THE BIOTECH GROWTH TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDED
31 MARCH 2021

Frostrow
CAPITAL

OrbiMed
Healthcare Fund Management

The Biotech Growth Trust PLC

The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry. 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.

Further details of the Company's investment policy are set out on pages 18 and 19.

ORBIMED CAPITAL LLC – PORTFOLIO MANAGER

OrbiMed's investment business was founded in 1989 with a vision to invest across the spectrum of healthcare companies: from venture capital start-ups to large multinational companies.

Beginning with its first public equity fund in 1989, OrbiMed expanded to include long/short equity and private equity investments in 1993. On 19 May 2005 OrbiMed was appointed as the Company's Portfolio Manager. In 2007 OrbiMed expanded to Asia, opening offices in Mumbai and Shanghai, and launching a fund focused on private equity healthcare opportunities in China and India. In 2010 OrbiMed expanded to the Middle East, opening an office in Israel to seek innovative life sciences venture capital opportunities across the region.

Today, OrbiMed has a singular focus on seeking successful investments on a worldwide basis across the entire spectrum of private and publicly-traded life sciences companies. With approximately U.S. $17 billion under management, OrbiMed ranks as one of the world's largest healthcare-dedicated investment firms.

OrbiMed's investment professionals possess a combination of extensive scientific, medical and financial expertise.

HOW TO INVEST

The Company's shares are traded on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including investment dealing accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. Further details can be found on page 91.

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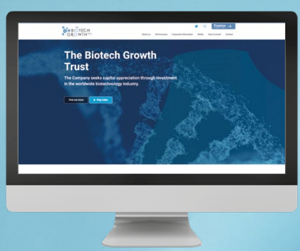

For more information about The Biotech Growth Trust PLC visit the website at
www.biotechgt.com

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CHAIRMAN'S STATEMENT

ANDREW JOY

INTRODUCTION AND RESULTS

Following strong results last year I am delighted to report that the year ended 31 March 2021 was an even more successful one for the Company. The Company's net asset value per share total return* was +55.1%, and the share price total return* was +75.2%, both significantly outperforming the Company's benchmark, the NASDAQ Biotechnology Index (sterling adjusted) which rose by 25.1% over the year. The disparity between the performance of the Company's net asset value per share and its share price reflected a narrowing of the discount of the Company's share price to its net asset value per share from 12.7% at the start of the Company's financial year to 1.4% at 31 March 2021.

The COVID-19 pandemic has brought increased focus on, and appreciation of the biotechnology sector in the investment community. This reinforced the already widespread perception that there is a revolution going on in biotech science, and of the possibilities opening up, as a result, for new therapies. That perception goes well beyond treatments for COVID-19 itself, where, in a conclusion shared by the Portfolio Manager, the market considers COVID-19 treatments are unlikely to bring exceptional financial reward except in a very limited number of cases. The strong performance of the biotech sector continued throughout the Company's year, although tailing off towards the end as investors, increasingly confident of a strong economic rebound, started to rotate out of growth sectors such as biotechnology into value sectors. The other main external factor for the biotechnology sector during the year was the U.S. elections. The outcome proved on balance to be positive for the sector: although the Democrats achieved a "sweep" of President, Senate and House, which might have led to fundamental changes in health policy to the possible detriment of healthcare stocks, as it turned out the Democrat majority achieved in the Senate was so slim that this risk, in investors' minds, has been taken off the table.

Even more significant than the sector performance in the year was the 30% outperformance of the Company's net asset value per share total return against its benchmark, the Nasdaq Biotechnology Index measured in sterling terms. The details of this are contained in the Portfolio Manager's report. From the Board's point of view, the outperformance is a demonstration of OrbiMed's stock picking skills, founded on a deep understanding of the underlying science as well as the regulatory environment. More generally, as I mentioned in the Company's half-year report, the Board is happy for OrbiMed to continue to diverge from benchmark weightings. The Company's 'Active Share' percentage, representing the proportion of the portfolio that differs from the benchmark, continued to be in the high 70s% during the year. The Board believes this has been instrumental in the significant outperformance of the Company over the last two years, although shareholders should be aware that it may also lead to more volatility.

The majority of the Company's assets are denominated in U.S. dollars and Company's strong performance was achieved despite the headwind of sterling strength during the year, particularly against the U.S. dollar, where it appreciated by 11.3%. The Company's gearing, which decreased to 6.8% at the year-end from 9.0% at the beginning of the year, contributed positively, adding 2.6% to the Company's overall NAV return during the year. Our Portfolio Manager continues to adopt a pragmatic approach to the use of gearing.

As our Portfolio Manager explains in their report, the portfolio has seen the benefit both in absolute and relative terms of exposure to crossover investments, of which the Company invested in 12 in the course of the year, and investments in biotechnology companies based in China, which represent 13% of the portfolio at year end. OrbiMed has had an investing capability in China since 2009, and so is well placed to take advantage of the increasing levels of innovation in biotechnology being seen there.

Further details regarding the Company's performance can be found in the Portfolio Manager's Review beginning on page 9.

CAPITAL STRUCTURE

For the majority of the year under review, the Company's share price traded on either a small premium or a small discount to the net asset value per share. No shares were repurchased by the Company during the year and to 3 June 2021 (being the latest practicable date prior to the publication of this Annual Report). The Board remains committed to protecting the discount at or near the 6% level.

A total of 2,377,500 new shares were issued during the year at an average premium of 1.1% to the higher of the prevailing cum or ex income net asset value per share. This

*Alternative Performance Measure (see glossary beginning on page 88).

issuance raised £35.5m of new funds for the Company, which have been invested in line with the Company's investment policy. Following the year-end (to 3 June 2021) a further 100,000 shares have been issued at an average premium of 1.0% to the higher of the prevailing cum or ex income net asset value per share raising £1.4m of new funds.

RETURN AND DIVIDEND

The revenue return per share was (0.2)p (2020: 1.0p). No dividend is recommended in respect of the year ended 31 March 2021 (2020: nil).

COMPOSITION OF THE BOARD

I am pleased that Dr Nicki Shepherd joined the Board in January 2021. Nicki is the founder and a Director of Bellows Consulting Limited which operates in the biomedical translational sector, providing strategic advice and assisting clients in moving their projects closer to the market. Previously she was a senior member of the Innovations Division at the Wellcome Trust where she was responsible for the establishment, management and oversight of the Translation Fund, which invests in new product development covering therapeutics, vaccines, diagnostics, medical devices and regenerative medicine over a range of clinical indications. Before that she worked for AstraZeneca, and has significant cross- Atlantic experience. Nicki has already begun to make a valuable contribution to the Board's affairs.

Professor Dame Kay Davies, who serves as the Company's Senior Independent Director, having served nine years on the Board, will retire at the conclusion of this year's AGM and so will not stand for re-election. Kay has made a very significant contribution during her time on the Board, not least through her deep understanding of the science of biotechnology, and she will be greatly missed by her fellow Directors. We have all much enjoyed working with her and wish her all the best for the future. Steve Bates will succeed Kay as the Senior Independent Director.

PERFORMANCE FEE

Performance fee provisions compare the performance of the Company's net asset value per share since launch with that of the Benchmark. Only when incremental outperformance has been achieved since launch, and is maintained for a twelve-month period, is a performance fee actually paid. These arrangements are described in detail on pages 42 and 43 of this Annual Report.

I am pleased to report that as a result of the continued cumulative outperformance in the year, a performance fee of £1,025,000 crystallised and became payable during the year. In addition, there was a provision at year end of £17.7m for future performance fee payments. This provision will become payable over the next year only if the outperformance is maintained.

FROSTROW CAPITAL LLP FEES

Frostrow acts as the Company's AIFM, Company Secretary and Administrator and received a fee as follows: a periodic fee equal to 0.30% per annum of the Company's market capitalisation, plus a fixed amount equal to £60,000 per annum. In addition, dependent on the level of long-term outperformance of the Company, Frostrow was entitled to the payment of a performance fee amounting to 1.5% of any outperformance over the benchmark (please see pages 42 and 43 for further information). Following discussions with Frostrow, the Board is pleased to confirm the following amended fee arrangements have been agreed which took effect from 1 April 2021: 0.30% per annum of the Company's market capitalisation up to £500m; 0.20% per annum of the Company's market capitalisation between £500m and £1bn; 0.10% per annum of the Company's market capitalisation thereafter. The fixed fee of £60,000 per annum has also been removed. In addition, Frostrow is no longer entitled to a performance fee, however it is entitled to receive any performance fee that crystallises during the year ending 31 March 2022 in respect of cumulative outperformance attained by 31 March 2021. Further details of these new arrangements can be found on page 42.

OUTLOOK

Our Portfolio Manager has continued to concentrate on its strengths as a fundamental stock picker and has been capitalising on market volatility to improve the quality of the portfolio and add to their best ideas.

The Board continues to believe that there will be continued strong demand for improved healthcare, including for more innovative treatments. We further believe that all of the fundamental investment themes for the Biotechnology sector remain intact. Although in the short term, there has been some underperformance since the start of the Company's new financial year, with the portfolio manager's focus remaining on the selection of stocks with strong prospects for capital enhancement, the Board remains confident that long-term investors will be well rewarded.

ANNUAL GENERAL MEETING (AGM)

The Board has been monitoring the ongoing impact of the COVID-19 pandemic upon the arrangements for the Company's upcoming AGM on Wednesday, 14 July 2021. While the COVID-19 related restrictions have been relaxed, it is very difficult to predict how willing people will be to travel to and attend such events. Also, one of our Directors, and our lead Portfolio Manager Geoff Hsu, lives in North America. Accordingly, in order to provide certainty, physical attendance at the AGM (which will be held at the offices of Frostrow Capital LLP ('Frostrow'), 25 Southampton Buildings, London WC2A 1AL) will be kept to the minimum permitted by the Company's Articles of Association and the UK based Directors. However, there will be an opportunity for shareholders to ask live questions during the AGM. Details of how shareholders will be able to do this can be found on the Company's website at www.biotechgt.com. In addition, the AGM will commence with an interactive Online Shareholder Presentation (the "Presentation") at 12 noon on Wednesday, 14 July 2021. During the Presentation, shareholders will receive an update from our Portfolio Manager followed by an interactive question and answer session. Full details on how to join the Presentation, including how to register, may be found on the Company's website at www.biotechgt.com. The Presentation will be also available for viewing on the Company's website shortly after the Annual General Meeting. The Board would also welcome any questions in advance of the AGM. These should be sent to biog@frostrow.com.

