M&A) activity. In addition, the political landscape had also changed following Joe Biden's decisive win over Bernie Sanders. Our Portfolio Manager believes that either a Trump or Biden Presidency would be relatively benign for the biotechnology sector and would most likely mean the continuation of the status quo. Our Portfolio Manager's focus remains on the selection of stocks with strong prospects for capital enhancement and your Board firmly believes that long-term investors will be well rewarded.

CAPITAL STRUCTURE

For most of the year under review, the Company continued to pursue an active policy of buying back its shares when the discount to the net asset value per share was materially higher than 6%. However, as a result of extreme market volatility in March 2020, the Board took the decision that it would be in the best interests of shareholders to suspend buybacks until a less volatile period. The Board is committed to protecting the discount at or near the 6% level and is keeping the resumption of buybacks under close review. At the year end the discount was 12.7% (2019: 6.7%), however, for much of the period since this date to the time of writing, the discount has been much narrower, at just over 6.0%, and at the time of writing (at the close of the UK market on 2 June), the discount was 2.0%.

During the year to 31 March 2020 the Company bought back 12,760,293 shares for cancellation (year to 31 March 2019, 3,872,351), representing 24.6% of the shares in issue at the start of the year. The Company renewed its authority to buy-back shares at a General Meeting held on 27 January 2020.

The Company has the ability to use gearing up to 20% of the net assets. As noted above, at the end of the year, the Company had gearing of 9.0%. This has subsequently fallen to 7.2%.

RETURN AND DIVIDEND

The revenue return per share was 1.0p (2019: 1.0p). No dividend is recommended in respect of the year ended 31 March 2020 (2019: nil).

THE COMPANY'S AUDITOR

As reported at the half year stage, in the interests of obtaining the best value for shareholders, the Board agreed that a competitive tender process for the external audit should be held. This was led by the Audit Committee and resulted in the appointment of a new external auditor, BDO LLP. Further details can be found in the Audit Committee Report beginning on page 41.

CONTINUATION OF THE COMPANY

The Company's articles provide that every five years there will be a continuation vote resolution tabled at the Annual General Meeting falling in that year. Accordingly, such a resolution is included in the notice of Annual General Meeting contained within this report. In light of the Company's long-term track record, its current strong performance and the positive outlook for the biotechnology sector, the Board unanimously recommends that shareholders vote in favour of the resolution allowing the Company to continue as an investment trust for a further five years.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Wednesday, 15 July 2020 at 12 noon.

The Board has considered how best to deal with the potential impact of the COVID-19 outbreak on arrangements for the AGM. We are required by law to hold an AGM, but we are concerned for the safety and wellbeing of our shareholders and other attendees. Given the unprecedented circumstances, the Board has decided that this year we will conduct only the statutory, formal business to meet the minimum legal requirements. There will be no opportunity to interact with the Directors during the meeting. We will not be providing any refreshments after the meeting in order to minimise contact. It may also prove to be necessary to postpone the meeting to a later date or to introduce entry restrictions as considered necessary at the time. Our Portfolio Manager will be recording a short video presentation which will be available on the Company's website on the day of the AGM. Following the meeting there will be the opportunity to ask questions by way of an interactive session with the Portfolio Manager and with the Board. Details will be published on the Company's website, www.biotechgt.com in advance of the AGM.

The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance and to submit any questions they may have to the Company Secretary whose details can be found on page 88. Shareholders can vote online by visiting www.signalshares.com and following instructions. Any shareholders who require a hard copy form of proxy may request one from the registrar, Link Asset Services (whose details can be found on page 88). Voting by proxy will ensure that your votes are registered in the event that attendance at the AGM is not possible or restricted, or if the meeting is postponed (your votes will still be valid when the meeting is eventually held). The Board will continue to monitor the Government's advice and urges all shareholders to comply with any restrictions in place at the time of the AGM.

Of course, in the event that the situation has improved and we are able to hold a meeting with full participation from the Board and the Portfolio Manager, we will do so. We will keep shareholders updated via the Company's website, www.biotechgt.com, in this regard.

Andrew Joy
Chairman

3 June 2020

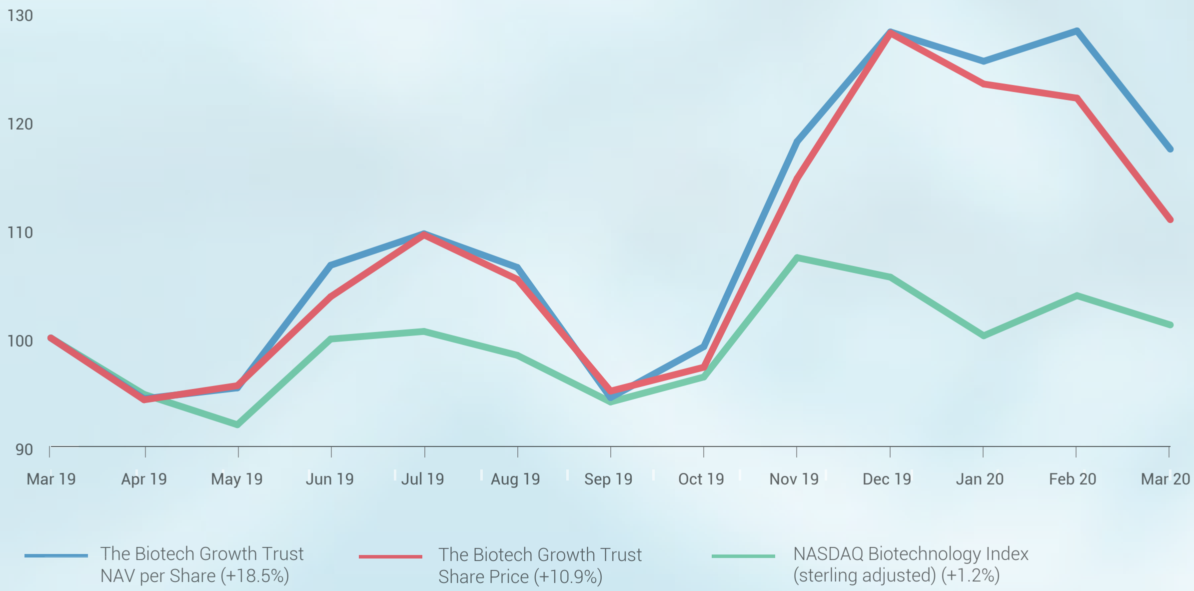
FINANCIAL HIGHLIGHTS

Net asset value per share (total return)*^	Share price (total return)*^	Benchmark*†
+18.5%	**+10.9%**	**+1.2%**
2019: +5.3%	2019: +4.6%	2019: +13.0%

Discount of share price to net asset value per share*^	Ongoing Charges^
12.7%	**1.1%**
2019: 6.7%	2019: 1.1%

* Source: Morningstar
^Alternative Performance Measure (see glossary beginning on page 78).
† NASDAQ Biotechnology Index (sterling adjusted)

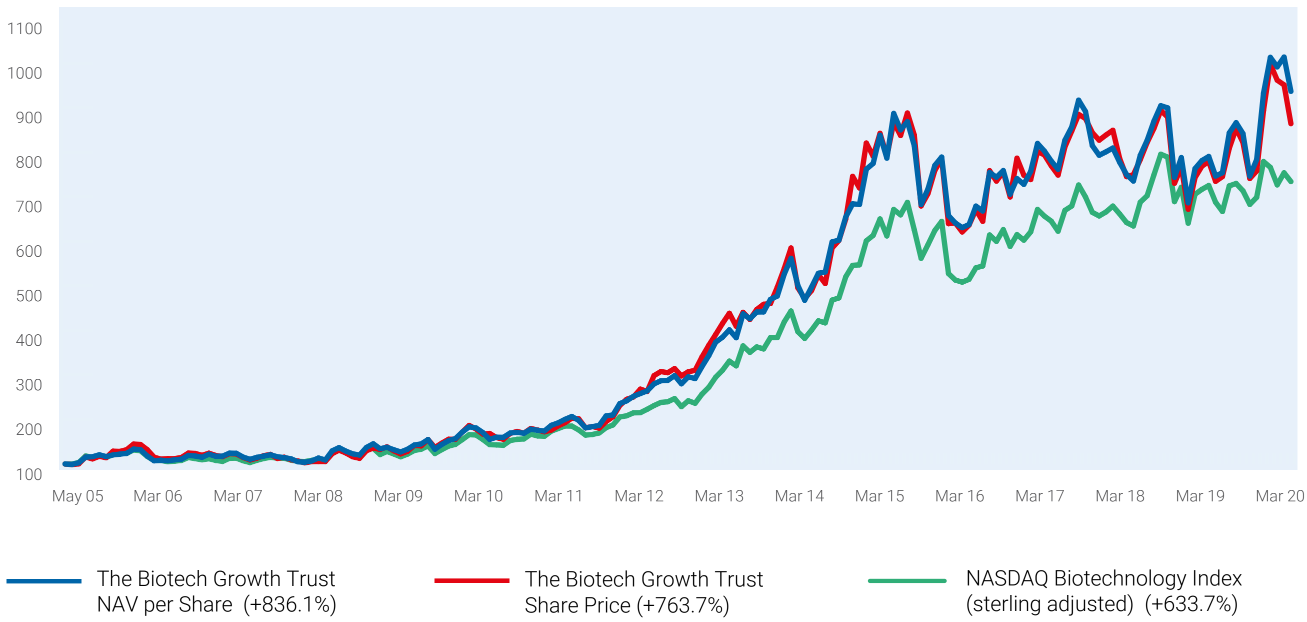
PERFORMANCE FOR THE YEAR TO 31 MARCH 2020



Figures have been rebased to 100, as at 31 March 2019
Source: Morningstar

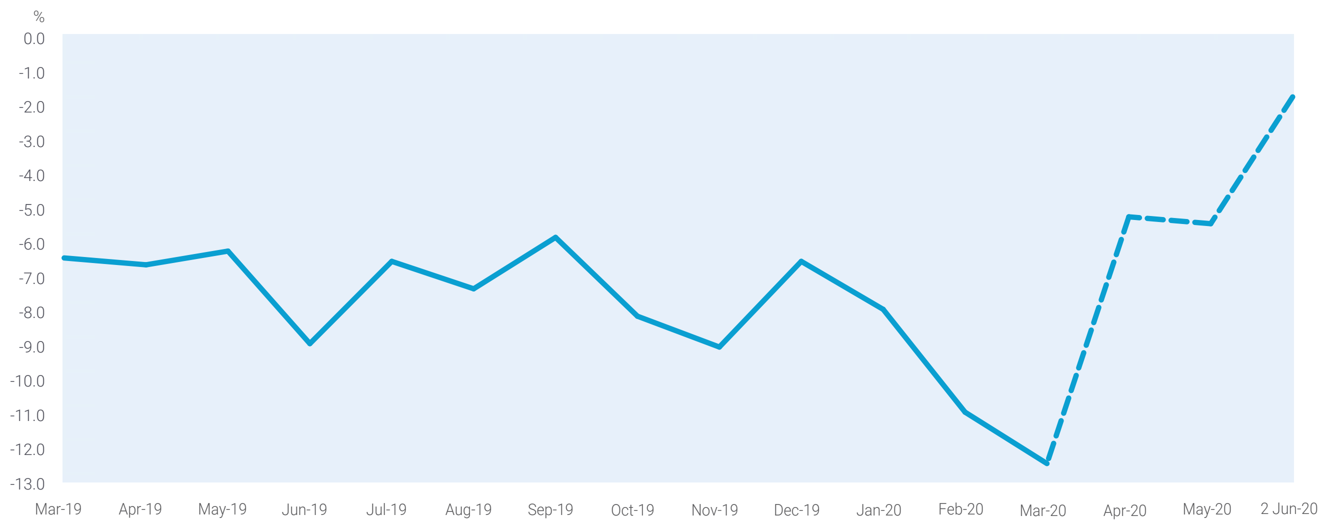
KEY INFORMATION

PERFORMANCE SINCE THE DATE OF APPOINTMENT OF ORBIMED CAPITAL LLC AS PORTFOLIO MANAGER TO 31 MARCH 2020



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 2020 AND SINCE THE YEAR END



The discount of the Company's share price to the net asset value per share at 31 March 2020 stood at 12.7% (2019: 6.7%).
Source: Frostrow Capital LLP.

COMPANY PERFORMANCE

HISTORIC PERFORMANCE FOR THE YEARS ENDED 31 MARCH

	2015	2016	2017	2018	2019	2020
Net asset value per share total return*^	67.4%	(24.8%)	27.5%	(6.7%)	5.3%	18.5%
Share price total return*^	69.9%	(26.3%)	27.9%	(6.1%)	4.6%	10.9%
Benchmark return*	63.7%	(21.8%)	29.2%	(2.2%)	13.0%	1.2%
Net asset value per share	834.7p	627.9p	800.8p	747.5p	786.8p	932.4p
Share price	793.5p	585.0p	748.0p	702.0p	734.0p	814.0p
Discount of share price to net asset value per share*^	4.9%	6.8%	6.6%	6.1%	6.7%	12.7%
Ongoing charges^	1.2%	1.0%	1.1%	1.1%	1.1%	1.1%
Gearing^	9.4%	11.1%	3.2%	6.8%	5.5%	9.0%

* Source: Morningstar

^ Alternative Performance Measure (see glossary beginning on page 78).

