

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu

Information as at 28 February 2021

www.biotechgt.com

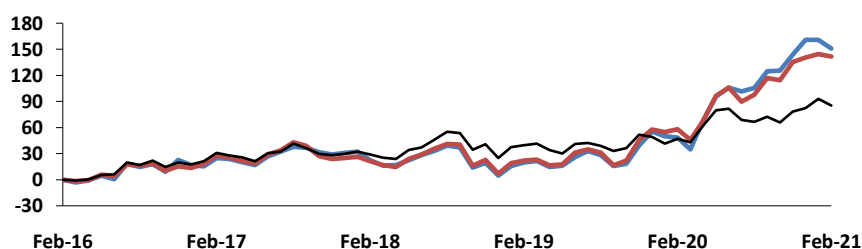
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Investment Objective and Benchmark Index

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) +141.7%

Share Price (total return) +151.0%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +85.2%

Source: Morningstar, Index - Bloomberg.

Commentary

In February, the NAV per share was down 1.2%, the share price was down 3.7% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 4.0%.

Following a strong start to 2021, biotechnology underperformed the broader market in February. During the month, investors became concerned about a rapid rise in interest rates, termed "reflation," as expectations increased for a reacceleration of economic growth with the continued rollout of COVID vaccinations. With a more visible economic recovery at hand, investors began rotating out of high momentum, high-growth sectors, including information technology and biotechnology, into more value-oriented, economically-sensitive sectors. While the rise in inflation expectations has created short-term volatility in the market, we continue to see investor demand for biotechnology and remain positive on the sector. In February, the U.S. FDA granted an Emergency Use Authorization (EUA) to a third, SARS-CoV-2 vaccine developed by Johnson & Johnson. With the entry of a third vaccine in the U.S. market, the pace of vaccinations has continued its steady ramp with 75 million total vaccine doses administered by the end of February. New COVID-19 case counts have continued to decline since the mid-January peak, though the case counts remain above the lowest levels reported during the summer of 2020. We expect an improving mass vaccine rollout combined with measured steps toward re-opening to further drive lower case counts. As variant strains of SARS-CoV-2 emerge, we continue to believe periodic re-vaccinations will be required to maintain broad immunity to infection. We note several vaccine developers have announced programs in development to address variant strains.

Pandion Therapeutics, Horizon Therapeutics, and Xenon Pharmaceuticals were the largest positive contributors to performance during the month. Pandion shares outperformed following the announcement of the company's acquisition by Merck for a 134% premium. Shares of Horizon were strong after the announcement of its acquisition of biotech company Viela Bio, which enhances both the company's commercial-stage portfolio and clinical-stage pipeline in autoimmune disease. Additionally, thyroid eye disease treatment Tepezza continued its outperformance, with strong, accelerating demand noted in the company's financial report. Xenon shares outperformed ahead of key Phase 2b data in epilepsy, expected in the third quarter. During the month, Xenon also announced early preclinical data showing strong efficacy in depression.

CRISPR Therapeutics, Arcturus Therapeutics, and Graybug Vision were the largest negative contributors to performance during the month. Shares of CRISPR Therapeutics were weak in February in conjunction with a broader sell-off in gene editing and genomics stocks. We continue to see CRISPR Therapeutics as the best-in-class gene editing company with strong proof-of-concept data for its lead asset CTX001 in hemoglobinopathies. Arcturus shares declined as investors questioned the company's competitive positioning in the evolving COVID-19 vaccine landscape. While many companies have pivoted toward developing variant-specific vaccines, Arcturus believes their original ARCT-021 vaccine will provide sufficient protection against variant strains. Shares of Graybug Vision underperformed as investors sought to lower risk in advance of an imminent Phase 2b data release for GB-102 in wet age-related macular degeneration (wet AMD).

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. No more than 10% of gross assets will be invested in unquoted investments at the time of acquisition. This limit includes any investment or commitment to invest in private equity funds managed by OrbiMed or an affiliate thereof. Investments or commitments to investment in such private equity funds will be limited to US\$15m, after the deduction of proceeds of disposal and other returns of capital. 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 28 February 2021 (% of total investments)

Name	Total
Horizon Therapeutics	4.5
Neurocrine Biosciences	3.9
Vertex Pharmaceuticals	3.5
Turning Point Therapeutics	3.2
Keros Therapeutics	2.8
Pandion Therapeutics	2.8
Remegen	2.5
Curis	2.4
Biogen	2.4
Prelude Therapeutics	2.3
Total	30.3

Geographical Breakdown as at 28 February 2021 (%)

North America	75.2%
China	12.5%
Continental Europe	7.9%
*Unquoteds	3.3%
United Kingdom	1.1%
Total	100.0%

* No more than 10% of gross assets will be invested in unquoted investments at the time of acquisition. This limit includes any investment or commitment to invest in private equity funds managed by OrbiMed or an affiliate thereof. Investments or commitments to investment in such private equity funds will be limited to US\$15m, after the deduction of proceeds of disposal and other returns of capital. Of the 3.3% unquoted investments, 0.6% is classified as North America, 2.4% as China, and 0.3% as Asia.

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth	2016	2017	2018	2019	2020	YTD
NAV	-7.6	9.9	-14.3	47.4	52.4	0.4
Share Price	-4.7	12.1	-19.9	48.5	67.7	-3.8
Benchmark	-6.5	10.5	-3.8	19.6	22.1	1.5

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Feb 16- Feb 17	Feb 17- Feb 18	Feb 18- Feb 19	Feb 19- Feb 20	Feb 20- Feb 21
NAV	28.1	-5.2	0.5	29.7	52.9
Share Price	25.0	-2.0	-2.2	23.8	69.2
Index	30.9	-1.5	8.4	5.2	26.0

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).

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Fast Facts

As at 28 February 2021

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	41,459,769 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	83
Total Net Assets (£m)	£639.6m
Market Capitalisation (£m)	£628.5m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	5.4%
Leverage**	Gross 106.1% Commitment 105.9%
Share Price (p)	1516.00
NAV (p)	1542.82
(Discount) / Premium	(1.7%)

* 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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