Any shareholders who require a hard copy form of proxy may request one from the Registrar, Link Group. Shareholders who hold their shares through an investment platform or a nominee will need to contact them to enquire about voting arrangements. Given shareholders and third parties will be unable to attend the AGM in person, I strongly encourage shareholders to appoint the Chairman of the AGM as their proxy to vote on their behalf.

The votes on the resolutions to be proposed at the AGM will be conducted on a poll. The results of the proxy votes will be published immediately following the conclusion of the AGM by way of a stock exchange announcement and on the Company's website at www.biotechgt.com.

The Board is committed to holding in person meetings in future when restrictions are not in place and they can be held safely. A resolution is also to be proposed to shareholders at the Company's AGM to adopt new Articles of Association. This will enable a combination of virtual and in person shareholder meetings to be held, and will provide the Board with the flexibility to hold virtual shareholder meetings in the future should the need arise. In addition to amending the provisions of the Articles of Association relating to meetings, certain other technical amendments have been made so that the Articles of Association conform to other applicable legislation and current best practice, in particular, changes have been made to provisions designed to enable the Company to comply with its obligations under various tax reporting requirements. Details of the changes are set out on pages 98 to 100 of this Annual Report.

Andrew Joy
Chairman

4 June 2021

FINANCIAL HIGHLIGHTS

Net asset value per share (total return)*^

+55.1%

2020: +18.5%

Share price (total return)*^

+75.2%

2020: +10.9%

Benchmark*†

+25.1%

2020: +1.2%

Discount of share price to net asset value per share*^

1.4%

2020: 12.7%

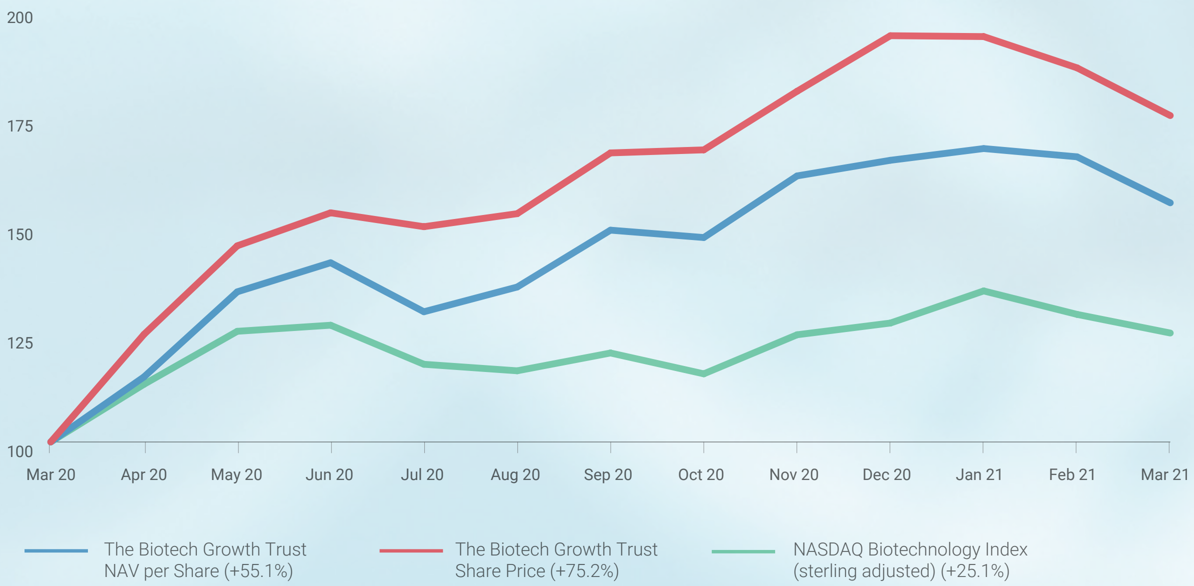
Ongoing Charges^

1.1%

2020: 1.1%

* Source: Morningstar
^Alternative Performance Measure (see glossary beginning on page 88).
† NASDAQ Biotechnology Index (sterling adjusted)

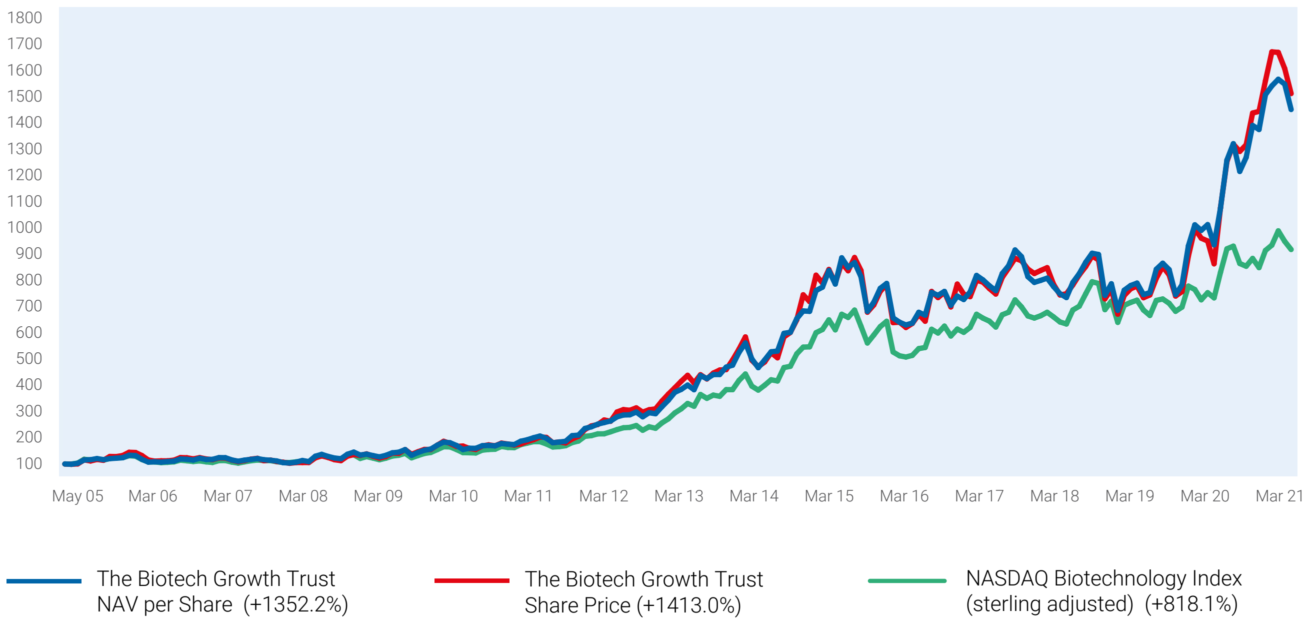
PERFORMANCE FOR THE YEAR TO 31 MARCH 2021



Figures have been rebased to 100, as at 31 March 2020
Source: Morningstar

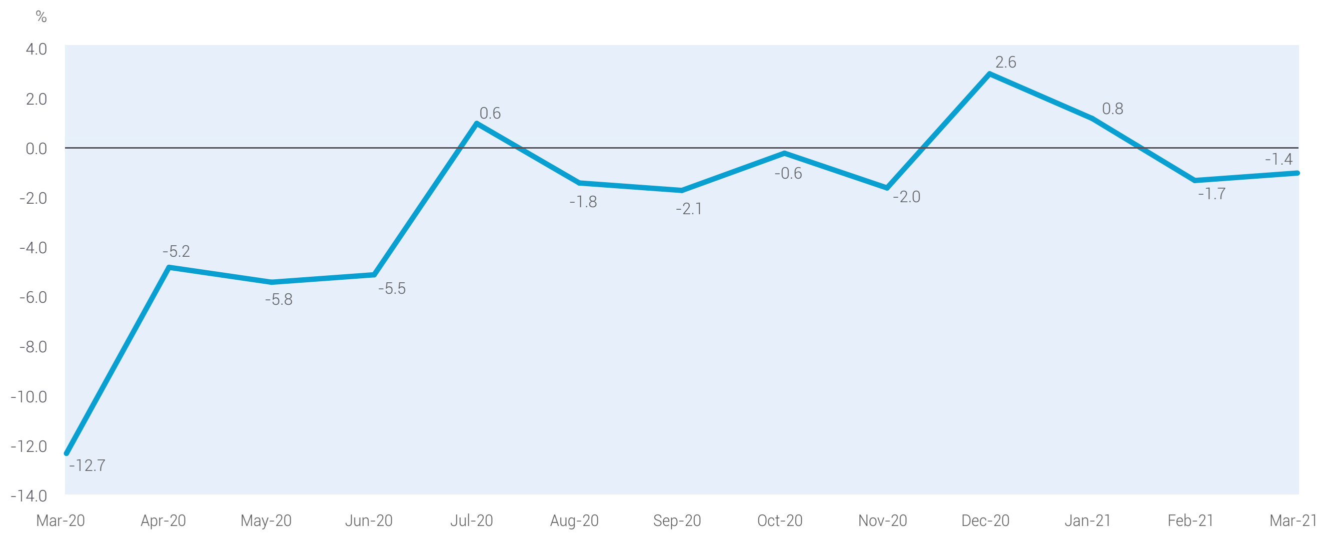
KEY INFORMATION

PERFORMANCE SINCE THE DATE OF APPOINTMENT OF ORBIMED CAPITAL LLC AS PORTFOLIO MANAGER TO 31 MARCH 2021



Figures have been rebased to 100 as at 19 May 2005.
Source: Bloomberg.

DISCOUNT OF THE COMPANY'S SHARE PRICE TO THE NET ASSET VALUE PER SHARE YEAR TO 31 MARCH 2021



The discount of the Company's share price to the net asset value per share at 31 March 2021 stood at 1.4% (2020: 12.7%).
Source: Frostrow Capital LLP.