FIVE YEAR PERFORMANCE TO 31 MARCH 2020

Figures have been rebased to 100 as at 31 March 2015
Source: Morningstar

INVESTMENT PORTFOLIO

INVESTMENTS HELD AS AT 31 MARCH 2020

Security	Country/ Region	Fair value £'000	% of investments
Vertex Pharmaceuticals	United States	33,409	8.4
Gilead Sciences	United States	29,092	7.3
Biogen	United States	21,381	5.3
Applied Therapeutics	United States	17,336	4.3
Amgen	United States	17,200	4.3
Sarepta Therapeutics	United States	16,963	4.2
Neurocrine Biosciences	United States	13,445	3.4
Mirati Therapeutics	United States	12,726	3.2
Hansoh Pharmaceutical	China	12,365	3.1
BioMarin Pharmaceutical	United States	11,251	2.8
Ten largest investments		**185,168**	**46.3**
MeiraGTx	United States	10,670	2.7
Exelixis	United States	10,669	2.7
Turning Point Therapeutics	United States	10,525	2.6
CRISPR Therapeutics	Switzerland	10,458	2.6
Alexion Pharmaceuticals	United States	9,527	2.4
Acceleron Pharma	United States	9,139	2.3
Agios Pharmaceuticals	United States	8,923	2.2
CanSino Biologics	China	7,826	2.0
Avrobio	United States	7,485	1.9
Adverum Biotechnologies	United States	7,454	1.9
Twenty largest investments		**277,844**	**69.6**
Zymeworks	Canada	7,328	1.9
Burning Rock Biotech (unquoted)	China	7,063	1.8
Neoleukin Therapeutics	United States	6,927	1.7
Athenex	United States	6,781	1.7
Regeneron Pharmaceuticals	United States	6,773	1.7
Keros Therapeutics (unquoted)*	United States	6,256	1.6
Cara Therapeutics	United States	5,460	1.4
Deciphera Pharmaceuticals	United States	5,453	1.4
Heron Therapeutics	United States	5,084	1.3
Arena Pharmaceuticals	United States	4,497	1.1
Thirty largest investments		**339,466**	**85.2**
Xenon Pharmaceuticals	Canada	4,430	1.1
Aurinia Pharmaceuticals	Canada	4,414	1.1
Alphamab Oncology	China	4,190	1.0
Theravance Biopharma	United States	3,934	1.0
AnaptysBio	United States	3,846	1.0
NanoString Technologies	United States	3,542	0.9
IGM Biosciences	United States	3,273	0.8
Aptose Biosciences	Canada	2,658	0.7
IMARA	United States	2,382	0.6
OrbiMed Asia Partners L.P. (unquoted)**	Asia	2,377	0.6
Forty largest investments		**374,512**	**94.0**

* Listed on 7 April 2020 at the IPO price of U.S.$16 per share (see note 13 beginning on page 69 for further details).

** Partnership Interest.

INVESTMENT PORTFOLIO

INVESTMENTS HELD AS AT 31 MARCH 2020

Security	Country/ Region	Fair value £'000	% of investments
KalVista Pharmaceuticals	United States	2,296	0.6
InflaRx	Netherlands	2,034	0.5
NeuBase Therapeutics	United States	1,886	0.5
Immunovant	United States	1,799	0.5
Aptinyx	United States	1,712	0.4
Bioxcel Therapeutics	United States	1,588	0.4
Arrowhead Pharmaceuticals	United States	1,580	0.4
Prothena	Ireland	1,348	0.3
Trillium Therapeutics	Canada	1,330	0.3
Pandion Therapeutics (unquoted)	United States	1,210	0.3
Fifty largest investments		**391,295**	**98.2**
Apellis Pharmaceuticals	United States	1,081	0.3
REGENXBIO	United States	996	0.2
Arvinas	United States	946	0.2
Flexion Therapeutics	United States	840	0.2
Menlo Therapeutic	United States	831	0.2
Curis	United States	705	0.2
Syndax Pharmaceuticals	United States	682	0.2
REVOLUTION Medicines	United States	670	0.2
Protagonist Therapeutics	United States	379	0.1
Ascletis Pharma	China	196	-
Sixty largest investments		**398,621**	**100.0**
Blueprint Medicines	United States	36	-
Total investments		**398,657**	**100.0**

All of the above investments are equities unless otherwise stated.

PORTFOLIO BREAKDOWN

Investments	Fair value £'000	% of investments
Quoted		
Equities	**381,751**	**95.7**
Unquoted		
Equities	14,529	3.7
Partnership interest	2,377	0.6
Total unquoted investments	**16,906**	**4.3**
Total investments	**398,657**	**100.0**

PORTFOLIO MANAGER'S REVIEW

GEOFF HSU

PERFORMANCE REVIEW

The Company's net asset value per share total return was +18.5% during the year ended 31 March 2020. This compares to a 1.2% increase in the Company's benchmark, the NASDAQ Biotechnology Index (measured on a sterling adjusted basis).

Biotechnology as a sector had a somewhat tepid first half of the financial year, followed by a much stronger second half that was abruptly cut short by the COVID-19 related market correction in March. The sector generally underperformed the broader markets in the first half due to general macro concerns about the U.S. economic outlook and concerns about the potential for drug pricing regulation. Macroeconomic concerns included fears that an escalating trade war between the U.S. and China would lead to a slowing of economic growth. Even though biotechnology's exposure to U.S.-China trade was virtually non-existent, these broader economic concerns led to weakness among all growth stocks, including small and emerging biotechnology companies. During the first half of the financial year, concerns about biotechnology also emerged due to drug pricing rhetoric from President Trump and the progressive Democratic presidential candidates, Elizabeth Warren and Bernie Sanders. Even though no legislation was ever passed, policies proposed by the Trump administration included international reference pricing for Medicare drugs, inflation-based price caps on drugs, and potential government negotiation of prices directly with biopharmaceutical companies. In addition, during this period, Democratic candidates Warren and Sanders expressed their desire to lower drug prices in the U.S. and implement Medicare For All, a single-payer government-run healthcare system. The rhetoric on drug pricing from both Trump and the Democratic presidential candidates created a "political overhang" on the biotechnology sector that dampened performance for the group.

The second half of the financial year saw a strong rebound in emerging biotechnology stocks, driven by several positive clinical catalysts and a resurgence in biotechnology mergers and acquisitions (M&A). The political overhang also began dissipating, as centrist Democratic candidates like Joe Biden and Pete Buttigieg began gaining in the polls. Those candidates were viewed as less likely to adopt extreme drug price controls if elected.

Against this backdrop, the portfolio generated 17.3% of excess net asset value per share performance versus the benchmark index for the year ended 31 March 2020. The outperformance was driven by our greater allocation to emerging biotechnology versus large capitalisation biotechnology in the portfolio, several significant positive clinical catalysts (e.g. positive Phase 3 results from **Deciphera Pharmaceuticals** and **Aurinia Pharmaceuticals**), M&A activity, and strong performance from our China holdings.

CONTRIBUTORS AND DETRACTORS

Deciphera Pharmaceuticals, CanSino Biologics, Aurinia Pharmaceuticals, Vertex Pharmaceuticals, and Karyopharm Therapeutics were the leading positive contributors to performance in the portfolio during the year.

- **Deciphera Pharmaceuticals** is a Massachusetts-based biotechnology company developing kinase inhibitor treatments for cancer. The company's shares appreciated following positive Phase 3 study results for ripretinib in gastrointestinal stromal tumours (GIST) in August 2019, which exceeded expectations. The company expects U.S. Food and Drug Administration (FDA) approval in August 2020 and based on strong data and high unmet medical need, we expect the drug to become the standard of care in fourth-line GIST. Deciphera has an ongoing Phase 3 study in second-line GIST, expected to read out in 2021/22.
- **CanSino Biologics** is an emerging Chinese vaccine company developing vaccines for the private pay market in China. The Company participated in the company's IPO (Initial Public Offering) as a cornerstone investor in March 2019. CanSino's shares initially outperformed due to investor enthusiasm about their meningococcal vaccine portfolio. Shares gained further momentum when the company began developing one of the leading vaccine candidates for COVID-19 in China, now in Phase 2 clinical trials.
- **Aurinia Pharmaceuticals** shares outperformed following the release of successful Phase 3 trial results for their novel calcineurin inhibitor, voclosporin, in lupus nephritis. Data from the pivotal trial showed a meaningful increase in the complete response rate for voclosporin when given on top of the current standard of care. This is the first positive phase 3 trial for a lupus

nephritis drug in a large, global, randomised, placebo controlled study.

- **Vertex Pharmaceuticals** shares outperformed as the company's cystic fibrosis triple combination therapy, Trikafta, was approved early and achieved impressive early commercial uptake. The company remains the leader in cystic fibrosis, with a multi-billion dollar commercial portfolio driven by Trikafta as well as its first- and second-generation treatments Orkambi, Kalydeco and Symdeko. Vertex also reported encouraging early data for its gene editing candidate CTX001 in beta-thalassemia and sickle cell disease, with early data suggesting a potential functional cure. CTX001 is partnered with **CRISPR Therapeutics**.
- **Karyopharm** is an oncology company developing treatments for haematologic malignancies. The shares outperformed following positive Phase 3 trial results for their oral drug selinexor in multiple myeloma in March 2020.

Milestone Pharmaceuticals, Alexion Pharmaceuticals, Mirati Therapeutics, Puma Biotechnology, and **Heron Therapeutics** were the principal detractors for the year.

- **Milestone Pharmaceuticals** shares fell following disappointing results for their Phase 3 trial of etripamil for the treatment of paroxysmal supraventricular tachycardia. While the drug demonstrated an improvement relative to placebo in converting tachycardia to normal sinus rhythm early on, the placebo response in the later stages of the trial prevented the study from achieving the primary endpoint. These results likely leave the company in need of running an additional pivotal trial.
- **Alexion Pharmaceuticals** is a large capitalisation biotechnology company whose lead franchise consists of complement inhibitors for a variety of orphan haematological and neurological indications. The stock declined over the period due to continued concerns by investors about future competition to the company's lead products Soliris and Ultomiris.
- **Mirati Therapeutics** is a targeted oncology company developing a KRAS inhibitor for a variety of solid tumour types. Shares rallied into the JP Morgan Healthcare Conference in January 2020 on the hopes of a possible takeout but then significantly underperformed when no takeout occurred. Shares have also been negatively impacted by competitor **Amgen's** more cautious commentary on their own KRAS program.
- **Puma Biotechnology** is an emerging biotechnology company that markets the drug Nerlynx for breast cancer. Shares declined over the period because the commercial launch has disappointed expectations, primarily due to the high rate of diarrhea associated with the compound. In addition, changes in standard of care for breast cancer have diminished the market opportunity for Nerlynx.
- **Heron Therapeutics** is developing a long-acting form of bupivacaine for post-surgical pain. Despite multiple clinical trials that have shown the superiority of their product HTX-011 versus both placebo and short-acting bupivacaine, the FDA announced in February that they were postponing the action date for their drug application by three months. We continue to believe that HTX-011 will eventually get approved and provide a valuable non-opioid alternative to pain management post-surgery.

INNOVATION CONTINUES TO DRIVE SECTOR PERFORMANCE

Innovation remains the core driver of biotechnology industry performance, and we continue to believe the sector is in a "golden era" of innovation at the present time. Several new technologies-including gene therapy, cell therapy, RNA-based therapies, and bispecific antibodies-are just beginning to result in marketed products to treat patients. We believe we are still in the early stages of realising the full potential of these technologies, as hundreds of pipeline candidates based on these technologies are still working their way through the drug development process. Many of these drug candidates have already achieved proof of concept in human clinical trials.

Not only do we believe these new technologies will result in therapeutics delivering substantial clinical benefits for patients, we also believe many of these therapeutics can generate substantial revenues, in many cases exceeding U.S,$1 billion in peak worldwide sales. While pricing concerns will always be a topic of discussion among payers, we continue to believe that truly innovative products that are superior to standard of care and address an unmet medical need will be able to command premium prices.

FRIENDLY REGULATORY ENVIRONMENT CONTINUES UNDER NEW FDA LEADERSHIP

Over the past three years, we have witnessed positive developments at the FDA that have accelerated the drug development and review process and brought innovative products to market more quickly than in the past. One of President Trump's primary strategies for controlling drug price inflation has been to encourage the FDA to approve more drugs to increase competition in the marketplace. As a result, the first FDA Commissioner Trump appointed, Scott Gottlieb, implemented several policies to expedite innovative drug development, including greater interaction between the FDA and sponsors to streamline the clinical trial process, increased flexibility by the FDA on the endpoints required for approval, and a modernisation of the FDA's evaluation and analytical tools. Gottlieb announced his retirement in March 2019 and was temporarily replaced by interim commissioner Ned Sharpless, who continued Gottlieb's policies. In Dec. 2019, Stephen Hahn, an oncologist from the MD Anderson Cancer Center, was appointed the permanent FDA Commissioner. He has largely continued the FDA's proactive policies towards new drug approvals. 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, the first three years of the Trump administration have been the most productive in FDA history in terms of new drug approvals. In addition, we believe the FDA's current efforts to accelerate the development and approval of COVID-19 related treatments and vaccines could also introduce new approval paradigms that could expedite the development of non-COVID-19 related drugs after the outbreak subsides.

