

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu

Information as at 31 July 2020

www.biotechgt.com

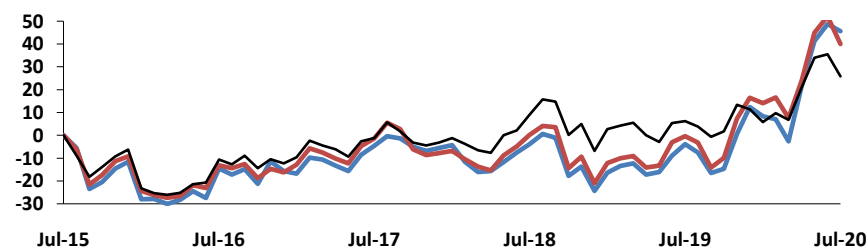


Investment Objective and Benchmark Index

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) +40.1%

Share Price (total return) +45.6%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +25.9%

Source: Morningstar, Index - Bloomberg.

Commentary

In July, the NAV per share was down 8.0%, the share price was down 2.1% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 7.1%.

After a spate of relative outperformance, biotechnology was weak in July versus the broader markets. Concerns over an emerging second wave of coronavirus infections have continued with new case counts spiking in several U.S. states. With overall increased national coronavirus cases in July, several states have paused re-opening activities and reinstated quarantine policies, including travel restrictions. As large-scale re-opening becomes less certain with the persistence of coronavirus cases worldwide, both investors and the public remain strongly focused on the development of therapeutic treatments and vaccines for COVID-19. Several companies have released initial data showing strong immune responses generated by COVID-19 vaccine candidates, which has bolstered hope that one or more of these vaccines in development could be efficacious in protecting against infection. Several worldwide vaccine trials are ongoing, and we expect some Phase 3 data and potential emergency use approval prior to year-end.

Initial public offerings (IPOs) in the biotechnology sector have continued to garner investor attention, with eleven new biotechnology IPOs launching in July and posting an average 32% return on the first day of trading. We highlight the Company's participation in the IPOs of Relay Therapeutics, Annexon, Pandion, Nurix and Inozyme during the month. We continue to believe that the fundamentals in the sector are strong and biotechnology will continue to be relatively defensive versus other sectors of the economy.

SK Biopharmaceuticals, Forte Bio and Immunomedics were the top positive contributors to performance during the month. Shares of SK Biopharmaceuticals were strong following the company's IPO in Korea. The company is in the process of launching Xcopri, a novel drug for epilepsy, in the U.S. In clinical trials, patients on Xcopri achieved greater rates of complete seizure freedom relative to that seen with other anti-epileptics on the market, so we expect adoption to be strong. Forte Bio continued its outperformance following the close of its reverse merger with Tocagen. We continue to see Forte shares as undervalued for its differentiated approach for the treatment of atopic dermatitis. Immunomedics shares appreciated following the announcement of positive data from a Phase 3 study of Trodelvy in third-line triple-negative breast cancer (TNBC). We expect Trodelvy to become a meaningful treatment option in TNBC and anticipate future label expansion into earlier lines of treatment, as well as into additional indications.

Applied Therapeutics, Athenex and Adverum were the largest negative contributors to performance during the month. Applied Therapeutics shares continued to underperform following questions raised from an anonymous short report on its lead product, AT-007, in galactosemia. We continue to believe many of the arguments presented are misleading misrepresentations of the AT-007 data, and see the drug as approvable and a meaningful improvement over the available standard of care in a serious orphan disease. Shares of Athenex declined as investors derisked ahead of a potential FDA acceptance of the company's new drug application for Oraxol in breast cancer. We believe the data generated in the Oraxol trials is strong and support approval. Adverum shares were weak as questions grew over the company's cash position ahead of major catalysts in the fourth quarter of 2020. We continue to see ADVM-022 as a potentially paradigm-shifting option for the treatment of wet age-related macular degeneration, an established multi-billion dollar market.

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 July 2020 (% of total investments)

Name	Total
Immunomedics	4.6
Biogen	4.4
Vertex Pharmaceuticals	4.0
Burning Rock Biotech	3.9
Neurocrine Biosciences	3.9
CRISPR Therapeutics	3.6
Amgen	3.2
Horizon Therapeutics	2.9
Regeneron Pharmaceuticals	2.8
Turning Point Therapeutics	2.5
Total	35.8

Geographical Breakdown as at 31 July 2020 (%)

North America	76.4%
China	8.1%
Continental Europe	8.0%
*Unquoted	4.4%
Other	2.5%
United Kingdom	0.6%
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. Of the 4.4% unquoted investments, 3.1% is classified as North America, 0.9% as China, and 0.4% as Asia.

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	20.1
Share Price	9.1	-4.7	12.1	-19.9	48.5	29.6
Benchmark	17.8	-6.5	10.5	-3.8	19.6	13.0

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jul 15- Jul 16	Jul 16- Jul 17	Jul 17- Jul 18	Jul 18- Jul 19	Jul 19- Jul 20
NAV	-13.1	13.5	1.7	-0.5	40.5
Share Price	-14.6	11.8	0.7	0.0	51.5
Index	-10.7	10.6	10.3	-2.6	18.6

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 2025).

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 July 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	2025 AGM and every 5th AGM thereafter
Year / Half Year	31 March / 30 September
Capital Structure	39,502,269 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	67
Total Net Assets (£m)	£478.5m
Market Capitalisation (£m)	£481.1m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	11.2%
Leverage	111.2%
Gross & Commitment**	
Share Price (p)	1218.00
NAV (p)	1211.20
Premium / (Discount)	0.6%

*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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