COMPANY PERFORMANCE

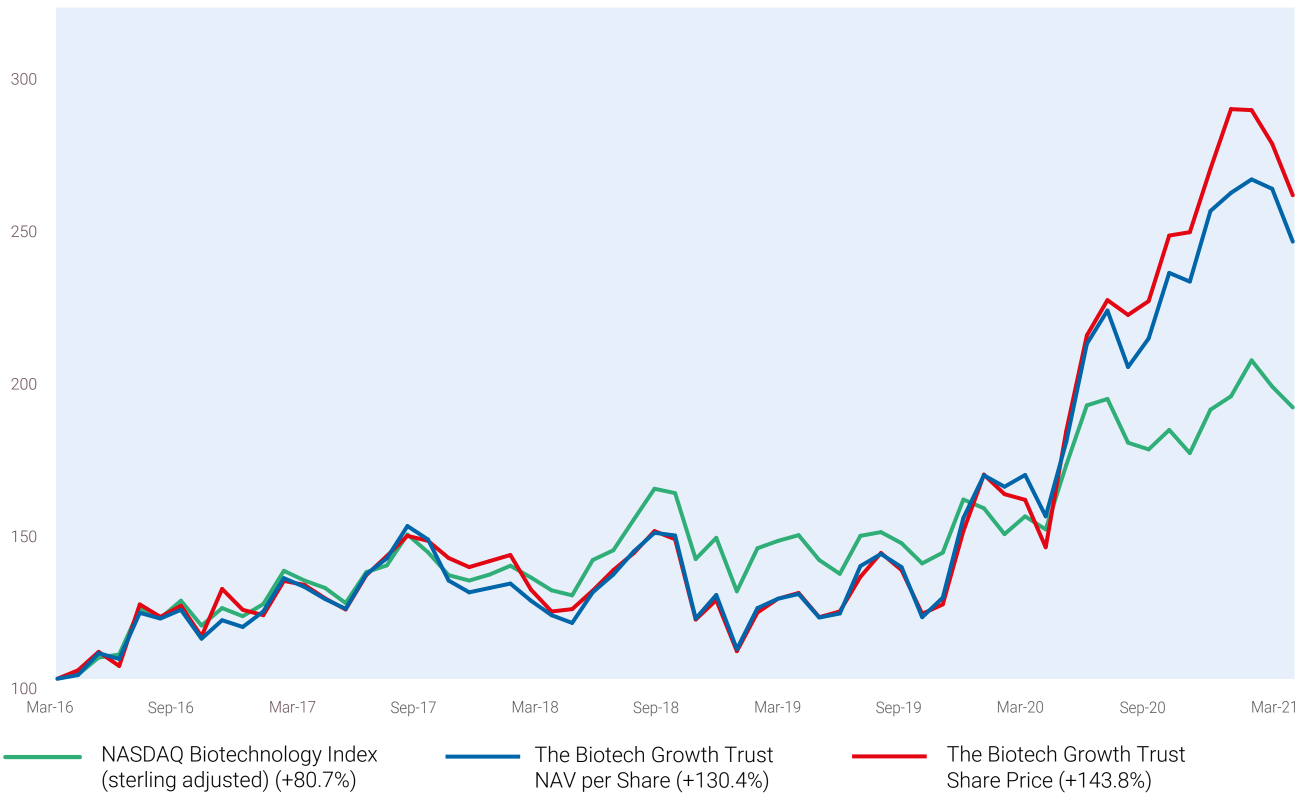
HISTORIC PERFORMANCE FOR THE YEARS ENDED 31 MARCH

	2016	2017	2018	2019	2020	2021
Net asset value per share total return*^	(24.8%)	27.5%	(6.7%)	5.3%	18.5%	55.1%
Share price total return*^	(26.3%)	27.9%	(6.1%)	4.6%	10.9%	75.2%
Benchmark return*	(21.8%)	29.2%	(2.2%)	13.0%	1.2%	25.1%
Net asset value per share	627.9p	800.8p	747.5p	786.8p	932.4p	1,446.4p
Share price	585.0p	748.0p	702.0p	734.0p	814.0p	1,426.0p
Discount of share price to net asset value per share*^	6.8%	6.6%	6.1%	6.7%	12.7%	1.4%
Ongoing charges (excluding performance fees)^	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
Gearing^	11.1%	3.2%	6.8%	5.5%	9.0%	6.8%

* Source: Morningstar

^ Alternative Performance Measure (see glossary beginning on page 88).

FIVE YEAR PERFORMANCE TO 31 MARCH 2021



Figures have been rebased to 100 as at 31 March 2016

Source: Morningstar

INVESTMENT PORTFOLIO

INVESTMENTS HELD AS AT 31 MARCH 2021

Security	Country/ Region	Fair value £'000	% of investments
Vertex Pharmaceuticals	United States	37,249	5.8
Horizon Therapeutics	United States	31,401	4.9
Neurocrine Biosciences	United States	23,909	3.7
ImmunoGen	United States	20,349	3.2
Curis	United States	19,222	3.0
Aptose Biosciences	Canada	18,559	2.9
Keros Therapeutics	United States	18,142	2.8
Guardant Health	United States	18,092	2.8
Turning Point Therapeutics	United States	17,470	2.7
Biogen	United States	16,626	2.6
Ten largest investments		**221,019**	**34.4**
Amgen	United States	16,501	2.6
Yisheng Biopharma Preference (unquoted)	China	15,555	2.4
CRISPR Therapeutics	Switzerland	15,464	2.4
RemeGen	China	14,642	2.3
Gilead Sciences	United States	13,470	2.1
Theravance Biopharma	United States	12,659	2.0
Xenon Pharmaceuticals	Canada	12,525	1.9
Trillium Therapeutics	Canada	11,802	1.8
Alexion Pharmaceuticals	United States	11,310	1.7
Jounce Therapeutics	United States	11,074	1.7
Twenty largest investments		**356,021**	**55.3**
Prelude Therapeutics	United States	10,842	1.7
Mirati Therapeutics	United States	10,817	1.7
Hansoh Pharmaceutical	China	10,801	1.7
Applied Therapeutics	United States	10,794	1.7
Milestone Pharmaceuticals	Canada	10,750	1.7
Flexion Therapeutics	United States	10,742	1.7
MeiraGTx	United States	10,246	1.6
HBM Holdings+	China	9,935	1.6
Mersana Therapeutics	United States	9,722	1.5
Gracell Biotechnologies+	China	8,945	1.4
Thirty largest investments		**459,615**	**71.6**
Magenta Therapeutics	United States	8,124	1.3
Catalyst Biosciences	United States	7,709	1.2
Adverum Biotechnologies	United States	6,875	1.1
PMV Pharmaceuticals	United States	6,322	1.0
Natera	United States	6,270	1.0
Nuvation Bio	United States	6,048	0.9
Novavax	United States	6,046	0.9
Aslan Pharmaceuticals	Singapore	6,027	0.9
Edgewise Therapeutics	United States	5,808	0.9
Sutro Biopharma	United States	5,774	0.9
Forty largest investments		**524,618**	**81.7**
Arcturus Therapeutics	United States	5,538	0.9
Nanobiotix	France	5,382	0.8
Sichuan Clover Biopharmaceuticals Preference (unquoted)	United States	5,201	0.8
Burning Rock Biotech	China	4,961	0.8
Iovance Biotherapeutics	United States	4,914	0.8
Landos Biopharma	United States	4,738	0.7
Suzhou Basecare Medical+	China	4,660	0.7
Aurinia Pharmaceuticals	Canada	4,430	0.7
Deciphera Pharmaceuticals	United States	4,326	0.7
Small Pharma Financing (unquoted)	United States	4,243	0.7
Fifty largest investments		**573,011**	**89.3**

+ Holding subject to a post IPO lock-in period (See Glossary beginning on page 88 for further details)

INVESTMENT PORTFOLIO

INVESTMENTS HELD AS AT 31 MARCH 2021

Security	Country/ Region	Fair value £'000	% of investments
Intellia Therapeutics	United States	4,217	0.6
Singular Genomics 6.0% 25/02/2023 (unquoted)	United States	4,063	0.6
TCR2 Therapeutics	United States	3,989	0.6
Verona Pharma	United Kingdom	3,986	0.6
JHBP	China	3,290	0.5
VistaGen Therapeutics	United States	3,059	0.5
Vaxcyte	United States	3,038	0.5
Relay Therapeutics	United States	3,018	0.5
InflaRx	Germany	2,993	0.5
Travere Therapeutics	United States	2,958	0.5
Sixty largest investments		**607,622**	**94.7**
ALX Oncology Holdings	United States	2,893	0.4
LogicBio Therapeutics	United States	2,732	0.4
Forte Biosciences	United States	2,586	0.4
Century Therapeutics Preference (unquoted)	United States	2,579	0.4
Graphite Bio Preference (unquoted)	United States	2,567	0.4
Alphamab Oncology	China	2,451	0.4
Nurix Therapeutics	United States	2,346	0.4
ORIC Pharmaceuticals	United States	2,219	0.3
OrbiMed Asia Partners L.P. (unquoted)*	Asia	2,122	0.3
Field Trip Health	Canada	1,886	0.3
Seventy largest investments		**632,003**	**98.4**
Everest Medicines	China	1,447	0.2
Dyne Therapeutics	United States	1,364	0.2
Longboard Pharmaceuticals	United States	1,316	0.2
Galecto	Denmark	1,262	0.2
Prometheus Biosciences	United States	1,225	0.2
Awakn Life Sciences 6.00% 19/03/2023 (unquoted)	United States	1,153	0.2
IMARA	United States	1,147	0.2
Repare Therapeutics	Canada	1,120	0.2
Fusion Pharmaceuticals	Canada	778	0.1
I-Mab Warrant 01/09/2021	China	251	–
I-Mab	China	204	–
Total equities and fixed interest investments		**643,270**	**100.1**
OTC Equity Swaps – Financed^			
BGI Genomics	China	2,779	0.4
Less: Gross exposure on financed Swaps		(3,397)	(0.5)
Total OTC Equity Swaps		**(618)**	**(0.1)**
Total investments including OTC Equity Swaps		**642,652**	**100.0**

All of the above investments are equities unless otherwise stated.

