

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu

Information as at 30 June 2020

www.biotechgt.com

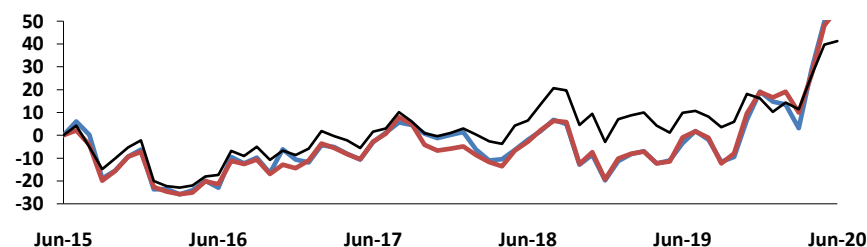


Investment Objective and Benchmark Index

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

Five Year Performance (%)

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



Net Asset Value per share (total return) +55.6%

Share Price (total return) +57.7%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +41.3%

Source: Morningstar, Index - Bloomberg.

Commentary

In June, the NAV per share was up 5.0%, the share price was up 5.3% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 1.1%.

Biotechnology continued its strong rebound in June from the COVID-related market lows of March. As re-opening activities continue worldwide, concerns over a second wave of coronavirus infections have emerged with several U.S. states including Florida, Texas and California reporting record new cases. Strong focus remains on the development of both therapeutic treatments and vaccines for COVID-19, which we believe has driven much of the recent interest in the biotechnology sector from generalist investors. The U.S. FDA released guidance for the development of a COVID-19 vaccine suggesting a potential vaccine would need to demonstrate direct evidence of efficacy in preventing infection and/or disease to justify approval, rather than simply demonstrating an immunological response. While this requirement is a more stringent stance than many expected the FDA to take, we note the FDA guidance includes additional recommendations on expediting clinical development which could accelerate the approval of a potential vaccine. We remain confident that one or more vaccines will eventually be developed against COVID-19, with possible approval perhaps as early as this year.

Following the strong outperformance in the biotechnology sector, the pace and interest in Initial Public Offerings (IPOs) increased dramatically in June. During the month, eleven biotechnology IPOs launched with an average first day return of 40% reflecting strong investor demand in the space. We continue to believe biotechnology will remain resilient despite headwinds from COVID-19-related shutdowns.

Burning Rock, Forte Bio and Vaxcyte were the top positive contributors to performance during the month. Burning Rock shares were strong following the company's IPO. The Company participated in a private crossover financing in Burning Rock as well as the IPO. We continue to see Burning Rock as the leading Chinese precision medicine company with blood-based diagnostics in the oncology space. Forte Bio shares appreciated after the company closed its reverse merger with Tocagen. Forte's FB-401 is a differentiated approach to treating atopic dermatitis, which we see as a meaningful market opportunity. Shares of Vaxcyte outperformed following the company's IPO. We believe Vaxcyte's pneumococcal vaccine VAX-24 could become a market leader with a best-in-class clinical profile.

Applied Therapeutics, Biogen and InflaRx were the largest negative contributors to performance during the month. Applied Therapeutics shares declined as an anonymous short report raised questions over the company's treatment for galactosemia, AT-007. We believe many of the arguments raised in the short report are misleading misrepresentations of the AT-007 data, and are factually incorrect. We continue to see AT-007 as an approvable treatment which should become standard of care in galactosemia. Biogen shares were weak after a patent for its multiple sclerosis drug Tecfidera was found invalid, allowing for potential generic competition prior to 2028. We expect the court decision to be appealed and continue to expect Biogen's Alzheimer's Disease treatment aducanumab to be approved in the near-term, which could more than offset revenues from Tecfidera's loss of exclusivity. InflaRx shares underperformed following underwhelming data from a Phase 2/3 trial of IFX-1 in patients with COVID-19, which failed to meet its primary endpoint of relative change in oxygenation index. While the trial did not meet its primary endpoint, we continue to see a signal of efficacy of IFX-1 in COVID-19 patients, with treatment-related decreases in mortality noted in the trial. We expect data from an additional clinical trial of IFX-1 in COVID-19 patients imminently.

Biography

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

Portfolio Manager Profile

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

Investment Policy

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

Discount Control Mechanism

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

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

The Biotech Growth Trust PLC

10 Largest Holdings at 30 June 2020 (% of total investments)

Name	Total
Vertex Pharmaceuticals	4.3
Biogen	4.3
Burning Rock Biotech	4.3
Neurocrine Biosciences	3.9
Immunomedics	3.9
Amgen	3.1
CRISPR Therapeutics	3.1
Sarepta Therapeutics	3.1
Applied Therapeutics	3.1
Alexion Pharmaceuticals	3.0
Total	36.1

Geographical Breakdown as at 30 June 2020 (%)*

North America	78.4%
China	10.2%
Continental Europe	7.1%
Other	3.1%
**Unquoted	1.2%
Total	100.0%

*Calculation based on economic exposure and expressed as a % of the total economic exposure. This includes all derivatives as an economical position in the underlying holding.

** 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	30.6
Share Price	9.1	-4.7	12.1	-19.9	48.5	32.3
Benchmark	17.8	-6.5	10.5	-3.8	19.6	21.6

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jun 15- Jun 16	Jun 16- Jun 17	Jun 17- Jun 18	Jun 18- Jun 19	Jun 19- Jun 20
NAV	-21.4	24.1	-0.1	1.9	56.8
Share Price	-23.0	25.9	1.2	-1.6	63.3
Index	-17.4	22.9	4.9	3.2	28.6

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 in 2020).

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

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Fast Facts

As at 30 June 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 thereafter
Performance fee	See Annual Report for details
Ongoing charges*	1.1%
Continuation Vote	2020 AGM and every 5th AGM thereafter
Year / Half Year	31 March / 30 September
Capital Structure	39,207,269 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	66
Total Net Assets (£m)	£516.2m
Market Capitalisation (£m)	£487.7m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing	8.5%
Leverage**	Gross 109.7% Commitment 109.5%
Share Price (p)	1244.00
NAV (p)	1316.53
(Discount) / Premium	(5.5%)

*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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