M&A ACTIVITY STILL BRISK

Biotechnology M&A activity was generally strong during the year ended 31 March 2020, especially in the latter half. Transactions announced included the U.S.$2.35bn acquisition of Synthorx by Sanofi, the $2.9 bn acquisition of Audentes Therapeutics by Astellas, and the U.S.$8.4 bn acquisition of The Medicines Company by Novartis. Premiums paid for many of these deals were in excess of 100%, reflecting the continued high demand by larger pharmaceutical players for innovative assets. The portfolio benefited directly from two announced transactions in the review period which involved targets held: the $2.4 bn acquisition of **Ra Pharma** by UCB and the $2.7 bn acquisition of **ArQule** by Merck.

Importantly, M&A activity has continued despite the COVID-19 lockdown measures that have been introduced worldwide. In early May 2020, Menarini announced the U.S.$677m acquisition of Stemline Therapeutics and **Alexion Pharmaceuticals** announced the U.S.$1.4 bn acquisition of Portola Pharmaceuticals. While many of the customary due diligence efforts required for M&A now need to be conducted virtually, it appears the industry has successfully adapted to conducting their business development activities remotely. Dealmaking does not appear to have slowed down appreciably.

POLITICAL OVERHANGS DISAPPEARING

As we noted earlier, concern about potential government policies to lower drug prices in the U.S. created a political overhang that dampened biotechnology performance for much of 2019. We have observed historically that when healthcare reform or drug pricing legislation is being actively debated in Washington, valuations tend to contract for the sector. However, whenever the uncertainty passes and investors realise that the outlook for drug prices is not so dire for the industry after all, there is generally a relief rally in biotechnology. Such a relief rally occurred in 2017, after Hillary Clinton, who campaigned heavily against the pharmaceutical industry, lost the presidential election to Donald Trump. Political uncertainty reestablished itself, however, once Trump started talking about potential policies to lower drug prices and Democratic presidential candidates began talking about drug price reform on the campaign trail.

One of the most significant political developments that occurred in March was the ascendance of Joe Biden as the clear presumptive nominee for the Democratic nomination. Former Vice President Biden is regarded as a centrist and assisted President Obama in shepherding the passage of Obamacare, the healthcare reform bill that expanded healthcare coverage in the U.S. He has notably not supported the abolishment of private health insurance, unlike his progressive rivals Bernie Sanders and Elizabeth Warren. While Biden may still pursue drug pricing reform if elected President, we think a split Congress after the November elections, with the Republicans controlling the Senate and the Democrats controlling the House, will prevent any extreme legislation from passing. Under normal circumstances, we believe Biden's ascendance as the Democratic nominee would have catalysed a relief rally in biotechnology, but the broad market correction due to COVID-19 in March completely overshadowed that positive political development. As the COVID-19 outbreak comes under control, we think investors will more greatly appreciate this positive development for the biotechnology industry.

STRATEGY SHIFTS TO ENHANCE LONG-TERM PERFORMANCE

Over the course of the financial year, we made a number of structural shifts in the portfolio that we believe will enhance long-term performance.

First, we have lowered the proportion of large capitalisation biotechnology in the portfolio and chosen to allocate a majority of the Company's capital to emerging biotechnology companies. Even though we continue to believe there is a compelling value argument to be made for large capitalisation biotechnology, especially as the political overhang clears, we find the number of attractive investment opportunities in emerging biotechnology has increased markedly over the past few years, in part due to a robust biotechnology IPO market. Moreover, according to data provider IQVIA, almost three-quarters of the entire pharmaceutical industry's late stage drug development pipeline is now being developed by "emerging biopharma," which roughly equates to what we define as emerging biotechnology. Additionally, if one just focuses on what IQVIA defines as Next-Generation Biotherapeutics, i.e. those based on the novel technologies of cell therapy, gene therapy, and nucleic acid based therapy, over 90% of those late-stage candidates are being developed by "emerging biopharma." In order to best capture the wave of innovation propelling the industry, it seems prudent to tilt the portfolio's emphasis towards the emerging biotechnology segment of the biotechnology universe responsible for most of the innovation. One result of this strategy shift has been an expansion in the number of names in the portfolio. Whereas previously we may have had 30-45 names in the portfolio, the name count has now expanded to 50-65 names. This is because emerging biotechnology investments are generally in smaller companies with greater risk and less liquidity, so we typically size those positions at smaller weights than our large capitalisation biotechnology positions.

Second, we have started allocating a portion of the portfolio to unquoted private investments. According to the Company's investment guidelines, up to 10% of the portfolio can be invested in unquoteds. Our intention is to focus on just investing in "crossover" rounds, the last private financing round prior to an IPO, in order to maintain a fair degree of near-term liquidity. As companies go public, we would replace them with new crossover investments as opportunities arise. We do not intend to engage in early stage venture capital where an exit is expected many years in the future. Thus far, the portfolio's crossover investments have already had a beneficial impact on overall performance. Given OrbiMed's stature in the healthcare investing space, we have excellent deal flow in crossover opportunities that other biotechnology managers may miss.

Third, our activity in emerging markets, particularly China, has also increased. The Company has a global mandate, so we are charged with looking for the best biotechnology investment opportunities in the world. Unlike most biotechnology portfolio managers, OrbiMed maintains offices in Shanghai and Hong Kong and has dedicated analysts conducting on-the-ground due diligence on Chinese opportunities. Given corporate governance issues that have plagued Chinese companies in the past, we believe this local research effort is particularly important to investing successfully in the region. Our view is that we are in the early stages of a burgeoning biotechnology industry in China that is based on innovation. The Chinese FDA now expedites approvals of innovative compounds, multinational pharmaceutical companies are increasingly partnering with Chinese companies on innovative assets, and recently relaxed IPO listing requirements in Hong Kong and the local A share markets have given pre-revenue Chinese biotechnology companies an important avenue to finance their drug development. Overall, these factors should create a growing biotechnology ecosystem in China, and the Company is well positioned to take advantage of these opportunities. Recent China investments undertaken in the past year include **AlphaMab Oncology** and **Hansoh Pharmaceuticals**.

COVID-19 IMPACT AND OUTLOOK

No discussion of the financial year would be complete without addressing COVID-19 and the impact of the COVID-19 pandemic on the markets, the biotechnology industry, and the portfolio. It is clear that the novel COVID-19 is having a much more severe impact on economies worldwide than previous virus outbreaks, with governments instituting lockdown measures that have significantly curtailed economic activity. Despite the severity of the economic downturn, our view remains that the outbreak will ultimately be temporary and should not have a long-term detrimental impact on the biotechnology industry.

The U.S. stock market suffered a substantial decline from late February to late March as the COVID-19 spread to Europe and the U.S. The biotechnology sector and the Company's performance also declined substantially over that period, with higher-beta emerging biotechnology stocks declining more than the lower-beta large-capitalisation biotechnology stocks. In response to the slowing economy, the U.S. government took unprecedented actions to stimulate the economy, including the Federal Reserve's implementation of "unlimited" quantitative easing and passage of a U.S.$2 trillion fiscal stimulus package, the largest in U.S. history. In part due to this dramatic financial intervention, the markets and the biotechnology sector recovered sharply from the lows of March. By the end of April 2020, the NASDAQ Biotech Index had actually exceeded its pre-COVID-19 highs. Likewise, the Company's net asset value had reclaimed its highs by late April.

Our investment strategy during this period of extreme volatility remained largely unchanged. We continued our strategy of fundamental bottom-up stockpicking. During the steep downturn in March, we took advantage of the market dislocation to add to some of our higher-conviction portfolio positions. We did not make significant changes to the overall structure of the portfolio or alter our emphasis on emerging biotechnology. While we are encouraged by the biotechnology companies attempting to develop potential treatments and vaccines for COVID-19, we have not actively "chased" these names, as the probability of success and ultimate revenue potential from those therapies remains unknown. Having said that, some of the Company's portfolio companies happen to have active COVID-19 programs, including **Gilead Sciences** (developing the antiviral remdesivir), **Regeneron Pharmaceuticals** (developing antibody treatments for COVID-19), and **CanSino Biologics** (a Chinese vaccine company which has advanced a vaccine for COVID-19 into human trials).

The impact of COVID-19 on the biotechnology industry has been much less severe relative to other parts of the economy. Most biotechnology companies are considered essential businesses, so they have been able to operate under the COVID-19 lockdown measures. There is likely to be a temporary negative impact to drug sales with the curtailment in doctor and hospital visits, as well as some delays in clinical trials, but for the most part, the headwinds seem manageable for the industry. First quarter earnings for large capitalisation biotechnology companies were generally strong, and sales of drugs taken by patients at home should be minimally impacted, as they can receive those drugs by mail without seeing a physician. Supply chain disruption for biotechnology has been largely non-existent, and the FDA has continued to adhere to its drug review timelines. The financing environment for biotechnology has been surprisingly robust, with several companies executing successful IPOs and follow-on offerings in March and April. We believe biotechnology can be a defensive sector for equity investors during this economic downturn.

At the time of this report, it appears that new cases and deaths from COVID-19 have been declining in some of the epicentres of infection, including Italy, Spain, and New York. Focus has now turned to how best to reopen economies in a safe way, and we believe general stock market performance looking forward will hinge on how well those re-openings proceed. Other near-term events that could improve market sentiment include the implementation of broader antibody testing to allow governments to design optimal reopening strategies, positive data points from clinical trials of treatments and vaccines for COVID-19, and the arrival of summer, when warmer weather may help attenuate further spread of the virus.

Outside of COVID-19, all of the fundamental investment themes for biotechnology remain intact: unprecedented innovation based on novel technologies, a friendly FDA proactively approving new drugs, compelling valuations relative to historical norms, and expected continued M&A activity.

Ultimately, we are confident that the biopharmaceutical industry will be able to find effective treatments and vaccines for COVID-19. The speed with which various treatment candidates and vaccine approaches have entered clinical trials has been impressive, and we may very well see an effective vaccine emerge by the end of 2020. We think the biopharmaceutical industry's public image may actually be strengthened by the ongoing crisis. If a biopharmaceutical company successfully develops a treatment or vaccine that curtails the epidemic, society may develop a greater appreciation for the value to humanity that the industry provides.

ORBIMED UPDATE

In terms of investment team developments at OrbiMed, I would note that my colleague and co-portfolio manager Richard Klemm resigned in February to pursue other opportunities. While we are sad to see him leave, OrbiMed has a deep bench of four talented biotechnology analysts, so there has been minimal disruption from his departure. Given that the number of investable biotechnology companies has increased markedly over the past 2-3 years, we are in the process of hiring three more biotechnology associates to further buttress our research efforts. I have been co-managing the Company's portfolio since 2005 and will remain the sole portfolio manager.

In light of the COVID-19 lockdown measures, most of OrbiMed's staff have been working remotely over the past couple of months. The transition has been smooth, and the entire organisation – analysts, portfolio managers, traders – are in constant virtual communication every day in real time using the latest technologies available. Despite the significant challenges that COVID-19 is posing to countries worldwide, we are more focused than ever on choosing the best investment opportunities for long-term sustained performance.

Geoff Hsu
OrbiMed Capital LLC, Portfolio Manager

3 June 2020

PRINCIPAL CONTRIBUTORS TO AND DETRACTORS FROM NET ASSET VALUE PERFORMANCE

Top Five Contributors	Contribution for year ended 31 March 2020 £'000	Contribution per share (pence)*
Deciphera Pharmaceuticals	14,461	32.0
CanSino Biologics	14,416	31.9
Aurinia Pharmaceuticals	14,335	31.7
Vertex Pharmaceuticals	12,608	27.9
Karyopharm Therapeutics†	11,216	24.8
	67,036	148.3
Top Five Detractors		
Milestone Pharmaceuticals†	(6,253)	(13.8)
Alexion Pharmaceuticals	(5,760)	(12.8)
Mirati Therapeutics	(5,705)	(12.6)
Puma Biotechnology†	(4,740)	(10.5)
Heron Therapeutics	(4,235)	(9.4)
	(26,693)	(59.1)

* based on 45,157,104 shares being the weighted average number of shares in issue for the year ended 31 March 2020
† not held in the portfolio on 31 March 2020

PERFORMANCE ATTRIBUTION FOR THE YEAR ENDED 31 MARCH 2020

Contribution to total returns	%	%
Benchmark return		1.2
Portfolio Manager's contribution		14.8
Portfolio total return		16.0
Gearing	1.0	
Management fee and other expenses	-1.1	
Performance fees	0.0	
Share buybacks	2.6	
Other effects		2.5
Return on net assets		**18.5**

Source: Frostrow Capital LLP.

BUSINESS REVIEW

The Strategic Report, on pages 1 to 24, 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. Please also see the Stakeholder Interests and Board Decision Making Statement beginning on page 23. The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

BUSINESS MODEL

The Biotech Growth Trust PLC is an investment trust, its shares are listed on the premium segment of the official list and traded on the main market of 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 page 34. 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 9 to 14. 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. No dividends were paid or declared during the year (2019: None).