* Partnership interest

^ See note 14 beginning on page 79 and glossary beginning on page 88 for further details in relation to the OTC Swaps.

PORTFOLIO BREAKDOWN

Investments	Fair value £'000	% of investments
Quoted		
Equities	605,536	94.3
	605,536	94.3
Unquoted		
Equities	30,145	4.9
Warrant	251	–
Bonds	5,216	0.6
Partnership interest	2,122	0.3
	37,734	5.8
Derivatives		
OTC Equity Swaps	(618)	(0.1)
Total investments	**642,652**	**100.0**

PORTFOLIO MANAGER'S REVIEW

GEOFF HSU

PERFORMANCE REVIEW

The Company delivered strong performance on both an absolute and relative basis for the year ending 31 March 2021. The Company's net asset value per share total return was +55.1% during the financial year, beating the 25.1% increase for the Company's benchmark, the NASDAQ Biotechnology Index (measured on a sterling adjusted basis).

The financial year began soon after the broad market selloff in March 2020 precipitated by the COVID-19 pandemic. The ensuing six months saw a strong recovery in biotechnology stocks from the March lows as investors realised that biotechnology companies would not be as affected by the pandemic as other sectors of the economy. In addition, the sector enjoyed a sentiment boost as many companies in the biopharmaceutical industry began devoting significant resources to developing therapeutics and vaccines for the coronavirus. The Company's NAV reclaimed its pre-COVID-19 highs by the end of April and proceeded to reach new highs through mid-July. In the months leading up to the U.S. election on 3 November, rising investor concerns about a potential Democratic sweep slowed further gains for the sector. After the election results, in which the Democrats only garnered a slight majority in Congress, fears over drug pricing reform abated significantly and the Company's NAV increased to new highs by mid-February 2021. However, starting in mid-February, investors became concerned about a rapid rise in interest rates, termed "reflation," as expectations increased for a re-acceleration 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. The Company had an especially sharp pullback during this rotation due to its heavier weighting in smaller emerging biotechnology names. Exacerbating the growth-to-value rotation were announcements of several surprising negative clinical trial results and drug approval delays in the final quarter of the financial year which negatively impacted sentiment for the biotechnology sector broadly. We believe the pullback is temporary and do not believe the fundamentals of the sector have changed. Despite the sector's strong performance over the year, we do not believe the sector as a whole is overvalued.

Over the course of the year, the Company's net asset value per share total return outperformed the benchmark by 30.0%. The outperformance was driven by a larger allocation to emerging biotechnology versus large capitalisation biotechnology relative to the index, merger & acquisition (M&A) activity (including Gilead's acquisition of Immunomedics, Merck's acquisition of Pandion Therapeutics, and AstraZeneca's acquisition of Alexion Pharmaceuticals), and strong performance from our crossover investments and China holdings.

CONTRIBUTORS AND DETRACTORS

Immunomedics, Forte Biosciences, CRISPR Therapeutics, Pandion Therapeutics, and **Curis** were the leading positive contributors to performance in the portfolio during the year.

- **Immunomedics** is an emerging biotechnology company developing the antibody-drug conjugate Trodelvy for multiple cancers. The stock rose in April 2020 when the FDA approved Trodelvy for triple negative breast cancer. The stock moved up again meaningfully in September 2020 when Gilead Sciences announced it was acquiring Immunomedics for U.S.$21 bn, representing a 108% premium to Immunomedics' share price.
- **Forte Biosciences** is an emerging biotechnology company developing a live biotherapeutic, FB-401, for the treatment of inflammatory skin diseases. FB-401 consists of three strains of a particular commensal bacterium that were selected for their impact on key parameters of atopic dermatitis. We participated in an equity offering concurrent with the company's reverse merger into a public shell. Shares performed strongly after the merger as the company's visibility among investors increased.
- **CRISPR Therapeutics** is a leading developer of gene editing technology. Initial data from the company's first program, CTX001, showed strong results in both beta thalassemia and sickle cell disease, which could represent a durable functional cure for patients with these diseases. The company also continues to advance its pipeline of off-the-shelf cell therapy assets in oncology, which could offer substantial logistical benefits over currently available cell therapies.
- **Pandion Therapeutics** is an emerging biotechnology company focused on developing novel treatments for autoimmune diseases. Their lead product, PT101, is a cytokine derivative which selectively activates and expands regulatory T-cells for the treatment of ulcerative

colitis. We participated in a crossover round for Pandion and purchased additional shares in the initial public offering (IPO). In late February, Merck announced it was acquiring Pandion for U.S.$1.85 bn, a 134% premium to Pandion's pre-announcement stock price.

- **Curis** is an emerging biotechnology company developing cancer therapies. The stock rose in December 2020 on a Phase 1 data release for their lead asset CA-4948, a first-in-class IRAK4 inhibitor. Data showed two confirmed responses in six acute myeloid leukemia patients.

Acadia Pharmaceuticals, Applied Therapeutics, Biogen, Flexion Therapeutics, and **Theravance Biopharma** were the principal detractors for the year.

- **Acadia Pharmaceuticals** shares fell following receipt of a complete response letter from the U.S. Food & Drug Administration (FDA) for their drug pimavanserin in dementia related psychosis. The news came as a surprise given pimavanserin's phase 3 trial was stopped early at an interim look for clinical success and the drug received Breakthrough Therapy Designation from the FDA. However, the FDA cited a lack of statistical significance in some of the subgroups of dementia and insufficient numbers of patients with less common dementia subtypes as their rationale for not approving the drug. The company will likely need to run an additional pivotal trial.
- **Applied Therapeutics** shares were weak after the company's lead asset AT-007 was put on partial clinical hold by the FDA prior to the initiation of a Phase 2 trial in pediatric galactosemia. The company required several months of dialogue with the FDA to amend its clinical trial plans to remove the partial clinical hold, leading to a delay in a potential regulatory filing for approval.
- **Biogen** is a large-capitalisation biotechnology company focused on neurological diseases. The company's main products include Tecfidera for multiple sclerosis and Spinraza for the treatment of spinal muscular atrophy. The company is also developing aducanumab, an investigational human monoclonal antibody for the treatment of Alzheimer's disease, which is currently under review by the FDA. Biogen shares underperformed over the period after courts invalidated one of the key patents protecting Tecfidera, opening the drug up to immediate generic competition. Additionally, aducanumab received a negative FDA advisory committee vote in November 2020, further pressuring the stock.
- **Flexion Therapeutics** is a biopharmaceutical company focused on the development and commercialisation of novel, local therapies for the treatment of people with musculoskeletal conditions. The company markets the drug Zilretta, an extended-release intra-articular therapy for patients with osteoarthritis-related knee pain. Flexion's shares pulled back over the period due to concerns about slowing sales due to the COVID-19 pandemic.
- **Theravance Biopharma** is a biopharmaceutical company specialising in the discovery and development of organ-selective medicines. The company offers Yupelri, a once-daily nebulized drug for the treatment of chronic obstructive pulmonary disease (COPD) and receives royalties on sales of GlaxoSmithKline's combination drug Trelegy, which is approved for both COPD and asthma. The company's pipeline includes TD-1473, a gut-selective JAK inhibitor that is in a Phase IIb/III clinical trial for the treatment of ulcerative colitis, and TD-8236, an inhaled lung-selective pan-JAK inhibitor, which is in a Phase II trial for asthma. Theravance's shares pulled back over the period due to increased concerns about respiratory drug launches during the COVID-19 pandemic as well as mixed phase 2 data for TD-8236 in asthma.

Please see the table on page 17 for further information.

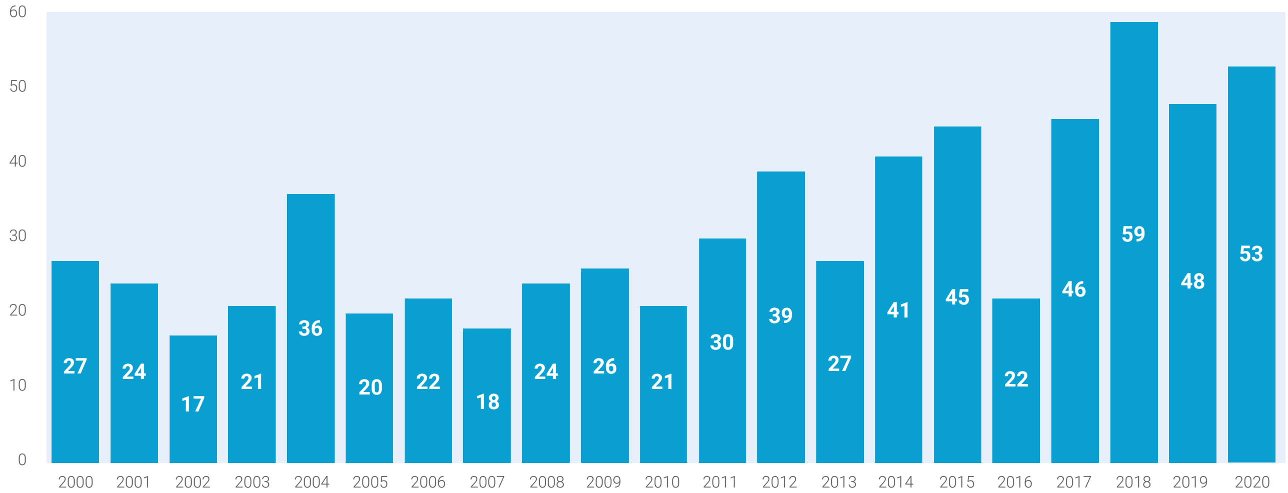
POLITICAL RISK ON DRUG PRICING HAS LARGELY ABATED POST-ELECTION

Despite investor fears of a Democratic sweep having negative implications for the healthcare industry in the run-up to the November election, we believe the election results largely remove the political risk for the biotechnology industry. President Biden has made it clear that he wants to build on Obamacare, which he helped shepherd through Congress when he was Vice President under President Obama, rather than pursue a socialised medicine scheme. In the House of Representatives, the Democrats' majority contracted significantly, such that there is now only a eight-seat difference between Democrats and Republicans. This means the Democrats can only afford to lose four votes when attempting to pass legislation along party lines. Numerous upcoming retirements of Democratic House members could put that slight majority in jeopardy in the near-term. Furthermore, the party of the President typically loses House seats in the midterm elections, suggesting that the Republicans have a likely chance of retaking the House in 2022. In the Senate, the Democratic majority is as slim as possible, with seats evenly divided between Democrats and Republicans and the Democrats depending on Vice President Kamala Harris to wield the tiebreaking vote on any legislation passed along party lines. Overall, the slim majorities in Congress mean that any drug reform legislation that is passed will likely be moderate, incremental, and ultimately manageable by the biopharmaceutical industry. In fact, we believe the industry actually wants passage of a drug pricing bill so that it no longer has to deal with the perennial drug pricing overhang damping down sector valuations. Congress could then claim credit for doing something about drug pricing and move on to other priorities. To the extent that Biden's healthcare policies increase insurance coverage for the U.S. population, the biotechnology industry could actually benefit because expanded coverage generally results in increased drug utilisation.

