

The Biotech Growth Trust PLC



Portfolio Manager



OrbiMed
Healthcare Fund Management



Geoffrey Hsu

Information as at 31 December 2020

www.biotechgt.com

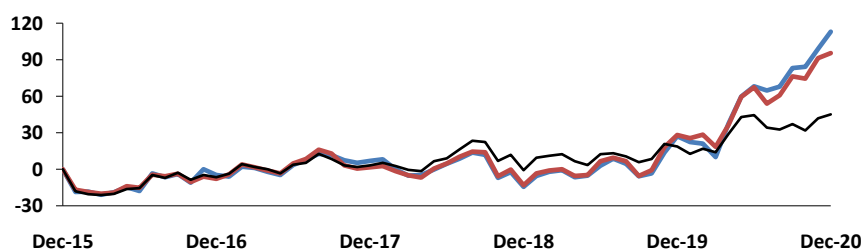
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Investment Objective and Benchmark Index

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) +95.6%

Share Price (total return) +113.0%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +45.1%

Source: Morningstar, Index - Bloomberg.

Commentary

In December, the NAV per share was up 2.2%, the share price was up 7.1% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 2.2%.

Both biotechnology and the broader markets continued their strength in December, ending a historic year for performance across the market. During the month, the U.S. FDA granted its first two Emergency Use Authorizations (EUAs) to Pfizer/BioNTech and Moderna for their respective mRNA-based COVID-19 vaccines, providing the first steps to recovery from the pandemic; the U.K. has also granted an EUA for AstraZeneca's adenovirus-based vaccine. Investor attention has shifted from the initial clinical data to the logistics of mass worldwide vaccination, including manufacturing capacity, cold-chain storage and timelines to vaccinate the population to reach herd immunity. We continue to expect multiple vaccines to be required to supply the worldwide market and anticipate broader distribution of vaccines to lower-risk populations throughout 2021.

Alexion, Curis and PMV Pharmaceuticals were the top positive contributors to performance during the month. Alexion shares outperformed after AstraZeneca announced it would acquire the company for a total of US \$39 billion, or an approximately 45% premium. We anticipate the acquisition to close in 3Q21. Shares of Curis were strong after the company announced initial data from a trial of their IRAK4 inhibitor CA-4948 in hematologic malignancies showing robust anti-tumor activity. We continue to view IRAK4 as a promising new target in oncology. PMV shares appreciated on no fundamental news.

Arcturus, Aptose and Trillium were the largest negative contributors to performance during the month. Shares of Arcturus were weak after the company released Phase 1/2 data from their COVID-19 vaccine trial showing weaker than expected immune responses versus competitors. Based on the evolving vaccine landscape, we continue to see a potential role for Arcturus' vaccine in territories unable to support mass two-dose vaccination and/or ultra-cold chain storage. Aptose shares declined after the company presented data at the ASH medical meeting from their ongoing trials of CG-806 in chronic lymphocytic leukemia and acute myeloid leukemia showing no responses. We believe the initial data is encouraging and support continued dose escalation with CG-806, which could translate to better clinical activity. Trillium shares were weak after presentation of incremental data from the TTI-622 trial in lymphoma at the ASH medical meeting. We continue to see TTI-622 as an active drug and believe the clinical data are likely to improve with dose escalation.

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 / Premium 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 the ex income NAV per share at which the shares trade to no more than 6%. Shares bought back will be cancelled. In order to help prevent the share price trading at a significant premium to the NAV per share, the Company has the authority to issue new shares at a 1% premium to the cum income NAV per share.

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 December 2020 (% of total investments)

| Name | Total |
|----------------------------|-------------|
| Turning Point Therapeutics | 4.0 |
| Horizon Therapeutics | 3.8 |
| Neurocrine Biosciences | 3.6 |
| Keros Therapeutics | 3.2 |
| Alexion Pharmaceuticals | 2.9 |
| Vertex Pharmaceuticals | 2.7 |
| Trillium Therapeutics | 2.5 |
| CRISPR Therapeutics | 2.5 |
| Amgen | 2.3 |
| Burning Rock Biotech | 2.3 |
| Total | 29.8 |

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Fast Facts

As at 31 December 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 | 40,594,769 Ordinary Shares of 25p |

Geographical Breakdown as at 31 December 2020 (%)

| | |
|--------------------|---------------|
| North America | 77.7% |
| China | 10.3% |
| Continental Europe | 7.9% |
| *Unquoteds | 3.6% |
| United Kingdom | 0.5% |
| 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 3.6% unquoted investments, 1.7% is classified as North America, 1.5% as China, and 0.4% as Asia.

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

| Percentage Growth | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|------|------|-------|------|------|
| NAV | -7.6 | 9.9 | -14.3 | 47.4 | 52.4 |
| Share Price | -4.7 | 12.1 | -19.9 | 48.5 | 67.7 |
| Benchmark | -6.5 | 10.5 | -3.8 | 19.6 | 22.1 |

Trust Characteristics

| | |
|-----------------------------------|--|
| Number of Holdings | 74 |
| Total Net Assets (£m) | £623.6m |
| Market Capitalisation (£m) | £639.8m |
| Dividend Policy | It is not anticipated that the Company will pay a dividend |
| Gearing (AIC basis) | 5.2% |
| Leverage | |
| Gross & Commitment** | 105.2% |
| Share Price (p) | 1576.00 |
| NAV (p) | 1536.23 |
| Premium / (Discount) | 2.6% |

*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 |

Standardised Discrete Performance (%)

| Percentage Growth 12 Month Return | Dec 15- Dec 16 | Dec 16- Dec 17 | Dec 17- Dec 18 | Dec 18- Dec 19 | Dec 19- Dec 20 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| NAV | -7.6 | 9.9 | -14.3 | 47.4 | 52.4 |
| Share Price | -4.7 | 12.1 | -19.9 | 48.5 | 67.7 |
| Index | -6.5 | 10.5 | -3.8 | 19.6 | 22.1 |

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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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