CONTINUATION OF THE COMPANY

An opportunity to vote on the continuation of the Company is given to shareholders every five years. The next such continuation vote will be held at this year's Annual General Meeting. The Board unanimously recommends that shareholders vote in favour of the resolution allowing the Company to continue as an investment trust for a further five years. (Please see the Notice of Annual General Meeting beginning on page 83 and also page 3, pages 22 and 23 and also pages 38 and 39 for further information).

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.

KEY PERFORMANCE INDICATORS ("KPIs")

The Board assesses the Company's performance in meeting its objective against the following key performance indicators: net asset value total return; share price total return; share price discount to net asset value per share; and ongoing charges. Information on the Company's performance is provided in the Chairman's Statement and the Portfolio Manager's Review and a record of these measures is shown on page 4, 5 and 6. The KPIs have not changed from the prior year:

NET ASSET VALUE PER SHARE TOTAL RETURN^

The Directors regard the Company's net asset value per share total return as being the overall measure of value delivered to shareholders over the long term. 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 +18.5%, outperforming the Benchmark by 17.3%. Since OrbiMed's date of appointment (19 May 2005) to 31 March 2020, the Company's net asset value per share total return is +836.1% compared with Benchmark performance of +633.7%. Please see the Chairman's Statement (beginning on page 1) and the Portfolio Manager's Review (beginning on page 9) for further information.

SHARE PRICE TOTAL RETURN^

The Directors also regard the Company's share price total return to be a key indicator of performance. This reflects share price growth of the Company which the Board recognises is important to investors. This is monitored closely by the Board. Please see the Chairman's Statement (beginning on page 1) for further information.

During the year under review the Company's share price total return was +10.9%. Since OrbiMed's date of appointment (19 May 2005) to 31 March 2020, the Company's share price total return is +763.7% compared with Benchmark performance of +633.7%.

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. For most of the year under review, the Company continued to pursue an active policy of buying back its shares when the discount to the net asset value per share was materially higher than 6%. However, as a result of extreme market volatility in March 2020, the Board took the decision that it would be in the best interests of shareholders to suspend buybacks until a less volatile period. The Board remains committed to protecting the discount at or near the 6% level and is keeping the resumption of buybacks under close review. Please see the Chairman's Statement on page 2 for further information.

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 a factor over which the Board has no control. The making and timing of any share buy-backs or share issuance is at the absolute discretion of the Board. Please see the Chairman's Statement on page 2 for further information.

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

- to fulfil excess demand in the market in order to help to manage the premium at which the Company's shares trade to net asset value per share;
- to provide a small enhancement to the net asset value per share of existing shares through new share issuance at a premium to the estimated net asset value per share;

^ Alternative Performance Measure (See Glossary beginning on page 78).

- to grow the Company, thereby spreading operating costs over a larger capital base which should reduce the ongoing charges ratio; and
- to improve liquidity in the market for the Company's shares.

ONGOING CHARGES^

The Board continues to be conscious of expenses and works hard to maintain a sensible balance between strong service and costs. The reasons for the continued appointment of the Company's AIFM and the Portfolio Manager, on the terms set out on page 34, are set out on page 35. In reaching this decision, the Board took into account the ongoing charges ratio of other investment companies with specialist mandates.

As at 31 March 2020 the ongoing charges figure was 1.1% calculated by taking the operating expenses of the Company divided by the average daily assets of £389.4 million (2019: 1.1% (average daily assets of £432.3 million)).

^ Alternative Performance Measure (see Glossary beginning on page 78).

RISK MANAGEMENT

As part of its oversight and risk management responsibilities, 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.

As a result of the COVID-19 pandemic, the economic risk of a global recession has risen sharply. Despite the mitigants of monetary and fiscal stimulus, the Directors believe that the duration of the pandemic and its effects will be a source of uncertainty for some time to come and may increase some of the risks set out below. The measures to mitigate these risks have not changed, and the Company is active in a sector which typically displays defensive characteristics in uncertain times.

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 overleaf.

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 categories set out overleaf.

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 pages 16 and 17) 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. For most of the year under review, the Company continued to pursue an active policy of buying back its shares when the discount to the net asset value per share was materially higher than 6%. However, as a result of extreme market volatility in March 2020, the Board took the decision that it would be in the best interests of shareholders to suspend buybacks until a less volatile period. The Board remains committed to protecting the discount at or near the 6% level and is keeping the resumption of buybacks under close review. The making and timing of any share issuance or buy-backs is at the absolute discretion of the Board. New shares will only be issued at a premium to the net asset value per share. Shareholders should note 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. Climate change may have an impact on some of the Company's investment companies in the coming years potentially affecting their operating models, for example supply chains, physical locations and energy costs. The effects have yet to be fully understood. Both the Board and the Portfolio Manager are keeping this under close 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. The spread of an infectious disease may force governments to introduce rules to restrict meetings and movements of people and take other measures to prevent its spread, which may cause disruption to the Company's operations.	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. The operational and regulatory risks arising from the COVID-19 pandemic, and measures introduced to combat its spread, were discussed by the Board, with updates on operational resilience received from the Portfolio Manager, AIFM and other key service providers.
MARKET PRICE RISK	
Uncertainty about future prices of financial instruments held. Falls in stock markets, such as those experienced as a consequence of the COVID-19 pandemic, and the risk of a global recession, are likely to adversely affect the performance of the Company's investments.	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. The Portfolio Manager spreads the investment risk over a wide portfolio of investments, at the year end the Company's portfolio comprised investments in 61 companies.
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 pages 7 and 8 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 19 for further information.
CURRENCY RISK	
Movements in exchange rates could adversely affect the sterling performance of the portfolio.	A significant proportion of the Company's assets is, and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's position with regard to currency fluctuations which is that it does not currently manage or mitigate for currency exposure (see page 16).
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). The Company's borrowing policy is that borrowing will not exceed 20% of the Company's net assets.
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. The level of the Company's gearing is at the discretion of the AIFM and the Board and can be repaid at any time, at which point the assets taken as collateral will be released back to the Company. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan 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 35 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 69.

EMERGING RISKS

The Company has carried out a robust assessment of the Company's emerging and principal risks and the procedures in place to identify emerging risks are described below. The International Risk Governance Council definition of an 'emerging' risk is one that is new, or is a familiar risk in a new or unfamiliar context or under new context conditions (re-emerging). Failure to identify emerging risks may cause reactive actions rather than being proactive and, in worse case, could cause the Company to become unviable or otherwise fail or force the Company to change its structure, objective or strategy.

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

COVID-19

The market and operational risks and financial impact as a result of the COVID-19 pandemic, and the measures introduced to combat its spread, have been discussed by the Board, with updates on operational resilience being received from the Company's principal services providers. The Company's Portfolio Manager continues to provide regular updates to the Board on the financial impacts of the pandemic on portfolio performance and investee companies as well as the effect on the biotechnology and healthcare sectors.

The experience and knowledge of the Directors has been invaluable in these discussions, as are updates from the Company's principal service providers, including the Portfolio Manager and the AIFM, the Company's Broker and Auditor. In addition, the Company is a member of the Association of Investment Companies (AIC), which provides regular technical updates including highlighting forthcoming industry and/or regulatory issues and advising on compliance obligations.

IMPACT OF BREXIT

The Board has considered whether Brexit poses a discrete risk to the Company. 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 70 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, the AIFM and the Portfolio Manager 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 18 to 21.

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 investment horizon and also what the Board believes 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 18 to 21. 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 recognise that there is a continuation vote due to take place at this year's 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.

This assessment has included a detailed review of the issues arising from the COVID-19 pandemic as discussed in both the Chairman's Statement on page 2 and in the Portfolio Manager's Review on pages 12 and 13.

STAKEHOLDER INTERESTS AND BOARD DECISION-MAKING (SECTION 172 STATEMENT)

The Directors have a duty to promote the success of the Company for the benefit of shareholders as a whole and to describe how they have performed this duty having regard to matters set out in section 172(1) of the Companies Act 2006. In fulfilling this duty, the Directors consider the likely consequences of their actions over the long term and on other stakeholders. As an externally managed investment company, the Company does not have employees. Its main stakeholders therefore comprise its shareholders, who are also its customers, and a small number of suppliers. These suppliers are external firms engaged by the Board to provide, amongst others, AIFM, portfolio management, secretarial, depositary, custodial and banking services. The principal relationships are with the AIFM and the Portfolio Manager and page 34 contains further information. Portfolio management services are fundamental to the long-term success of the Company through the pursuit of the investment objective. The Board regularly monitors the Company's investment performance in relation to its objective and also to its investment policy and strategy. It seeks to maintain a constructive working relationship with the AIFM and the Portfolio Manager and on an annual basis reviews their continuing appointment to ensure it is in the best long-term interests of shareholders. The Board receives and reviews detailed presentations and reports from the AIFM and the Portfolio Manager and other suppliers to enable the Directors to exercise effective oversight of the Company's activities. Further information on the Board's review process is set out in the Corporate Governance Report. The AIFM seeks to maintain constructive relationships with the Company's other suppliers on behalf of the Company, typically through regular communications and the provision of relevant information and update meetings. To help the Board in its aim to act fairly as between the Company's members, it encourages communications with all shareholders. The Annual and Half Year reports are issued to shareholders and are available on the Company's website together with other relevant information including monthly fact sheets. The AIFM offers to meet shareholders regularly to provide detailed reports on the progress of the Company and receive feedback which is provided to the Board. Directors are also available to meet with shareholders during the year and at the AGM. Please refer to the Chairman's Statement on page 3 for details of this year's arrangements. Shareholders' views are considered as part of the Board's regular strategy reviews. Shareholders have the opportunity to validate the Board's strategy through a vote every five years on the continuation of the Company and the Board encourages shareholders to participate in this vote, the next opportunity will arise at the forthcoming AGM. In seeking to enhance value for shareholders over the long term, the Board has also established guidelines to allow the AIFM and the Portfolio Manager to deploy gearing on a tactical basis when opportunities arise and to implement share buy-backs and share issuance as appropriate.

As described in more detail within the Corporate Governance Report, the Board is committed to maintaining and demonstrating high standards of corporate governance in relation to the Company's business conduct. The approach taken by the Portfolio Manager in the context of ESG investing as described on page 33.

In summary, the Board's primary focus in promoting the long-term success of the Company for the benefit of its shareholders as a whole is to direct the Company with a view to achieving the investment objective in a manner consistent with its stated investment policy and strategy. In doing so, and as described above, it has due regard to the impact of its actions on other stakeholders and the wider community.

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 9 to 14. It is expected that the Company's Strategy will remain unchanged in the coming year.

The Board recognises that there is a continuation vote due to take place at the this year's Annual General Meeting. The Board unanimously recommends that shareholders vote in favour of the resolution and expects that the Company will continue to exist for the foreseeable future.

By order of the Board

Frostrow Capital LLP
Company Secretary
3 June 2020

BOARD OF DIRECTORS

ANDREW JOY
Independent Non-Executive Chairman

Joined the Board in 2012 and became Chairman in July 2016

Remuneration: £37,000 pa*

Committees
Andrew is Chairman of the Nominations Committee. (See page 27 for further information).

Shareholding in the Company
55,000

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

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

Standing for re-election: Yes

STEVE BATES
Independent Non-Executive Director

Joined the Board in 2015

Remuneration: £28,500 pa*

Committees
Steve is Chairman of the Management Engagement Committee. (See page 27 for further information).

Shareholding in the Company
10,000

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

Other Appointments
Steve is non-executive Chairman of Vinacapital Vietnam Opportunity Fund Limited and of Third Point Offshore Investors 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: £28,500 pa*

Committees
Julia is Chair of the Audit Committee. (See page 27 for further information).

Shareholding in the Company
7,000

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

Other Appointments
Julia is a non-executive Director of BMO UK High Income Trust 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 2020

PROFESSOR DAME KAY DAVIES CBE
Independent Non-Executive Director

Joined the Board in 2012

Remuneration: £28,500 pa*

Committees
Professor Davies is Chair of the Remuneration Committee and is the Senior Independent Director. (See page 27 for further information).

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 a Director of biopharmaceutical company UCB Pharma S.A. and Chair of the Scientific Advisory Board of Oxstem Limited. Professor Davies also serves on the GRL Board (Sanger Institute).

Standing for re-election: Yes

GEOFF HSU
Non-Executive Director

Joined the Board in 2018

Remuneration: Nil*

Committees
Geoff does not sit on any of the Company's Committees. (See page 27 for further information).

Shareholding in the Company
Nil

Skills and Experience
Geoff is a General Partner of OrbiMed, having joined in 2002 as a biotechnology analyst. Prior to joining OrbiMed, he worked as an analyst in the healthcare investment banking group at Lehman Brothers.
Mr Hsu received his A.B. degree summa cum laude from Harvard University and holds an M.B.A. from Harvard Business School. Prior to business school, he spent two years studying medicine at Harvard Medical School.

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

Standing for re-election: Yes

THE RT HON LORD WILLETTS FRS
Independent Non-Executive Director

Joined the Board in 2015

Remuneration: £26,000 pa*

Committees
(See page 27 for further information).