REGULATORY CLIMATE LIKELY TO REMAIN CONSTRUCTIVE

As we have noted in the past, the FDA regulatory environment during the Trump administration was extremely constructive towards new drug approvals. Former FDA Commissioner Scott Gottlieb helped institute policies at the agency to increase flexibility around clinical trial endpoints and to promote more frequent engagement between sponsors and the FDA to streamline drug development. Collectively, these policies aimed to reduce the time and cost of drug development for the biopharmaceutical industry. President Trump believed that approving more drugs would increase competition in the marketplace and help moderate drug price inflation. Indeed, in 2020, the FDA approved 53 new drugs, making the four years of the Trump administration the most productive in FDA history from a new drug approval standpoint.

FDA New Molecular Entity Approvals



Source: FDA, Washington Analysis.

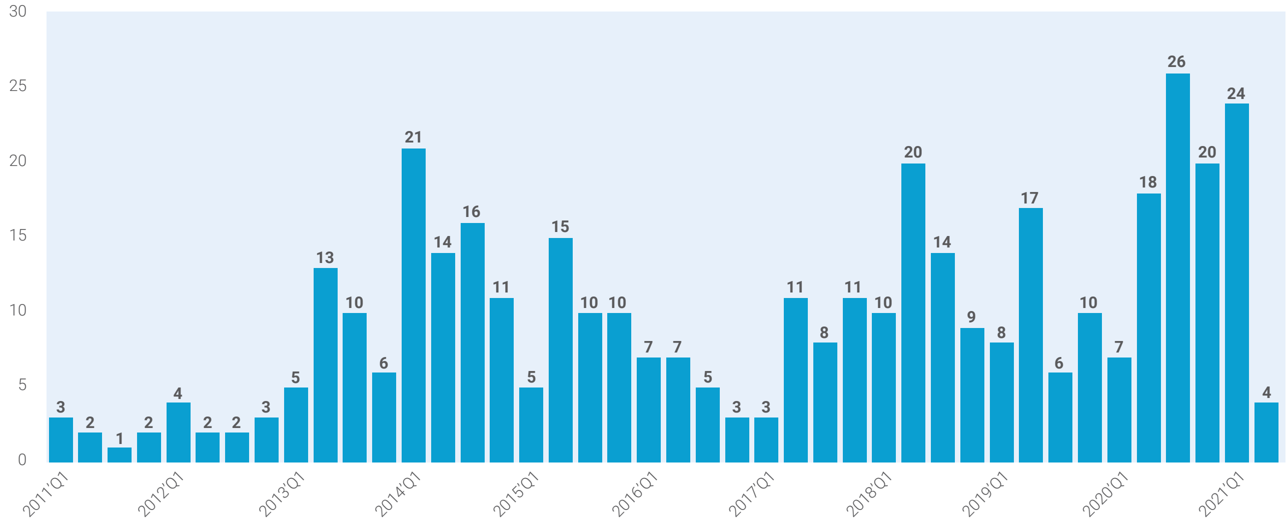
Since Biden took office in January, Janet Woodcock has served as Acting Commissioner of the FDA. Woodcock is a senior official at the FDA who has been at the agency approximately 35 years. Her recent experience includes being Director of the FDA's Center for Drug Evaluation and Research (CDER), the primary office at the FDA responsible for new drug approvals. Most recently, she was called on to assist in "Operation Warp Speed," Trump's program to accelerate development of vaccines and treatments for COVID-19. Woodcock is one of the leading candidates to become permanent Commissioner and she is regarded as industry friendly. The other leading candidate is Michelle McMurry-Heath, the current President and CEO of BIO, the trade association representing the biotechnology industry. It is unclear when Biden will be deciding on a permanent appointment, but regardless of which leading candidate is chosen, it seems an industry-friendly official is likely to be appointed as head of the FDA.

In 1Q 2021, there were a number of regulatory setbacks in the biotechnology sector, with companies reporting delays in drug approvals or outright rejections of their applications. While this has increased investor concern about the regulatory environment under Biden, we do not believe these events reflect a more risk-averse FDA. We suspect many of the delays are due to the agency devoting resources to the COVID-19 pandemic, as well as logistical hurdles in inspecting manufacturing facilities due to COVID-related travel restrictions. Despite work-from-home restrictions due to COVID, the FDA has largely met its goals of acting on drug applications in a timely manner throughout the pandemic. In fact, despite COVID-related challenges, the FDA approved more new drugs in 1Q 2021 than in any first calendar quarter in the agency's history. Once COVID restrictions ease and a permanent FDA commissioner is appointed, we are hopeful the agency will be even better equipped to continue its proactive policies towards innovative drug development.

ROBUST IPO AND CROSSOVER MARKET CONTINUES

The financing environment for biotechnology has remained strong over the past 2-3 years. We estimate over 200 biotechnology companies have gone public since the beginning of 2018, and we have been selectively participating in many of those IPOs. During the year, the Company participated in 39 IPOs, which has provided exposure to the latest cutting-edge technologies in biotechnology sector. Because our deal allocation in each IPO is typically less than 1.0% of NAV, our high participation rate in IPOs has resulted in an expansion in the number of names in the portfolio.

Biotech IPOs – Count by Quarter



Source: BofA Securities as of 19 April 2021.

The Company also remains active in investing in "crossover" rounds, the last private financing round prior to an IPO. We continue to believe crossover investments, which are expected to execute an IPO within 6-12 months, deliver some of the best risk-reward in the investment universe currently. During the year, the Company participated in 12 new crossover investments and 7 crossover investments went public at a stepped-up valuation from the crossover round. We typically invest additional capital into a company upon the crossover's IPO. As a reminder, up to 10% of the Company's portfolio can be allocated to unquoted investments. As of 31 March 2021, approximately 5% of the Company's NAV was invested in crossovers. The aggregate NAV allocated to crossovers will be dictated by the opportunity set we see at any given time. OrbiMed's longstanding venture capital businesses in both the U.S. and China continue to give us strong deal flow in this area.

Crossover investments as of 31 March 2021 include:

- **Yisheng Bio**, a Chinese vaccine company developing a rabies vaccine and a novel immune system stimulator
- **Century Therapeutics**, an emerging biotechnology company developing cell therapies for hematologic and solid cancers
- **Sichuan Clover**, a Chinese vaccine company developing a protein subunit vaccine for COVID-19

- **Small Pharma**, a UK-based biotechnology company developing a small molecule compound for the treatment of major depression
- **Singular Genomics**, a company developing enhanced gene sequencing technologies
- **Graphite Bio**, an emerging biotechnology company developing gene-edited autologous stem cell therapies for a variety of rare diseases
- **Awakn Life Sciences**, a UK-based biotechnology company developing a treatment for alcohol addiction

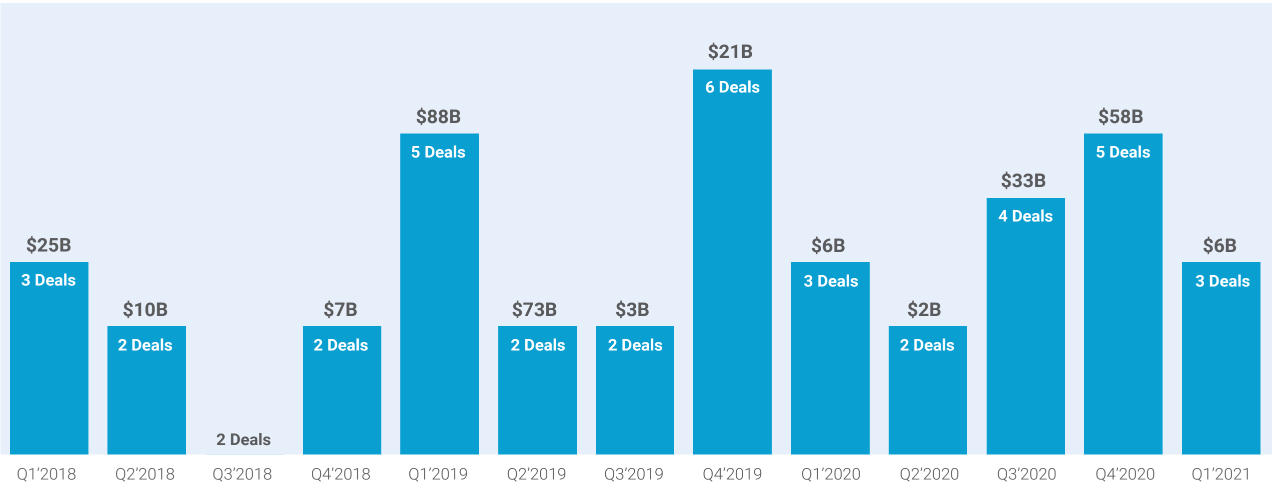
MERGERS AND ACQUISITION (M&A) ACTIVITY CONTINUES DESPITE COVID-19

M&A activity has been a historical driver of returns in the biotechnology industry as most emerging biotechnology companies that successfully develop a product are eventually taken out by larger corporations. Fortunately, the pace of M&A has continued unabated throughout the COVID pandemic, even though most management teams are still working remotely. The Company benefited directly from four M&A transactions during the year because of holdings in the target companies:

- Gilead Sciences' acquisition of Immunomedics for U.S.$21 bn
- Sanofi's acquisition of Principia Biopharma for U.S.$3.68 bn
- Merck's acquisition of Pandion Therapeutics for U.S.$1.85 bn
- AstraZeneca's acquisition of Alexion Pharmaceuticals for U.S.$39 bn

The fact that outright acquisitions are still occurring despite COVID restrictions shows how significant the appetite is among larger biopharmaceutical companies for the innovative assets and platform technologies offered by emerging biotechnology companies.

