

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu

Information as at 31 May 2020

www.biotechgt.com

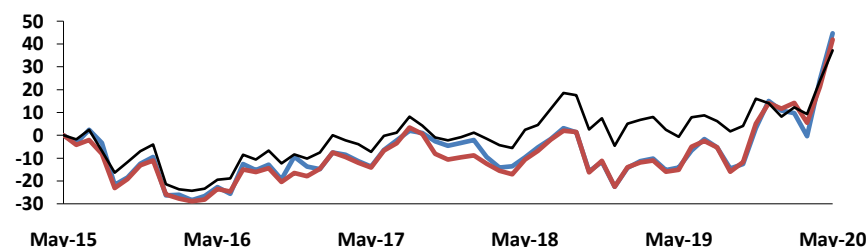
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Investment Objective and Benchmark Index

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

Five Year Performance (%)

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



Net Asset Value per share (total return) +42.1%

Share Price (total return) +44.7%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +37.2%

Source: Morningstar, Index - Bloomberg.

Commentary

In May, the NAV per share was up 17.0%, the share price was up 16.3% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 10.8%.

Biotechnology continued its dramatic outperformance of the broader markets in May. Both biotechnology and the broader markets have appeared to shrug off the indicators of a global macroeconomic slowdown related to the pandemic, including over 40 million unemployment claims in the U.S. with 14.7% unemployment, and over 100,000 coronavirus-related deaths reported in the U.S. We believe most investors expect the brunt of coronavirus impact to businesses to be felt in Q2 and are expecting a rapid economic recovery beginning in the summer, particularly as geographies begin the re-opening process after the pandemic-related shutdown. With continued re-opening, we continue to see a strong focus on the biopharma industry's efforts on developing both therapeutic treatments and vaccines for COVID-19. We expect biotechnology to be resilient and note increased investor appetite for new IPOs in the sector, which have continued steadily throughout the pandemic.

Adverum, Applied Therapeutics and Vertex were the top positive contributors to performance during the month. Adverum shares were strong after the company released additional data from a Phase 1/2 trial of its wet age-related macular degeneration (wet AMD) gene therapy candidate, ADV-002, showing strong efficacy and improved safety with an altered steroid prophylaxis regimen. We continue to see ADV-002 as a paradigm-shifting option for patients with wet AMD, which is an established multi-billion dollar market opportunity. Applied Therapeutics shares outperformed as investors anticipated positive regulatory updates for AT-007 in galactosemia. We expect the imminent initiation of the Phase 2 trial of AT-007 in pediatric galactosemia will further increase the strength of Applied's data package and continue to expect AT-007 to be submitted for approval before the end of 2020. Shares of Vertex were strong as the company reported impressive financial results ahead of consensus, highlighted by the continued strong launch of Trikafta in cystic fibrosis. Additionally, Vertex announced the U.S. FDA granted its CRISPR Therapeutics-partnered program CTX001 Regenerative Medicine Advanced Therapy (RMAT) Designation; gene editing product CTX001 has produced strong proof-of-concept data to date in both beta-thalassemia and sickle cell disease.

Gilead Sciences, Theravance Biopharma and Arvinas were the largest negative contributors to performance during the month. Gilead shares have been volatile as its coronavirus treatment Veklury (remdesivir) was granted Emergency Use Authorization by the U.S. FDA despite showing mixed data in clinical trials. While the company expects to incur substantial expenses in the development of remdesivir, investors have questioned the ultimate revenue potential of the drug, as Gilead has donated its initial supply of remdesivir to the U.S. government. Additionally, Gilead announced a partnership with Arcus Biosciences for the development of cancer immunotherapies, which many investors view as high-risk. Theravance shares declined during the month on no material news. Arvinas shares underperformed as the company released initial data from its protein degrader therapy ARV-110 in refractory prostate cancer which failed to meet investor expectations. While the absolute efficacy was disappointing, the results did validate the company's platform technology.

Biography

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

Portfolio Manager Profile

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

Investment Policy

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

Discount Control Mechanism

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

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

The Biotech Growth Trust PLC

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

Name	Total
Vertex Pharmaceuticals	5.5
Biogen	5.3
Applied Therapeutics	4.2
Amgen	3.7
Neurocrine Biosciences	3.7
Alexion Pharmaceuticals	3.4
Sarepta Therapeutics	3.4
Gilead Sciences	3.3
Immunomedics	3.2
Turning Point Therapeutics	3.1
Total	38.8

Geographical Breakdown as at 31 May 2020 (%)

Norther America	84.4%
Continental Europe	6.2%
China	5.6%
*Unquoted	2.0%
Other	1.8%
Total	100.0%

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

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth	2015	2016	2017	2018	2019	YTD
NAV	15.6	-7.6	9.9	-14.3	47.4	24.4
Share Price	9.1	-4.7	12.1	-19.9	48.5	25.7
Benchmark	17.8	-6.5	10.5	-3.8	19.6	20.3

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	May 15- May 16	May 16- May 17	May 17- May 18	May 18- May 19	May 19- May 20
NAV	-23.5	12.4	4.0	-5.0	67.1
Share Price	-22.6	11.6	4.6	-4.9	68.4
Index	-19.5	15.2	10.5	-3.0	38.1

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

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

Risk Warnings

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

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

Important Information

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

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

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Fast Facts

As at 31 May 2020

Launch Date	June 1997
AIC Sector	Biotechnology & Healthcare
Date of Appointment of OrbiMed	19 May 2005
Annual Management Fee (payable by the Company)	0.65% of net assets <u>plus</u> 0.30% of market cap. <u>plus</u> £60,000
Performance fee	See Annual Report for details
Ongoing charges*	1.1%
Continuation Vote	At AGM in 2020; every 5 years
Year / Half Year	31 March / 30 September
Capital Structure	39,207,269 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	60
Total Net Assets (£m)	£491.8m
Market Capitalisation (£m)	£463.4m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing	6.3%
Leverage**	Gross 107.3% Commitment 107.3%
Share Price (p)	1182.00
NAV (p)	1254.37
(Discount) / Premium	(5.8%)

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

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

Codes

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

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