Shareholding in the Company
Nil

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

Other Appointments
Lord Willetts is President of the Resolution Foundation and a Visiting Professor at King's College London. He is also a Board Member of Surrey Satellites and Tekcapital and an Honorary Fellow of the Royal Society and of Nuffield College.
He is also Chancellor of the University of Leicester.

Standing for re-election: Yes

* Information as at 31 March 2020

CORPORATE GOVERNANCE

THE BOARD AND COMMITTEES

Responsibility for effective governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees. Portfolio management is delegated to OrbiMed and risk management, company management, company secretarial, administrative and marketing services are delegated to Frostrow.

THE BOARD

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
Steve 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

CORPORATE GOVERNANCE STATEMENT

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

The Financial Reporting Council has confirmed that by following the AIC Code, 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 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 can be viewed at www.theaic.co.uk. and the UK Code can be viewed on the Financial Reporting Council website at www.frc.org.uk. The Corporate Governance Report on pages 27 to 33, forms part of the Report of the Directors on pages 34 to 39.

BOARD LEADERSHIP AND PURPOSE

PURPOSE AND STRATEGY

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

BOARD CULTURE

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

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

SHAREHOLDER RELATIONS

The Company has appointed Frostrow to provide marketing and investor relations services, in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to net asset value per share over the long run. Frostrow actively promotes the Company as set out on pages 16 and 17.

SHAREHOLDER COMMUNICATIONS

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 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.

The Board supports the principle that the Annual General Meeting (AGM) be used to communicate with private investors, in particular. Shareholders are usually encouraged to attend the AGM, where they are normally given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. In addition, the Portfolio Manager usually makes a presentation to shareholders covering the investment performance and strategy of the Company at the AGM. However, in light of government rules relating to the COVID-19 pandemic at the date of this report, the Board has made different arrangements for the forthcoming AGM and these are explained in the Chairman's Statement. Details of the proxy votes received in respect of each resolution will be made available on the Company's website.

SIGNIFICANT HOLDINGS AND VOTING RIGHTS

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

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 (with the exception of Geoff Hsu) 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 25 and 26.

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.

BOARD 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.

CONFLICTS OF INTEREST

In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and potential conflicts is maintained and is reviewed at every Board meeting. It was resolved at each Board meeting during the year that there were no direct or indirect interests of a Director that conflicted with the interests of the Company. Appropriate authorisation will be sought prior to the appointment of any new director or if any new conflicts or potential conflicts arise.

BOARD COMPOSITION AND SUCCESSION

SUCCESSION PLANNING

The Board regularly considers its structure and recognises the need for progressive refreshment.

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

During the year, the Board reviewed the policy on Directors' tenure and considered the overall length of service of the Board as a whole.

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

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

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

APPOINTMENTS TO THE BOARD

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

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

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.

No new appointments were made during the year.

DIVERSITY POLICY

The Board supports the principle of Boardroom diversity, of which gender is one important aspect. The Company's policy is that the Board should be comprised of Directors who collectively display the necessary balance of professional skills, experience, length of service and industry knowledge. When considering Board appointments, the Board will ensure that a diverse group of candidates is considered and that appointments are made on merit against objective criteria, including diversity.

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the Company and generating value for all shareholders by ensuring there is a breadth of perspectives among the Directors and the challenge needed to support good decision-making. To this end achieving a diversity of perspectives and backgrounds on the Board will be a key consideration in any director search process. The Board will, however, look for at least one-third of its membership to be women.

MEETING ATTENDANCE

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 March 2020 and the number of meetings attended by each Director.

	Board	Management Engagement Committee	Audit Committee	Nominations Committee	Remuneration Committee
Number of meetings held in 2019/20:	**6**	**1**	**4**	**2**	**1**
Steve Bates	6	1	4	2	1
Professor Dame Kay Davies CBE	6	1	3	2	1
Geoff Hsu*	6	–	–	–	–
Andrew Joy	6	1	4	2	1
Julia Le Blan	6	1	4	2	1
The Rt Hon Lord Willetts	5	1	3	2	1

All of the serving Directors attended the Annual General Meeting held on 11 July 2019.

* Geoff Hsu is not a member of any committees.

BOARD EVALUATION

During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Senior Independent Director.

This involved the circulation of a Board effectiveness checklist tailored to suit the nature of the Company followed by discussions between the senior Independent Director and each of the Directors where necessary. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director. The review concluded that the Board was working well.

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 2019 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.

Steve 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.

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 (including their internal controls reports). 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.

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 38.

RESPONSIBLE INVESTING

The Company's Portfolio Manager, OrbiMed, believes there is a high congruence between companies that seek to act responsibly and those that succeed in building long-term shareholder value. To the extent practicable and reasonable, OrbiMed takes into account applicable environmental, social and corporate factors when evaluating a prospective or existing investment for the Company. These criteria form the foundation of OrbiMed's Responsible Investing Policy and are among the factors that members of OrbiMed's investment team may research and analyse when determining whether to recommend that the Company makes an investment. In particular, OrbiMed has a focus on the corporate governance environment that exists at a prospective investee company when making investment decisions.

EXERCISE OF VOTING POWERS

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

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

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

3 June 2020

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 2020. Disclosures relating to performance, future developments and risk management can be found in the Strategic Report on page 1 to 24.

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. There were no performance fees payable as at 31 March 2020 (2019: nil).

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 69 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 2020 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. The potential draw down of the Company's loan facility with JP Morgan is limited to 50% of the Company's Marginable Securities*; however as described on page 21 the maximum amount of gearing permitted by the Board is 20% of net assets. (Further details can be found in note 1 beginning on page 60 and note 13 beginning on page 69).

*see glossary beginning on page 78.

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. For most of the year under review, the Company continued to pursue an active policy of buying back its shares when the discount to the net asset value per share was materially higher than 6%. However, as a result of extreme market volatility in March 2020, the Board took the decision that it would be in the best interests of shareholders to suspend buybacks until a less volatile period. The Board remains committed to protecting the discount at or near the 6% level and is keeping the resumption of buybacks under close review. As at 31 March 2020, the discount was 12.7% (31 March 2019: 6.7%). 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 (see pages 37 and 38 for further information).

ANNUAL GENERAL MEETING

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

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

The Company's Annual General Meeting will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Wednesday, 15 July 2020 at 12 noon. Please refer to the Chairman's Statement beginning on page 1 for details of this year's arrangements.

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

Resolution 11 Authority to allot shares

Resolution 12 Authority to disapply pre-emption rights

Resolution 13 Authority to buy back shares

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

Resolution 15 To approve the continuance of the Company as an investment trust for a further period of five years.

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 83 to 85. Explanatory notes regarding the resolutions can be found on pages 86 and 87.

DIRECTORS

DIRECTORS' FEES

A report on Directors' Remuneration and also the Directors' Remuneration Policy Report are set out on pages 46 to 49.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE COVER

Directors' & Officers' liability insurance cover was maintained by the Board during the year ended 31 March 2020. It is intended that this policy will continue for the year ended 31 March 2021 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 2020, the latest practicable date before publication of the annual report.

	30 April 2020		31 March 2020	
Shareholders	No. of shares	% of Issued share capital	No. of shares	% of Issued share capital
Hargreaves Lansdown	4,197,889	10.7	3,994,369	10.2
Interactive Investor	3,203,868	8.2	3,138,192	8.0
Border to Coast Pensions Partnership	2,390,000	6.1	2,600,000	6.6
Rathbones	2,303,624	5.9	2,280,306	5.8
Charles Stanley	1,779,608	4.5	1,774,694	4.5
Brewin Dolphin, Stockbrokers	1,781,219	4.5	1,664,554	4.2
M&G Investment Management	1,458,674	3.7	1,458,674	3.7

As at both 31 March and 30 April 2020 the Company had 39,207,269 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 56 and 58. No dividend is proposed in respect of the year ended 31 March 2020 (2019: nil).

ALTERNATIVE PERFORMANCE MEASURES

The Financial Statements (on pages 56 to 75) 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 6 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on pages 17 and 18. Please also see the glossary beginning on page 78.

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 of 25p each. During the year 12,760,293 shares were repurchased by the Company at an average discount of 8.9% to the Company's net asset value per share and at a cost of

£104.2 million. No new shares were issued by the Company during the year. At the end of the year under review and to the date of this report there were 39,207,269 Ordinary Shares in issue. Further details are given in note 11 to the Financial Statements on page 68.

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 85.

POLITICAL AND CHARITABLE DONATIONS

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

MODERN SLAVERY ACT 2015

The Company does not provide goods or services in the normal course of business, and as a financial investment vehicle does not have customers. The Directors do not therefore consider that the Company is required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking.

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 Report set out on pages 27 to 33 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.

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 this year's Annual General Meeting. 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. The content of the Company's portfolio, trading activity, the Company's cash balances and revenue and expense forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of further substantial falls in markets and significant reductions in market liquidity to that experienced to date in connection with the COVID-19 pandemic, on the Company's net asset value, its cash flows and its expenses. Further information is provided in the Audit Committee report beginning on page 41.

Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement on pages 22 and 23, the Company's cash balances, and the liquidity of the Company's investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

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 2020.

By order of the Board

Frostrow Capital LLP
Company Secretary

3 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors 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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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. The Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

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 for the year ended 31 March 2020; and
- the Chairman's Statement, the Strategic Report includes a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance and Transparency Rules.

The Directors 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

3 June 2020

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2020

COMPOSITION AND MEETINGS

The Audit Committee the ("Committee") comprises the independent Directors whose biographies can be found on pages 25 and 26. The AIC Code permits the chairman of the board to be a member of the Committee (but not to chair it) if he/she was independent on appointment. The Chairman of the Board was independent on appointment and continues to be so. The Directors therefore feel it is appropriate for him to be a member of the Committee. 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 four times during the year. Attendance by each Director is shown in the table on page 31.

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 advise the Board on whether the Annual Report and the financial statements, taken as a whole, is fair, balanced and understandable.**

3. **To review the risk management and internal control processes of the Company and its key service providers.** 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.

4. **To develop and implement a policy for the effectiveness of the external Auditor,** and agreeing the scope of its work, and its remuneration. Also, to be responsible for the selection process of the external Auditor (including the leadership of the audit tender process) and to have primary responsibility for the Company's relationship with the external Auditor.

5. **To review the effectiveness of the external audit and the process.**

6. **To review the independence and objectivity of the external Auditor.**

7. **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 45 for further information)

8. **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.

9. **To report its findings to the Board.**

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 2020, 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.

VALUATION OF UNQUOTED INVESTMENTS

The Company has the ability to make unquoted investments up to a limit of 10% of the portfolio at the time of acquisition. Both the Company's Directors and the AIFM need to ensure that an appropriate value is placed on such investments within the Company's net asset value. The Committee worked with the Company's Portfolio Manager and the AIFM to establish clear guidelines for the valuation of unquoted investments, including the use of valuations produced by independent external valuers, where appropriate.

RECOGNITION OF REVENUE FROM INVESTMENTS

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

TAXATION – 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 and agrees the calculation of any performance fee that becomes payable.

ALLOCATION OF PORTFOLIO MANAGEMENT FEES, MANAGEMENT FEES AND FINANCE COSTS BETWEEN REVENUE AND CAPITAL

The Committee considered the allocation of Portfolio Management fees, Management fees and finance costs between revenue and capital during the year. After taking advice from the Company's Auditor and considering the AIC SORP and the Company's Investment Objective and the nature of its long-term returns, it recommended to the Board that the allocation should be amended from the current allocation of 100% to capital to 5% chargeable to revenue and 95% to capital. The Board agreed that this should become effective from 1 April 2020.

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 pages 17 and 18).

ACCOUNTING POLICIES

During the year the Committee ensured that the accounting policies, as set out on pages 60 to 64, were applied consistently throughout the year. In light of there being no unusual transactions during the year or other possible reasons, the Committee agreed that there was no reason to change the policies.

GOING CONCERN

Having reviewed the Company's financial position and liabilities, the Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. The Committee notes that there is a continuation vote due to take place at this year's Annual General Meeting and that the Board is fully supportive of the continuation of the Company and expects that the continuation vote will be passed. Further detail is provided on pages 38 and 39.

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 2020. During the course of its review the 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 (including emerging risks) can be found on pages 19 to 22.

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 3 June 2020.

VIABILITY STATEMENT

The Committee also considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on pages 22 and 23. The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties and the results of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds. This included modelling further substantial market falls, and significantly reduced market liquidity, to that experienced recently in connection with the COVID-19 pandemic. The scenarios assumed that there would be no recovery in asset prices and that listed portfolio companies which have cut or cancelled any dividends due since the COVID-19 outbreak would not reinstate them.

The results demonstrated the impact on the Company's NAV, its expenses, its cash flows and its ability to meet its liabilities. In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to be able to meet its liabilities as they fall due. Based on the information available to the Directors at the time, the Committee therefore concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years. The Committee recognises that there is a continuation vote due to take place at this year's 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.

APPOINTMENT OF NEW AUDITOR

During the year, in the interests of obtaining the best value for shareholders (see Chairman's Statement for further information) and as notified in the Company's half yearly report for the six months ended 30 September 2019, the Audit Committee led a competitive audit tender process. A selection of audit firms was invited to participate, and three firms submitted proposals and were interviewed by the Audit Committee.