Announced Public Biotech M&A Transactions



Source: Jefferies, Bloomberg.

CHINESE BIOTECHNOLOGY REMAINS PROMISING

We continue to participate in the rise of biotechnology innovation in China, making 11 new investments over the financial year in Chinese biotechnology companies. In 2015, the Chinese central government made building a biotechnology ecosystem in China a priority in its "Made in China 2025" 10-year plan. Subsequent reforms to accelerate Chinese drug review times and permit pre-revenue biotechnology companies to go public on the local A-share STAR board and the Hong Kong stock exchange have accelerated growth of the Chinese biotech industry. Recently, the stock exchanges have made it easier for investment funds from mainland China to purchase biotechnology stocks listed in Hong Kong, which further increases capital available for the industry. Meanwhile, large pharmaceutical companies continue to in-license innovative assets from Chinese biotechnology companies, validating their technologies. Two recent examples include

Novartis' in-licensing of a PD-1 inhibitor from BeiGene and AbbVie's in-licensing of I-Mab's anti-CD47 monoclonal antibody for cancer. While relations between the U.S. and China are likely to remain strained under the Biden administration, our investments in China are generally in companies primarily serving the Chinese domestic market. As such, we think there is relatively minimal risk to our investments if U.S.-China relations continue to worsen.

Recent investments in China include **RemeGen**, a company developing a first-in-class BLyS/APRIL fusion protein for systemic lupus erythematosus; **Suzhou Basecare**, a developer of genetic tests for assisted reproduction; and **Everest Medicines**, a biotech company with Chinese rights to Gilead Sciences' breast cancer drug Trodelvy.

As of 31 March 2021, emerging markets positions represented 13% of the Company's NAV. There is no formal cap on the proportion of emerging markets investments that can be made in the Company and the ultimate allocation to these geographies will be dictated by our bottom-up evaluation of individual companies. We continue to believe we have a competitive advantage in sourcing attractive investments in the region given our local research team based out of our Shanghai and Hong Kong offices.

INNOVATION REMAINS ENGINE OF SECTOR PERFORMANCE

Innovation remains strong across the biotechnology space and will continue to be the ultimate driver of sector performance. We continue to believe the industry pipeline is at record levels as novel drug development technologies generate new promising therapeutic candidates. We are still in the early stages of realizing the full potential of these technologies, as only a handful of products have been approved based on these technologies and hundreds of additional candidates are still working their way through clinical development.

Below are some selected technologies and representative companies in the portfolio utilising those technologies as of 31 March 2021:

Gene Therapy/Gene Editing – Gene therapy involves delivering healthy genes, typically via a viral vector, to cells in the body that may have missing or non-working genes. Gene editing allows one to disrupt a gene's expression or remove a defective gene and insert a replacement gene in its place. Examples: **MeiraGTx, CRISPR Therapeutics, Intellia Therapeutics**

Cell Therapy – Cell therapy encompasses a variety of approaches whereby intact, live cells are administered to a patient to treat disease. These cells could have been harvested initially from the patient (autologous) or donated from an external source (allogeneic). The cells are typically modified in some way before insertion into the patient. This approach has been especially promising in treating cancer. Examples: **TCR2 Therapeutics, Gilead Sciences, Iovance Biotherapeutics**

Nucleic Acid Based Therapeutics (DNA/RNA) – Nucleic acids (DNA and RNA) provide the genetic blueprint for the activities of living cells. Modifications can be made in the way genes are expressed via a number of nucleic acid-based therapeutics, including antisense oligonucleotides, aptamers, and small interfering RNAs. The COVID vaccines from Moderna and Pfizer/BioNTech, for example, are based on messenger RNA technology. Examples: **Arcturus Therapeutics, Dyne Therapeutics**

Multivalent Antibodies and Cell Engagers – Traditional antibodies, which have been the mainstay of biotech therapeutics for decades, are only able to bind one target. Multivalent antibodies and cell engagers are able to bind multiple targets simultaneously and engage immune cells, theoretically increasing their therapeutic functionality and potency. Examples: **Amgen, AlphaMab Oncology**

While interesting innovation is occurring across all therapeutic areas, by far our largest therapeutic exposure is in oncology, representing approximately 37% of the portfolio. Cancer is the second leading cause of death in the U.S., behind heart disease, so the unmet medical need remains high. The specific area of "precision oncology," which refers to the use of targeted therapeutics tailored to the specific alterations driving an individual patient's cancer, remains a focus of the portfolio. These specific targeted therapeutics, which may only be useful in a small proportion of cancer patients, have demonstrated substantial benefit in those particular patient subsets. As more of these precision therapeutics are approved, cancer treatment will become more and more customised to a specific individual's tumour type. Examples of precision oncology companies in the portfolio include Turning Point Therapeutics, Mirati Therapeutics, and PMV Pharmaceuticals. Paired with these precision therapeutics are diagnostic technologies to ascertain the genetic fingerprint of each patient's particular cancer. The advent of "liquid biopsy," a technology which allows one to detect relevant biomarkers of a tumour from a blood draw rather than via a tumour biopsy, has revolutionized the physician's ability to understand the mutations driving a specific patient's cancer. Based on the tumour's specific genetic profile, the clinician can then choose the most appropriate therapeutic to treat it. Liquid biopsy names in the portfolio include Burning Rock, Guardant Health, and Natera.

COVID-19 IMPACT AND OUTLOOK

The COVID-19 pandemic has ravaged populations and economies around the world, with some estimating it has claimed over 10 million lives thus far. The severity of this tragic public health crisis, which has hit rich and poor countries alike, highlights the importance of biotechnology as a critical industry for the overall health of the world's population.

We continue to believe that multiple highly effective vaccines and treatments will ultimately be developed for COVID-19 that will put an end to the pandemic. Already, over 40% of the U.S. population has received at least one COVID vaccine dose, with President Biden targeting at least 70% of U.S. adults receiving at least one dose by July 4th. Pediatric approvals of the vaccines are expected this year, which will allow vaccinations to commence in children. Outside of the U.S., the progress of vaccination rollouts has been more mixed, with less developed countries like India and Brazil continuing to face significant challenges containing the virus's spread. There is the potential for new variants of COVID to emerge from geographies that do not have robust vaccination campaigns. However, vaccine manufacturers are already developing second-generation vaccines against potential variants, including multi-valent vaccines that would protect against multiple variants in a single booster shot. The fact that the biotechnology industry was able to produce two COVID vaccines at scale in less than a year with exceptionally high 95% efficacy based on mRNA, a completely novel technology that has never been used for a vaccine previously, shows the remarkable innovation that the biotechnology industry is capable of delivering. The speed with which this innovation was introduced to the population makes us optimistic that the biotechnology industry will be able to pivot rapidly to address any future COVID variants. While most experts believe COVID will be present to some extent in future years, widespread vaccination should sufficiently neutralise the impact of the virus on an ongoing basis and make COVID's disease burden more akin to that of seasonal flu. Overcoming vaccine hesitancy will be a critical component to achieving that outcome, but we think as time passes, people's comfort with these novel vaccines will only increase. While the high valuations of many of the COVID vaccine players have deterred us from investing broadly in those companies, we do have a small number of biotech companies developing COVID vaccines in our portfolio trading at more justifiable valuations.

President Biden has recently announced his support for an intellectual property waiver that would allow developing countries to produce COVID vaccines without concern for potential patent infringement. We are sceptical that this waiver will get instituted, as it requires unanimous consent of members of the World Trade Organisation. Even if it does, the waiver will be temporary and should not have any impact on the strength of biotechnology intellectual property generally. We would note that many companies are already working with developing countries to expand vaccine access at an affordable cost.

We have noted previously that the impact of the COVID pandemic has been much less severe for the biotechnology sector relative to other areas of the economy. There was some impact to drug sales with the initial curtailment in doctor and hospital visits, but we expect sales to rebound fully as vaccinations continue. Delays in clinical trial commencement and enrolment have occurred over the past year, though most trials that were put on pause have since resumed enrolment. The financing environment for biotechnology has remained strong and M&A and customary business development activities have continued. Polls indicate that the public perception of the biopharmaceutical industry has improved given the industry's significant contributions in addressing the COVID crisis.

OUTLOOK AND ORBIMED UPDATE

Looking forward to the next financial year, our portfolio strategy will remain the same: continued emphasis of emerging biotechnology companies over large-capitalisation biotechnology companies, continued participation in attractive IPOs and crossover deals, selected investments in China biotechnology companies, and a gearing level generally in the 5-10% range. We expect the biotechnology sector should continue to perform well as the COVID pandemic subsides, as most of the value generated in the sector is coming from non-COVID programs.

As the biotechnology investment universe has expanded, OrbiMed has continued to add research analysts to our biotechnology team to ensure comprehensive coverage of the sector. During the year, we hired three additional biotechnology analysts for our New York office and two additional associates for our China team. Collectively, the new hires have three Ph.D. degrees and one M.D. degree, consistent with our view that scientific expertise is critical for investing successfully in the biotechnology sector. While most professionals at OrbiMed are still working from home, we have been pleased with the pace of vaccinations in the U.S. and are hopeful that conditions will permit our offices to reopen in the autumn of 2021.