In line with the requirements of the EU Audit Regulation, the Committee submitted two audit firm candidates for the engagement to the Board, together with a justified preference for one of them. Following due consideration, the Board resolved to appoint the Committee's preferred candidate, BDO LLP. Accordingly, Ernst & Young LLP resigned as the Company's auditor and provided a statement explaining the reasons for its resignation which was posted to shareholders in accordance with the Companies Act 2006. The statement is available on the Company's website and the National Storage Mechanism. The Directors wish to thank Ernst & Young LLP for their service as auditor.

Peter Smith was the audit partner for the financial year under review and he has confirmed BDO's willingness to continue to act as Auditor to the Company for the forthcoming financial year. BDO's appointment is subject to shareholder approval at the next Annual General Meeting (AGM) to be held in July, and details can be found in the Notice of AGM.

As a public company listed on the London Stock Exchange, the Company is subject to mandatory auditor rotation requirements. Based on these requirements, another tender process will be conducted no later than 2030.

The Committee will, however, continue to consider annually the need to go to tender for audit quality, remuneration or independence reasons.

EXTERNAL AUDITOR

MEETINGS:

This year the nature and scope of the audit together with BDO LLP's audit plan were considered by the Committee on 20 February 2020. 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 BDO LLP on 20 May 2020 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.

No non-audit services were undertaken by either Ernst & Young LLP or BDO LLP during the year. During the previous year Ernst & Young LLP undertook a review of the Company's Key Information Document, where their fee amounted to £6,500. The Committee continues to keep the provision of non-audit services 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.

PERFORMANCE EVALUATION

The Committee conducted a review of its performance at the February 2020 meeting. In addition, the Committee's activities fell within the scope of the review of Board effectiveness carried out during the year, as detailed on pages 31 and 32. It was concluded that the Committee was performing satisfactorily and that no recommendations needed to be made to the Board.

Julia Le Blan
Chair of the Audit Committee

3 June 2020

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2020

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, 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 will be put to the shareholders at the forthcoming Annual General Meeting.

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 49 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.

In the year to 31 March 2020, the Directors' fees were paid at the following annual rates: the Chairman of the Company £37,000, Julia Le Blan as Chair of the Audit Committee, and I as the Senior Independent Director and Steve Bates as Chairman of the Management Engagement Committee all received £28,500. Lord Willetts received £26,000.

Following a review of Directors' fees during the year, the Board resolved to keep them unchanged for the year ending 31 March 2021.

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:

		Year ended 31 March 2020			Year ended 31 March 2019		
	Date of Appointment to the Board	Fees £	Taxable Benefits+ £	Total £	Fees £	Taxable Benefits+ £	Total £
Andrew Joy (Chairman)	15 March 2012	37,000	–	37,000	36,500	–	36,500
Steve Bates	8 July 2015	28,500	–	28,500	27,000	–	27,000
Sven Borho (retired 16 May 2018)	23 March 2006	–	–	–	3,204	–	3,204
Professor Dame Kay Davies CBE	15 March 2012	28,500	326	28,826	28,000	571	28,571
Julia Le Blan	12 July 2016	28,500	–	28,500	28,000	–	28,000
The Rt Hon Lord Willetts	11 November 2015	26,000	–	26,000	25,500	–	25,500
		148,500	326	148,826	148,204	571	148,775

+ 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 2020

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.

	2020 £'000	2019 £'000	Difference £'000
Fees payable to non-executive Directors	149	148	1
AIFM, Portfolio management fees and other expenses	4,280	4,558	(278)
Repurchase of own shares for cancellation	104,202	29,620	74,582

During the year ended 31 March 2020 no performance fees were paid (2019: £nil). See page 34 for further details.

DIRECTORS' REMUNERATION REPORT

At the Annual General Meeting held in July 2019 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
98.9%	1.1%	82,585

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.

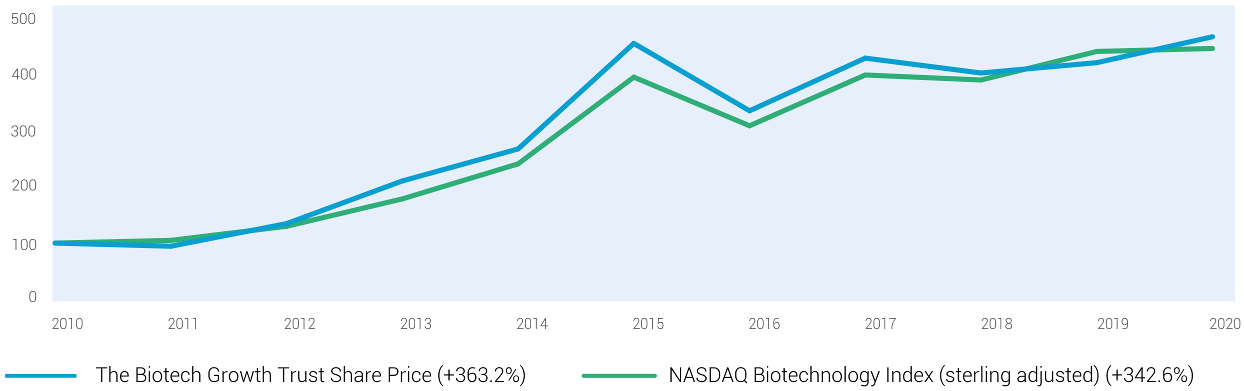
LOSS OF OFFICE

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.

SHAREHOLDER TOTAL RETURN FOR TEN YEARS TO 31 MARCH 2020



Rebased to 100 as at 31 March 2010
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		
	3 June 2020	31 March 2020	31 March 2019
Andrew Joy (Chairman)	55,000	55,000	55,000
Steve Bates	10,000	10,000	10,000
Professor Dame Kay Davies CBE	3,500	3,500	3,500
Julia Le Blan	7,000	7,000	7,000
Geoff Hsu	nil	nil	nil
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 Geoff Hsu was a General 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 34 of this Annual Report.

ANNUAL STATEMENT

On behalf of the Board I confirm that the Remuneration Policy, set out on page 49 and Remuneration Report summarise, as applicable, for the year to 31 March 2020:

(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
3 June 2020

DIRECTORS' REMUNERATION POLICY

The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. This policy is reviewed annually and it is intended that it will continue for the year ending 31 March 2021 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 18. The Company does not have any employees.

DIRECTORS' REMUNERATION YEAR ENDED 31 MARCH 2020

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 this year's Annual General Meeting.

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 (the 'Company') and for the year ended 31 March 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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. 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 listed 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 directors' confirmation in the annual report that they have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company'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 relating 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 in the annual report as to how they have assessed the prospects of the Company, 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 Company 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.

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, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit Response
Valuation, existence and ownership of investments (Note 1 and Note 8) The investment portfolio at the year-end was comprised of Level 1, listed equity investments valued at £381,751k and Level 3 unlisted investments of £16,906k. We consider the valuation, existence and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the entity. The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Alternative Investment Fund Manager (AIFM) and the Portfolio Manager, who are remunerated based on the market capitalisation or net asset value of the Company. There is also a potential risk over the existence, or that the company does not have appropriate title over these investments, as this is an area that could be subject to manipulation.	We responded to this matter by testing the valuation, existence and ownership of 100% of the portfolio of investments. We performed the following procedures: • Checked the appropriateness of the valuation methodology applied by the AIFM and Portfolio Manager. • Agreed the investment holdings to independently received third party confirmations from the custodian, or other supporting documentation as appropriate, to check existence and ownership. • Agreed the exchange rates used to independent source. • Considered the adequacy and operating effectiveness of the relevant controls in place at the custodian through review of the latest available assurance report addressing the relevant controls in place at the custodian. With respect of 100% of the Level 1 listed equity investments we also: • Checked that the year-end price has been agreed to externally quoted prices from reputable sources With respect of 100% of the Level 3 unlisted investments we also: • Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines and IFRS 13. • Recalculated the value attributable to the Company. • Corroborated the inputs to source documents including Sales and purchase agreements, fund statements and IPO prices to Bloomberg. • Considered the appropriateness of management's experts where these have been utilised in valuing the unquoted investments • Performed sensitivity analysis where appropriate.

Matter	Audit Response
	We also considered the completeness, accuracy and presentation of investment related disclosures. *Key Observations* Based on the procedures performed we consider the investment valuations to be within an appropriate range and did not identify any issues with existence and title of the investment portfolio. We consider the investment disclosures to be appropriate.

OUR APPLICATION OF MATERIALITY

We consider materiality to be the magnitude by which misstatements, individually or in aggregate, including omissions, could reasonably influence the economic decisions of users that are made on the basis of the Financial Statements. We apply the concept of materiality both in planning and performing our audit, and in evaluating the results of our work. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality Measure	Purpose	Key considerations and benchmarks	2020 Quantum (£)
Financial Statement Materiality (1% of total equity)	Determining the nature and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature and extent of further audit procedures.	• A principal consideration for members of the Company in assessing the financial performance given that the principal activity of the Company Purpose is that of an Investment Trust. • The nature and disposition of the investment portfolio.	£3,610,000
Performance Materiality (70% of Financial Statement Materiality)	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions	• Risk and control environment.	£2,527,000

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £180,000 for the revenue column of the income statement, being the higher of 10% of the revenue profit before taxation and our reporting threshold as described below.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of £180,000, being 5% of materiality as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with sections 1158 and 1159 of the Corporation Tax Act, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and IFRS accounting standards, VAT, Employers NI and other taxes. We also considered the Company's qualification as an Investment Trust under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- we made enquiries of the existence of legal invoice and correspondence in the period and reviewed any that were applicable;
- review of Investment Trust compliance workings and reports;
- enquiries and representations of management and the Board of Directors;
- agreement of the financial statement disclosures to underlying supporting documentation; and
- Multi-tier review of the financial statements against disclosure checklists.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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** – 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 position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting**– the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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 directors' responsibilities statement, 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.

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

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the Audit Committee and we were appointed by the Board of Directors on 20 February 2020 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ending 31 March 2020.

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 our audit.

Our 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.

Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
3 June 2020

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

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Investment Income							
Investment income	2	1,313	–	1,313	1,246	–	1,246
Total income		1,313	–	1,313	1,246	–	1,246
Gains on investments							
Gains on investments held at fair value through profit or loss	8	–	67,624	67,624	–	27,798	27,798
Exchange losses on currency balances		–	(2,982)	(2,982)	–	(2,380)	(2,380)
Expenses							
AIFM, Portfolio management and performance fees	3	–	(3,629)	(3,629)	–	(4,013)	(4,013)
Other expenses	4	(651)	–	(651)	(545)	–	(545)
Profit before finance costs and taxation		662	61,013	61,675	701	21,405	22,106
Finance costs	5	–	(580)	(580)	–	(820)	(820)
Profit before taxation		662	60,433	61,095	701	20,585	21,286
Taxation	6	(196)	–	(196)	(186)	–	(186)
Profit for the year		466	60,433	60,899	515	20,585	21,100
Basic and diluted earnings per share	7	1.0p	133.9p	134.9p	1.0p	37.8p	38.8p

The Company does not have any income or expenses which are not included in the profit for the year. Accordingly the "profit for the year" is also the "total comprehensive profit 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 60 to page 64 are an integral part of this statement.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Non current assets			
Investments held at fair value through profit or loss	8	398,657	431,172
Current assets			
Other receivables	9	2,532	60
		2,532	60
		401,189	431,232
Current liabilities			
Other payables	10	2,879	11,515
Loan	13	32,737	10,841
		35,616	22,356
Net assets		365,573	408,876
Equity attributable to equity holders			
Ordinary share capital	11	9,802	12,992
Share premium account		43,021	43,021
Capital redemption reserve		12,997	9,807
Capital reserve	16	300,099	343,868
Revenue reserve		(346)	(812)
Total equity		365,573	408,876
Net asset value per share	12	932.4p	786.8p

The financial statements on pages 56 to 75 were approved by the Board on 3 June 2020 and were signed on its behalf by:

Andrew Joy
Chairman

The accompanying notes from page 60 to page 75 are an integral part of this statement.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Ordinary Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2019		12,992	43,021	9,807	343,868	(812)	408,876
Net profit for the year		–	–	–	60,433	466	60,899
Repurchase of own shares for cancellation (note 11)		(3,190)	–	3,190	(104,202)	–	(104,202)
At 31 March 2020	12	9,802	43,021	12,997	300,099	(346)	365,573

FOR THE YEAR ENDED 31 MARCH 2019

	Note	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	12,992	43,021	9,807	343,868	(812)	408,876

The accompanying notes from page 60 to page 75 are an integral part of this statement.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Operating activities			
Profit before taxation*		61,095	21,286
Finance costs		580	820
Gains on investments held at fair value through profit or loss	8	(67,624)	(27,798)
Foreign exchange losses		2,982	2,380
Increase in other receivables		(17)	–
Decrease in other payables		(5)	(81)
Net cash outflow from operating activities before interest payable and taxation		(2,989)	(3,393)
Finance costs – interest paid	5	(580)	(820)
Taxation paid	6	(196)	(186)
Net cash outflow from operating activities		(3,765)	(4,399)
Investing activities			
Purchases of investments held at fair value through profit or loss		(491,471)	(395,525)
Sales of investments held at fair value through profit or loss		582,401	441,324
Net cash inflow from investing activities		90,930	45,799
Financing activities			
Repurchase of own shares for cancellation		(106,079)	(27,743)
Net drawdown /(repayment) of the loan facility		18,914	(13,657)
Net cash outflow from financing activities		(87,165)	(41,400)
Net increase in cash and cash equivalents		–	–
Cash and cash equivalents at start of year		–	–
Cash and cash equivalents at end of year		–	–

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020 £'000	2019 £'000
Balance as at 1 April	10,841	22,118
Net cash flow	18,914	(13,657)
Foreign exchange losses	2,982	2,380
Loan balance at 31 March	32,737	10,841

* Includes dividends earned during the year of £1,313,000 (2019: £1,246,000).

The accompanying notes from page 60 to page 75 are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with 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 is set out in the Statement of Recommended Practice ("the SORP") for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies ("AIC") dated October 2019, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

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

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. 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 2019 with a 5% discount applied. The statements were audited by KPMG LLP (New Jersey Headquarters) and were approved on 31 March 2020. As at the date of signing, the Directors have now received confirmation that the March 2020 valuation is in line with the estimated valuation used in these Financial Statements.

Burning Rock Biotech has been valued by Duff & Phelps, an independent valuer, using the probability – weighted expected returns methodology. Keros Therapeutics has been valued at the IPO price of U.S.$16, which was within the expected IPO price range. Subsequent to the year end, on the 7 April 2020, the company listed. Pandion Therapeutics was purchased on 23 March 2020 and has been valued at cost at the year end.

1. ACCOUNTING POLICIES continued

(B) INVESTMENTS

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

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

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

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

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

(C) PRESENTATION OF INCOME STATEMENT

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

(D) 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:

- transaction costs on the acquisition or disposal of an investment are charged to the capital column of the Income Statement;
- expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investment can be demonstrated, and accordingly.
    - during the year, AIFM and Portfolio Management fees were charged 100% to the capital column of the Income Statement as the Directors had expected that in the long term virtually all of the Company's returns would come from capital; however this allocation is reviewed regularly by the Audit Committee and during the year it was decided to charge 95% of these fees to capital with effect from 1 April 2020 in line with the Directors' revised expectations; and
    - during the year, loan interest was charged 100% to the capital column of the Income Statement as the Directors had expected that in the long term virtually all of the Company's returns would come from capital; however this allocation is reviewed regularly by the Audit Committee and during the year it was decided to charge 95% of loan interest to capital with effect from 1 April 2020 in line with the Directors' revised expectations.

1. ACCOUNTING POLICIES continued

- performance fees are charged 100% to the capital column of the Income Statement. Performance fees are recognised as a liability of the Company when they crystalise and become due for payment. Details of the performance fee are set out on page 34;
- 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.

(G) FOREIGN CURRENCIES

The currency of the primary economic environment in which the Company operates (the functional currency) is sterling, which is also the presentation 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 PRESENTATION CURRENCY

The financial information is shown in sterling, being the Company's presentation 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.

1. ACCOUNTING POLICIES continued

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

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

Capital redemption reserve

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

Capital reserves

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

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

Realised Capital Reserves are distributable by way of a dividend.

Revenue reserve

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

(J) CASH AND CASH EQUIVALENTS

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

(K) OTHER RECEIVABLES AND OTHER PAYABLES

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

(L) LOAN

The Company has a loan facility repayable on demand, provided by J.P. Morgan Securities LLC ("J.P. Morgan"). As part of the arrangements with J.P. Morgan they may take assets as collateral, up to 140% of the value of the loan drawn down. Such assets taken as collateral by J.P. Morgan may be used, loaned, sold, rehypothecated† or transferred. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan. Loans payable on demand are carried at the undiscounted amount of the cash or other consideration expected to be paid. Interest on the facility is charged at the United States overnight bank funding rate plus 45 basis points. Finance costs are apportioned 100% to capital in accordance with the policy set out under note 1(e) expenses and finance costs on page 61.

† See glossary beginning on page 78.

1. ACCOUNTING POLICIES continued

(M) OPERATING SEGMENTS

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

In line with IFRS 8, additional disclosure by geographical segment has been provided in note 14 on page 74 of this Annual Report.

(N) 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.

(O) ADOPTION OF NEW AND REVISED STANDARDS

Adoption of New and Revised Standards

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

- Amendments to IFRS 3 'Definition of Business' (effective for accounting periods beginning on or after 1 January 2020)
- Amendments to IAS 1 & IAS 8 'Definition of Material' (effective for accounting periods beginning on or after 1 January 2020)
- IFRS 17 'Insurance contracts' (effective for accounting periods beginning on or after 1 January 2021)

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

The following standard, effective for accounting periods beginning on or after 1 January 2019, has not been applied in preparing these financial statements:

- IFRS 16 'Leases' specifies accounting for leases and removes the distinction between operating and finance leases.

This standard is not applicable to the Company as it has no leases.

For the financial year under review, the Company has applied the following interpretation:

- IFRIC 23 'Uncertainty over Income Tax' provides guidance on uncertain income tax treatments and specifies that an entity must consider whether it is probable that the relevant tax authority will accept each tax treatment or group of tax treatments that it plans to use in its income tax filling. Where deemed to be more than probable, uncertain tax positions should be disclosed in the financial statements of the company.

  There is no material impact on the Company in relation to the adoption of this standard.

2. INCOME

	2020 £'000	2019 £'000
Investment income		
Overseas dividend income	1,313	1,246
Total income	1,313	1,246

3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
AIFM fee – Frostrow Capital LLP	–	1,086	1,086	–	1,214	1,214
Portfolio management fee – OrbiMed Capital LLC	–	2,543	2,543	–	2,799	2,799
	–	3,629	3,629	–	4,013	4,013

There were no performance fees payable during the year (2019: nil).

Further details of the AIFM, portfolio management fee and the performance fee basis can be found in the Report of the Directors on page 34.

4. OTHER EXPENSES

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Directors' emoluments	149	–	149	148	–	148
AIFM fixed fee	60	–	60	60	–	60
Auditor's remuneration for the audit of the Company's financial statements	32	–	32	26	–	26
Auditor's remuneration for agreed upon procedures	–	–	–	7	–	7
Registrar fees	38	–	38	38	–	38
Depositary fees	58	–	58	62	–	62
Marketing and PR costs	64	–	64	57	–	57
Listing fees	35	–	35	27	–	27
Printing costs	28	–	28	25	–	25
Other costs	187	–	187	95	–	95
Total expenses	651	–	651	545	–	545

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 46 to 48.

5. FINANCE COSTS

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Loan interest	–	580	580	–	820	820
	–	580	580	–	820	820

6. TAXATION

(A) ANALYSIS OF CHARGE IN THE YEAR:

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Overseas tax suffered	196	–	196	186	–	186
Total taxation for the year (see note 6(b))	196	–	196	186	–	186

(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% (2019: 19%). The differences are explained below:

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Net profit on ordinary activities before taxation	662	60,433	61,095	701	20,585	21,286
Corporation tax at 19% (2019: 19%)	126	11,482	11,608	133	3,911	4,044
Effects of:						
Non-taxable gains on investments	–	(12,848)	(12,848)	–	(5,281)	(5,281)
Non-taxable losses on currency balances	–	566	566	–	452	452
Non-taxable overseas dividends	(250)	–	(250)	(237)	–	(237)
Overseas tax suffered	196	–	196	186	–	186
Excess expenses unused	124	800	924	104	918	1,022
Total tax charge	196	–	196	186	–	186

(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 2020, the Company had unutilised management expenses and other losses of £58,773,000 (2019: £53,846,000) that are available to offset future taxable revenue.

6. TAXATION continued

A deferred tax asset of £11,167,000 (19% tax rate) (2019: £9,154,000 (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 PER SHARE

	Revenue pence	Capital pence	2020 Total pence	Revenue pence	Capital pence	2019 Total pence
Earnings per share	1.0	133.9	134.9	1.0	37.8	38.8

The total earnings per share of 134.9p (2019: profit 38.8p) is based on the total profit attributable to equity shareholders of £60,899,000 (2019: profit of £21,100,000).

The revenue profit per share of 1.0p (2019: profit 1.0p) is based on the revenue profit attributable to equity shareholders of £466,000 (2019: revenue profit of £515,000). The capital profit per share of 133.9p (2019: profit 37.8p) is based on the capital profit attributable to equity shareholders of £60,433,000 (2019: profit £20,585,000).

The total earnings per share are based on the weighted average number of shares in issue during the year of 45,157,104 (2019: 54,430,259).

There are no dilutive instruments issued by the Company (2019: none).

8. INVESTMENTS

As at 31 March 2020, all investments with the exception of the unquoted investments in OrbiMed Asia Partners L.P. fund, Burning Rock Biotech, Keros Therapeutics and Pandion Therapeutics have been classified as level 1. The unquoted investments have been classified as level 3. See note 13 beginning on page 69 for further details.

	Listed Equity £'000	Unquoted £'000	2020 Total £'000	Listed Equity £'000	Unquoted £'000	2019 Total £'000
Opening book cost	392,378	1,198	393,576	430,429	1,032	431,461
Opening investment holding gains	35,755	1,841	37,596	11,746	2,459	14,205
Valuation at 1 April 2019	428,133	3,039	431,172	442,175	3,491	445,666
Movements in the year						
Purchases at cost	473,995	10,174	484,169	398,139	166	398,305
Sales proceeds	(584,926)	(442)	(585,368)	(441,282)	–	(441,282)
Gains on investment*	64,549	4,135	68,684	29,101	(618)	28,483
Valuation at 31 March 2020	381,751	16,906	398,657	428,133	3,039	431,172
Closing book cost at 31 March 2020	345,728	11,000	356,728	392,378	1,198	393,576
Investment holding gains at 31 March 2020	36,023	5,906	41,929	35,755	1,841	37,596
Valuation at 31 March 2020	381,751	16,906	398,657	428,133	3,039	431,172

* Due to early adoption of the revised SORP issued in October 2019, the presentation of gains arising from disposals of investments and gains on revaluation of investments have now been combined. Please see Accounting Policies note 1(a) on page 60.

8. INVESTMENTS continued

The Company received £584, 856,000 (2019: £400, 976,000) from investments sold in the year. The book cost of these investments when they were purchased was £521,602,000 (2019: £436,496,000).

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

GAINS ON INVESTMENTS (PER THE INCOME STATEMENT)

	2020 £'000	2019 £'000
Gains on disposal and revaluation of investments	68,684	28,483
Transaction costs	(1,060)	(685)
Gains on investments held at fair value through profit or loss	67,624	27,798

The total transaction costs for the year were £1,060,000 (31 March 2019: £685,000) broken down as follows: purchase transaction costs for the year to 31 March 2020 were £548,000, (31 March 2019: £379,000), sale transaction costs were £512,000 (31 March 2019: £306,000). These costs consist mainly of commission. Transaction costs are recorded in the capital column of the Income Statement.

9. OTHER RECEIVABLES

	2020 £'000	2019 £'000
Future settlements – sales	2,494	39
Prepayments	38	21
	2,532	60

10. OTHER PAYABLES

	2020 £'000	2019 £'000
Future settlements – purchases	1,816	8,570
Other creditors and accruals	1,063	1,068
Repurchase of own shares	–	1,877
	2,879	11,515

11. ORDINARY SHARE CAPITAL

	2020 Number of Shares	2019 Number of Shares
Allotted, issued and fully paid at 1 April 2019	51,967,562	55,839,913
Shares bought back for cancellation during the year	(12,760,293)	(3,872,351)
At 31 March 2020	39,207,269	51,967,562

	2020 £'000	2019 £'000
Allotted, issued and fully paid shares of 25p	9,802	12,992

12. NET ASSET VALUE PER SHARE

	2020	2019
Net asset value per share	932.4p	786.8p

The net asset value per share is based on the net assets attributable to equity shareholders of £365,573,000 (2019: £408,876,000) and on 39,207,269 (2019: 51,967,562) shares in issue at 31 March 2020.

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 15 and 16. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction or increase in the Company's net assets or in profits.

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

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

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

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 pages 7 and 8.

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.

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 £374,080,000 (2019: £424,491,000) of investments denominated in U.S. dollars and £24,577,000 (2019: £6,681,000) in other non-sterling currencies.

13. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Foreign currency sensitivity

The fair value of the Company's monetary items that have foreign currency exposure at 31 March 2020 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.

	2020 £'000	2019 £'000
Sterling equivalent of US$ and other non-sterling exposure		
Current assets	2,494	39
Creditors	(1,816)	(8,570)
Loan (non-sterling)	(32,751)	(10,827)
Foreign currency exposure on net monetary items	(32,073)	(19,358)
Investments held at fair value through profit or loss	398,657	431,172
Total net foreign currency exposure	366,584	411,814

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 (2019: 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:

	2020 £'000	2019 £'000
Impact on revenue return		—
Impact on capital return	40,345	45,322
Total return after tax/effect on shareholders' funds	40,345	45,322

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

	2020 £'000	2019 £'000
Impact on revenue return		—
Impact on capital return	(33,009)	(37,082)
Total return after tax/effect on shareholders' funds	(33,009)	(37,082)

13. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(b) Interest rate risk:

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

Interest rate exposure

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

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

	2020 £'000	2019 £'000
Financial liabilities:		
Loan facility	32,737	10,841

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 2020 was £32,737,000 (2019: £10,841,000). 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 £327,000 (2019: £108,000).