Geoff Hsu
OrbiMed Capital LLC, Portfolio Manager

4 June 2021

PRINCIPAL CONTRIBUTORS TO AND DETRACTORS FROM NET ASSET VALUE PERFORMANCE

Top Five Contributors	Contribution for year ended 31 March 2021 £'000	Contribution per share (pence)*
Immunomedics+	36,853	92.0
Forte Biosciencs	19,993	49.9
CRISPR Therapeutics	15,421	38.5
Pandion Therapeutics+	13,921	34.8
Curis	13,225	33.0
	99,413	248.2
Top Five Detractors		
Acadia Pharmaceuticals+	(7,937)	(19.8)
Applied Therapeutics	(7,483)	(18.7)
Biogen	(3,949)	(9.9)
Flexion Therapeutics	(3,078)	(7.7)
Theravance Biopharma	(3,038)	(7.6)
	(25,485)	(63.7)

* based on 40,046,064, being the weighted average number of shares in issue during the year ended 31 March 2021
+ not held in the portfolio at 31 March 2021

PERFORMANCE ATTRIBUTION FOR THE YEAR ENDED 31 MARCH 2021

Contribution to total returns	%	%
Benchmark return		25.1
Portfolio Manager's contribution		31.9
Portfolio total return		57.0
Gearing	2.6	
Management fee and other expenses	-1.1	
Performance fees	-3.4	
Other effects		-1.9
Return on net assets		**55.1**

Source: Frostrow Capital LLP.

BUSINESS REVIEW

The Strategic Report, on pages 1 to 31, contains a review of the Company's business model and strategy, an analysis of its performance during the financial year and its future developments and details of the principal risks and challenges it faces.

Its purpose is to inform shareholders in the Company and help them to assess how the Directors have performed their duty to promote the success of the Company. Further information on how the Directors have discharged their duty under s172 of the Companies Act 2006 in promoting the success of the Company for the benefit of the investors as a whole, and how they have taken wider stakeholders' needs into account can be found on pages 26 to 30. The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

BUSINESS MODEL

The Biotech Growth Trust PLC is an externally managed investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. Its investment objective is set out below.

As an externally managed investment trust, all of the Company's day-to-day management and administrative functions are outsourced to service providers. As a result, the Company has no executive directors, employees or internal operations. The Company employs Frostrow Capital LLP (Frostrow) as its Alternative Investment Fund Manager (AIFM), OrbiMed Capital LLC (OrbiMed) as its Portfolio Manager, J.P. Morgan Europe Limited as its Depositary and J.P. Morgan Securities LLC as its Custodian and Prime Broker. Further details about their appointments can be found in the Report of the Directors on pages 42 and 43. The Board has determined an investment policy and related guidelines and limits, as described below.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Section 1158 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of the investment strategy as well as the review of investment performance and policy. It also has responsibility for all strategic issues, the dividend policy, the share issuance and buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters.

INVESTMENT OBJECTIVE AND POLICY

To seek capital appreciation through investment in the worldwide biotechnology industry. 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. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted) (the Benchmark).

INVESTMENT STRATEGY

The implementation of the Company's Investment Objective has been delegated to OrbiMed by Frostrow (as AIFM) under the Board's and Frostrow's supervision and guidance.

Details of OrbiMed's investment strategy and approach are set out in the Portfolio Manager's Review on pages 9 to 16. While performance is measured against the Company's Benchmark, the Board encourages OrbiMed to manage the portfolio without regard to the Benchmark and its make-up.

While the Board's strategy is to allow flexibility in managing the investments, in order to manage investment risk it has imposed various investment, gearing and derivative guidelines and limits, within which Frostrow and OrbiMed are required to manage the investments, as set out below.

INVESTMENT LIMITS AND GUIDELINES

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions as follows:

- The Company will not invest more than 10%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- 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.
- The Company will not invest more than 10% of the value of its gross assets in unquoted investments at the time of acquisition. This limit includes any investment in private equity funds managed by the Portfolio Manager or any affiliates of such entity (see below).
- The Company may invest or commit for investment a maximum of U.S.$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed, the Company's Portfolio Manager, or an affiliate thereof.
- The Company's borrowing policy is that borrowing will not exceed 20% of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand and provided by J.P. Morgan Securities LLC. This facility can be drawn by the Portfolio Manager overseen by the AIFM.
- 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.

In accordance with the requirements of the UK Listing Authority, any material change to the investment policy will only be made with the approval of shareholders by ordinary resolution.

FOREIGN CURRENCY EXPOSURE

The Company does not currently hedge against foreign currency exposure.

DIVIDEND POLICY

The Company invests with the objective of achieving capital growth and it is expected that dividends, if any, are likely to be small. The Board intends only to pay dividends on the Company's shares to the extent required in order to maintain the Company's investment trust status. No dividends were paid or declared during the year (2020: None).

CONTINUATION OF THE COMPANY

An opportunity to vote on the continuation of the Company is given to shareholders every five years. The next such continuation vote will be held at the Annual General Meeting to be held in 2025.

COMPANY PROMOTION

The Company has appointed Frostrow to provide marketing and investor relations services, in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to net asset value per share over the long run. Frostrow actively promotes the Company in the following ways:

Engaging regularly with institutional investors, discretionary wealth managers and a range of execution-only platforms: Frostrow regularly meets with institutional investors, discretionary wealth managers and execution-only platform providers to discuss the Company's strategy and to understand any issues and concerns, covering both investment and corporate governance matters. Such meetings have been conducted on a virtual basis during the COVID-19 pandemic;

Making Company information more accessible: Frostrow works to raise the profile of the Company by targeting key groups within the investment community, holding periodic investment seminars, commissioning and overseeing PR output and managing the Company's website and wider digital offering, including Portfolio Manager videos and social media;

Disseminating key Company information: Frostrow performs the Investor Relations function on behalf of the Company and manages the investor database. Frostrow produces all key corporate documents, distributes monthly Fact Sheets, Annual and Half Year Reports and updates from OrbiMed on the portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders: Frostrow maintains regular contact with sector broker analysts and other research and data providers, and conducts periodic investor perception surveys, liaising with the Board to provide up-to-date and accurate information on the latest shareholder and market developments.

KEY PERFORMANCE INDICATORS ("KPIs")

The Board assesses the Company's performance in meeting its objective against the following key performance indicators: net asset value total return; share price total return; share price discount to net asset value per share; and ongoing charges. Information on the Company's performance is provided in the Chairman's Statement and the Portfolio Manager's Review and a record of these measures is shown on page 4, 5 and 6. The KPIs have not changed from the prior year:

NET ASSET VALUE PER SHARE TOTAL RETURN^

The Directors regard the Company's net asset value per share total return as being the overall measure of value delivered to shareholders over the long term. OrbiMed's investment style is such that performance is likely to deviate from that of the Benchmark. The Board considers the most important comparator to be the NASDAQ Biotechnology Index (sterling adjusted).

During the year under review the Company's net asset value per total share return was +55.1%, outperforming the Benchmark by 30.0% (2020: +18.5%, outperforming the Benchmark by 17.3%). Since OrbiMed's date of appointment (19 May 2005) to 31 March 2021, the Company's net asset value per share total return is 1,352.2% compared with Benchmark performance of 818.1%. Please see the Chairman's Statement (beginning on page 1) and the Portfolio Manager's Review (beginning on page 9) for further information.

^ Alternative Performance Measure (See Glossary beginning on page 88).

SHARE PRICE TOTAL RETURN^

The Directors also regard the Company's share price total return to be a key indicator of performance. This reflects share price growth of the Company which the Board recognises is important to investors. This is monitored closely by the Board. Please see the Chairman's Statement (beginning on page 1) for further information.

During the year under review the Company's share price total return was +75.2% (2020: +10.9%). Since OrbiMed's date of appointment (19 May 2005) to 31 March 2021, the Company's share price total return is +1,413.0% compared with Benchmark performance of +818.1%.

SHARE PRICE (DISCOUNT)/PREMIUM TO NET ASSET VALUE PER SHARE^

The Board undertakes a regular review of the level of discount/premium of the Company's share price to the net asset value per share and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share issuance and buy-backs, where appropriate. The Board has a discount control mechanism in place intended to establish a target level of no more than a 6% discount of share price to the net asset value per share. Shareholders should note, however, that it remains possible for the share price discount to net asset value per share to be greater than 6% on any one day due to sector volatility and the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. Any decision to repurchase shares is at the discretion of the Board. No shares were repurchased by the Company during the year. The Board is committed to protecting the discount at or near the 6% level in normal market conditions. Please see the Chairman's Statement on pages 1 and 2 for further information.

In addition, in order to help prevent the Company's share price from trading at a high premium to its net asset value per share, new shares can be issued at a premium to the Company's net asset value per share. A total of 2,377,500 new shares were issued during the year. The volatility of the net asset value per share in an asset class such as biotechnology is a factor over which the Board has no control. The making and timing of any share buy-backs or share issuance is at the absolute discretion of the Board. Please see the Chairman's Statement on pages 1 and 2 for further information.

The Board believes that the benefits of issuing new shares are as follows:

- to fulfil excess demand in the market in order to help to manage the premium at which the Company's shares trade to net asset value per share;
- to provide a small enhancement to the net asset value per share of existing shares through new share issuance at a premium to the estimated net asset value per share;
- to grow the Company, thereby spreading operating costs over a larger capital base which should reduce the ongoing charges ratio; and
- to improve liquidity in the market for the Company's shares.

ONGOING CHARGES^

The Board continues to be conscious of expenses and works hard to maintain a sensible balance between strong service and costs. The reasons for the continued appointment of the Company's AIFM and the Portfolio Manager, on the terms set out on pages 42 and 43, are set out on page 43. In reaching this decision, the Board took into account the ongoing charges ratio of other investment companies with specialist mandates.

As at 31 March 2021 the ongoing charges figure was 1.1% calculated by taking the operating expenses of the Company divided by the average daily assets of £551.5 million (2020: 1.1% (average daily assets of £389.4 million)).

^ Alternative Performance Measure (see Glossary beginning on page 88).