(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 (2019: 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 2020 would have increased/decreased by £78,974,000 (2019: £85,415,000), 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. Short term funding flexibility can be achieved through the use of the bank loan facility.

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.

13. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Liquidity exposure and maturity

Contractual maturities of the financial liabilities as at 31 March 2020, based on the earliest date on which payment can be required, are as follows:

	2020 3 months or less £'000	2019 3 months or less £'000
Loan facility (repayable on demand)	32,737	10,841
Future settlements	1,816	8,570
Amounts due to brokers and accruals	1,063	2,945
	35,616	22,356

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 21 and 35, 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 2020, the maximum value of assets available for rehypothecation was £45,832,000, being 140% of the loan balance of £32,737,000 (31 March 2019: £15,177,000 being 140% of the loan balance of £10,841,000).

See page 21 for further details on the loan facility and the associated credit risk.

† See glossary beginning on page 78.

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 2020 the Company's exposure to credit risk amounted to £2,494,000 and was in respect of amounts due from brokers in relation to future settlements (2019: £39,000).

13. RISK MANAGEMENT POLICIES AND PROCEDURES continued

4. FAIR VALUE MEASUREMENT

Hierarchy of investments

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

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

As of 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments held at fair value through profit or loss	381,751	–	16,906	398,657

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

As at 31 March 2020 the investments in OrbiMed Asia Partners LP Fund, Burning Rock Biotech, Keros Therapeutics and Pandion Therapeutics have been classified as Level 3. The OrbiMed Asia Partners Fund LP has been valued at the net asset value as at 31 December 2019 with a 5% discount applied and it is believed that the value of the fund as at 31 March 2020 will not be materially different. The Directors have now received confirmation that the March 2020 valuation is in line with the estimated valuation. 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 2020 would have increased/ decreased by £238,000 (2019: £304,000).

Burning Rock Biotech has been valued by Duff & Phelps, an independent valuer, using the probability – weighted expected returns methodology. Keros Therapeutics has been valued at the IPO price of U.S.$16, which was within the expected IPO price range. Subsequent to the year end, on the 7 April 2020, the company listed. Pandion Therapeutics was purchased on 23 March 2020 and has been valued at cost at the year end. If the value of these unquoted companies were to increase or decrease by 10% while all other variables had remained constant, the return to shareholders would have increased/ decreased by £1,453,000.

13. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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.

	2020 £'000	2019 £'000
Assets		
As at 1 April	3,039	3,491
Purchase of unquoted investments	10,174	–
Net movement in investment holding gains (loss) during the year	4,135	(618)
Call (Return of capital)/payment	(442)	166
Assets as at 31 March	16,906	3,039

Fair value of financial assets and financial liabilities:

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

5. CAPITAL MANAGEMENT

The Company's capital management objectives are:

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

The Board's policy is to limit gearing to a maximum of 20% of the Company's net assets. As at 31 March 2020 the Company was geared 9.0% (2019: 5.5%).

The Company's capital is disclosed in the Statement of Financial Position on page 57 and is managed on a basis consistent with its investment objective and policy as set out on pages 15 and 16.

Shares may be repurchased by the Company as explained on page 17.

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

14. GEOGRAPHICAL REPORTING*

Region	2020 Value of investments £'000	2019 Value of investments £'000
North America	350,800	388,577
Europe	13,840	24,004
Asia	34,017	18,591
Total	398,657	431,172

* 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.

15. TRANSACTIONS WITH THE MANAGERS AND RELATED PARTIES

The following are considered to be related parties:

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

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM, and OrbiMed Capital LLC, the Company's Portfolio Manager, are disclosed on page 34. 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 65. All material related party transactions have been disclosed in notes 3 and 4 on page 65.

Details of the remuneration of all Directors can be found on page 46. Geoff Hsu has waived his Directors' fees. Details of the Directors' interests in the capital of the Company can be found on page 48.

Three current and two former partners at OrbiMed Capital LLC have a minority financial interest totalling 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 65.

16. CAPITAL RESERVE

	2020 Capital Reserves			2019 Capital Reserves		
	Other £'000	Investment holdings gains/ (losses) £'000	Total £'000	Other £'000	Investment holdings gains/ (losses) £'000	Total £'000
At 1 April	306,272	37,596	343,868	338,698	14,205	352,903
Net gains on investments	63,291	4,333	67,624	4,407	23,391	27,798
Exchange losses	(2,982)	–	(2,982)	(2,380)	–	(2,380)
Expenses charged to capital	(4,209)	–	(4,209)	(4,833)	–	(4,833)
Repurchase of own shares for cancellation	(104,202)	–	(104,202)	(29,620)	–	(29,620)
At 31 March	258,170	41,929	300,099	306,372	37,596	343,868

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

17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 March 2020 there were no contingent liabilities or capital commitments for the Company (2019: £nil).

AIFMD RELATED DISCLOSURE

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD) DISCLOSURE (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 15 and 16.

The table below sets out the current maximum permitted limit and actual level of leverage for the Company. The figures are shown as a percentage of net assets:

	Gross Method	Commitment Method
Maximum level of leverage	130.0%	130.0%
Actual level at 31 March 2020	109.0%	109.0%

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.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

31 March	Financial Year End
June	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 25 Southampton Buildings, London WC2A 1AL on Wednesday 15 July, 2020 at 12 noon. Please refer to the Chairman's Statement on page 3 for details of this year's arrangements.

SHARE PRICES

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

CHANGE OF ADDRESS

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

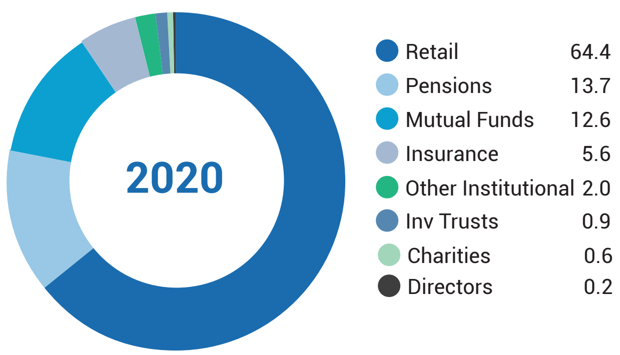
DAILY NET ASSET VALUE

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.

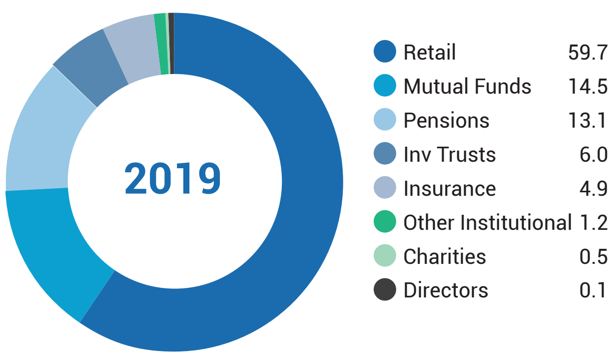
PROFILE OF THE COMPANY'S OWNERSHIP

% OF ORDINARY SHARES HELD AT 31 MARCH

2020



2019



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

BREXIT – British exit – refers to the UK leaving the EU. A public vote was held in June 2016, when 17.4 million people opted for BREXIT. This gave the Leave Side 52% compared with 48% for Remain. The UK left the EU at midnight on 31 January 2020. A transition period is now in place until 31 December 2020. During this period, all EU rules and regulations continue to apply to the UK.

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 2020 P	As at 31 March 2019 P
Share Price	6	814.0	734.0
Net Asset value per share (see note 12 on page 58 for further information)	6	932.4	786.8
Discount of share price to net asset value per share	5 & 6	12.7%	6.7%

GEARING^

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

	pages	31 March 2020 £'000	31 March 2019 £'000
Prior Charges	57	32,737	10,841
Current Liabilities (excluding prior changes)	–	347	11,455
	–	33,084	22,296
Net Assets	57	365,573	408,876
Gearing	6	9.0%	5.5%

^ Alternative Performance Measure

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.

MARGINABLE SECURITIES

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

NET ASSET VALUE (NAV)

The 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 2020 is calculated by taking percentage movement from the net asset value per share as at 31 March 2019 of 786.8p (2018: 747.5p) to the net asset value at 31 March 2020 of 932.4p (2019: 786.8p). The Company has not paid any dividends to shareholders during the above mentioned years.
(See pages 4 and 6 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 2020 £'000	31 March 2019 £'000
Operating Expenses	56 & 65	4,280	4,558
Average Daily Net Assets for the Year	–	389,364	432,314
Ongoing charges	4 & 6	1.1%	1.1%

REHYPOTHECATION

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

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 2019 of 734.0p (2018: 702.0p) to the share price as at 31 March 2020 of 814.0p (2019: 734.0p). The Company has not paid dividends to shareholders during the above mentioned years.

(See pages 4 and 6 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

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/
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/
Stocktrade	www.stocktrade.co.uk

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.

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

FINANCIAL CONDUCT AUTHORITY
Be a ScamSmart Investor

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of The Biotech Growth Trust PLC will be held at 25 Southampton Buildings, London WC2A 1AL on Wednesday, 15 July 2020 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 2020
2. To approve the Directors' Remuneration Report for the year ended 31 March 2020
3. To approve the Directors' Remuneration Policy
4. To re-elect Andrew Joy as a Director of the Company
5. To re-elect Professor Dame Kay Davies CBE as a Director of the Company
6. To re-elect Steve Bates as a Director of the Company
7. To re-elect The Rt Hon Lord Willetts as a Director of the Company
8. To re-elect Julia Le Blan as a Director of the Company
9. To re-elect Geoff Hsu as a Director of the Company
10. To appoint BDO 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 12, 13 and 14 will be proposed as special resolutions:

AUTHORITY TO ALLOT SHARES

11. 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 £980,181 (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 3,920,726 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 2021 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

12. 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 11 set out in the notice convening the Annual General Meeting at which this resolution is proposed or otherwise as if section 561(1) of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities pursuant to:
    (a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25 pence each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary,

appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

(b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £980,181 (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

13. 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 2021 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

14. 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.

CONTINUANCE OF THE COMPANY

15. To approve the continuance of the Company as an investment trust for a further period of five years.

By order of the Board

Frostrow Capital LLP
Company Secretary

3 June 2020

Registered office:
One Wood Street
London EC2V 7WS

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

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 13 July 2020.
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 13 July 2020 (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 3 June 2020 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 39,207,269 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 June 2020 are 39,207,269.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Link Asset Services on 0371 600 0300 or +44 371 600 0300 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 09.00-17.30, Monday to Friday excluding public holidays in England and Wales.
17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link 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.

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 2020 will be presented to the Annual General Meeting. These accounts accompanied this Notice of Meeting.

Resolution 2 and 3 – Remuneration Report and Remuneration Policy

The Report on Directors' Remuneration is set out in full on pages 46 to 48. The Remuneration Policy is set out on page 49.

Resolutions 4 to 9 – Re-election of Directors

Resolutions 4 to 9 deal with the re-election of each Director. Biographies of each of the current Directors can be found on pages 25 and 26.

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

Resolution 10 – Appointment of Auditor and the determination of their remuneration

Resolution 10 relates to the appointment of BDO LLP as the Company's independent Auditor to hold office until the next Annual General Meeting of the Company and also authorises the Audit Committee to set their remuneration.

Resolutions 11 and 12 – Issue of Shares

Ordinary Resolution 11 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £980,181 (equivalent to 3,920,726 shares, or 10% of the Company's existing issued share capital on 3 June 2020 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 12 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 3 June 2020 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 11. 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 11 and 12 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. New shares will be only issued at a premium to the Company's net asset value per share.

Resolution 13 – Share Repurchases

The Directors wish to renew the authority given by shareholders at the General Meeting held in January 2020. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

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

Special Resolution 13 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 14 – General Meetings

Special Resolution 14 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.

Resolution 15 – Continuance of the Company

Ordinary Resolution 15 seeks shareholder approval for the Company to continue as an investment trust for a further period of five years.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 75,500 shares.

COMPANY INFORMATION

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

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
BDO LLP
150 Aldersgate Street
London EC1A 4AB

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

CUSTODIAN AND PRIME BROKER
J.P. Morgan Securities LLC.
Suite 1, Metro Tech Roadway
Brooklyn, NY11201
USA

REGISTRAR
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
E-mail: enquiries@linkgroup.co.uk
Telephone (in UK): 0371 664 0300†
Proxy Form related enquiries: 0371 664 0391†
Telephone (from overseas): + 44 371 664 0300†
Shareholder Portal: www.signalshares.com
Website: www.linkassetservices.com
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

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

SOLICITORS
Charles Russell Speechlys
5 Fleet Place
London EC4M 7RD

IDENTIFICATION CODES

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

GLOBAL INTERMEDIARY IDENTIFICATION NUMBER
(GIIN): U1MQ70.99999.SL.826

LEGAL ENTITY IDENTIFIER (LEI)
549300Z41EP32MI2DN29

THE BIOTECH GROWTH TRUST PLC

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 the RNID) you should dial 18001 followed by the number you wish to dial.

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