RISK MANAGEMENT

The Board is responsible for the management of risks faced by the Company. Through delegation to the Audit Committee, the Board has established procedures to manage risk, to review the Company's internal control framework and establish the level and nature of the principal risks the Company is prepared to accept in order to achieve its long-term strategic objective. At least twice during a year the Audit Committee carries out a robust assessment of the principal risks and uncertainties with the assistance of Frostrow Capital (the Company's AIFM). A risk management process has been established to identify and assess risks, their likelihood and the possible severity of impact. The Audit Committee has also identified the principal risks faced by the Company. These principal risks and the ways they are managed or mitigated are detailed below.

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
OBJECTIVE AND STRATEGY	
The Company becomes unattractive to investors.	The Board reviews regularly the Company's investment objective and investment guidelines in the light of investor sentiment monitoring closely whether the Company should continue in its present form. The Board also considers the size of the Company to ensure that it is at an appropriate level. The Board, through the AIFM and the Portfolio Manager, holds regular discussions with major shareholders. Each month the Board receives a report which monitors the investments held in the portfolio compared against the benchmark index and the investment guidelines. Additional reports and presentations are regularly presented to investors by the Company's AIFM and Portfolio Manager.

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
VOLATILITY AND LEVEL OF DISCOUNT/PREMIUM	
The risk of the Company's share price not being representative of its underlying net assets.	The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and investor relations services (see pages 19 and 20) and also share issuance and buy-backs, if considered appropriate. The Board has an active discount/premium management policy in place, buying back the Company's shares for cancellation if the market price is at a discount greater than 6% to the Company's net asset value per share in normal market conditions on any given day. The Board remains committed to protecting the discount at or near the 6% level. The making and timing of any share issuance or buy-backs is at the absolute discretion of the Board. Shareholders should note that it remains possible for the share price discount to the net asset value per share to be greater than 6% on any given day. This is due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as biotechnology is another factor over which the Board has no control. In addition, in order to help prevent the Company's share price from trading at a high premium to its net asset value per share, new shares can be issued at a premium to the Company's net asset value per share.
PORTFOLIO PERFORMANCE	
Investment performance may not be meeting shareholder requirements.	The Board reviews regularly investment performance against the Benchmark and against the Company's peer group. The Board also receives regular reports that show an analysis of performance compared to other relevant indices. The Portfolio Manager provides an explanation of significant stock selection decisions and an overall rationale for the make-up of the portfolio. The Portfolio Manager discusses current and potential investment holdings with the Board on a regular basis. Climate change may have an impact on some of the Company's investment companies in the coming years potentially affecting their operating models, for example supply chains, physical locations and energy costs. The effects have yet to be fully understood. Both the Board and the Portfolio Manager are keeping this under close review.
INVESTMENT MANAGEMENT KEY PERSON RISK	
The risk that the individual(s) responsible for managing the Company's portfolio may leave their employment or may be prevented from undertaking their duties.	The Board manages this risk by: • appointing OrbiMed, who in turn has appointed Geoff Hsu to manage the Company's portfolio. Geoff is ably supported by a team of researchers and analysts dedicated to the Biotechnology sector; • receiving reports from OrbiMed at each Board meeting, such reports include any significant changes in the make-up of the team supporting the Company; • meeting the wider team, outside the designated lead managers, at OrbiMed's offices and encouraging the participation of the wider OrbiMed team in investor updates; and • delegating to the Management Engagement Committee, responsibility to perform an annual review of the service received from OrbiMed, including, *inter alia*, the team supporting the lead managers and succession planning.

BUSINESS REVIEW CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
OPERATIONAL AND REGULATORY	
A breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains, whilst a serious breach of other regulatory rules (including those associated with the Alternative Investment Fund Managers Directive) may lead to suspension from the Stock Exchange or to a qualified Audit Report. Other control failures, including cyber crime, relating to the AIFM, the Portfolio Manager, the Company's Depositary and its Custodian and Prime Broker or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.	All transactions and income and expenditure forecasts are reviewed by the Board at each Board Meeting. The Board considers regularly all major risks, the measures in place to control them and the possibility of any other risks that could arise. The Board also ensures that satisfactory assurances are received from service providers. The Audit Committee has reviewed the cyber security policies for the Company's principal services providers. The Compliance Officer of the AIFM and of the Portfolio Manager produce regular reports for review at the Company's Audit Committee meetings and are available to attend such meetings in person if required.
The spread of an infectious disease may force governments to introduce rules to restrict meetings and movements of people and take other measures to prevent its spread, which may cause disruption to the Company's operations.	The operational and regulatory risks arising from the COVID-19 pandemic, and measures introduced to combat its spread, were discussed by the Board, with updates on operational resilience received from the Portfolio Manager, AIFM and other key service providers. A similar approach will be adopted in such circumstances in the future.
MARKET PRICE RISK	
Uncertainty about future prices of financial instruments held. Exposure to drug pricing policy in the U.S. following the Democrat victory in the 2020 U.S. election is also a source of uncertainty. Another factor is climate change which may affect the operating models of the Company's investments in the coming years. Volatility in stock markets, (including as a result of further waves of COVID-19) may adversely affect the performance of the Company's investments.	The Portfolio Manager has responsibility for selecting investments in accordance with the Company's investment objective and policy and seeks to ensure that investment in individual stocks falls within acceptable risk levels. Compliance with the limits and guidelines contained in the Company's investment policy is monitored daily by Frostrow and OrbiMed and reported to the Board monthly. The Board continues to monitor closely the position with regard to climate change and the possible effects on the Company's investments. The Portfolio Manager spreads the investment risk over a wide portfolio of investments, at the year end the Company's portfolio comprised investments in 81 companies.
LIQUIDITY RISK	
Ability to meet funding requirements when they arise.	The Portfolio Manager has constructed the portfolio in line with the Company's investment policy so that funds can be raised at short notice if required. Please see pages 7 and 8 for further information on the make-up of the portfolio.
SHAREHOLDER PROFILE	
Activist shareholders whose interests are not consistent with the long-term objectives of the Company may be attracted onto the shareholder register.	The AIFM provides a shareholder analysis at every Board meeting so that the Board can give consideration as to any action required; this is in addition to regular reporting by the Company's broker. The Board has implemented an active discount management policy in order to try to ensure that the Company's share price trades at a discount no greater than 6% to the Company's net asset value per share. The intention is that keeping the discount within a relatively narrow range should discourage activist and other short-term investors. Please see page 22 for further information.
CURRENCY RISK	
Movements in exchange rates could adversely affect the sterling performance of the portfolio.	A significant proportion of the Company's assets is, and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's position with regard to currency fluctuations which is that it does not currently manage or mitigate for foreign currency exposure (see page 19).

PRINCIPAL RISKS AND UNCERTAINTIES	MANAGEMENT/MITIGATION
LOAN FACILITY	
The provider of the Company's loan facility may no longer be prepared to lend to the Company.	The Board, the AIFM and the Portfolio Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by J.P. Morgan Securities LLC (see Credit Risk below). The Company's borrowing policy is that borrowing will not exceed 20% of the Company's net assets.
CREDIT RISK	
The Company is exposed to credit risk arising from the use of counterparties. If a counterparty were to fail, the Company could be adversely affected through either a delay in settlement or a loss of assets.	The most significant counterparty the Company is exposed to is J.P. Morgan Securities LLC (the Company's Custodian and Prime Broker) which is responsible for the safekeeping of the Company's assets and provides the loan facility to the Company. As part of the arrangements with J.P. Morgan Securities LLC they may take assets as collateral up to 140% of the value of the loan drawn down. Such assets taken as collateral by J.P. Morgan Securities LLC may be used, loaned, sold, rehypothecated or transferred. The level of the Company's gearing is at the discretion of the AIFM and the Board and can be repaid at any time, at which point the assets taken as collateral will be released back to the Company. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan Securities LLC. J.P. Morgan Securities LLC is a registered broker-dealer and is accordingly subject to limits on rehypothecation, in particular limitations set out in U.S. Securities and Exchange Commission (SEC) Rule 15c3-3. In the event of J.P. Morgan Securities LLC's insolvency, the Company may be unable to recover in full assets held by it as Custodian or held as collateral. See page 43 for further information. The risk is managed through the selection of a financially strong counterparty, through limitations on the use of gearing and through reliance on a robust regulatory regime (SEC). In addition, the Board regularly monitors the credit rating of J.P. Morgan Securities LLC. J.P. Morgan Securities LLC is also subject to regular monitoring by J.P. Morgan Europe Limited, the Company's Depositary, and the Board receives regular reports from J.P. Morgan Europe Limited. During the year the Company entered into swap transactions with Goldman Sachs International (further details on the associated risks can be found in note 14 beginning on page 79). Further information on financial instruments and risk, as required by IFRS 7, can be found in note 14 to the Financial Statements beginning on page 79.

EMERGING RISKS

The Company has carried out a robust assessment of the Company's emerging and principal risks and the procedures in place to identify emerging risks are described below. The International Risk Governance Council definition of an 'emerging' risk is one that is new, or is a familiar risk in a new or unfamiliar context or under new context conditions (re-emerging). Failure to identify emerging risks may cause reactive actions rather than being proactive and, in worse case, could cause the Company to become unviable or otherwise fail or force the Company to change its structure, objective or strategy.

The Audit Committee reviews a risk map at its half-yearly meetings. Emerging risks are discussed in detail as part of this process and also throughout the year to try to ensure that emerging (as well as known) risks are identified and, so far as practicable, mitigated.

COVID-19

The Board recognises that the emergence and spread of the new coronavirus strains represents a continuing risk, both to the Company's investments, investment performance and to its operations. In recent months the Portfolio Manager has continued its dialogue with investee companies and the Board has stayed in close contact with the AIFM and the Portfolio Manager and has been regularly monitoring portfolio and share price developments. The Board has also received assurances from all of the Company's service providers in respect of:

- their business continuity plans and the steps being taken to guarantee the ongoing efficiency of their operations while ensuring the safety and well-being of their employees;
- their cyber security measures including improved user-access controls, safe remote working and evading malicious attacks; and
- any increased risks of fraud as a result of decreased operational employee terminations and weakness in user access controls resulting in the potential for management overrides.

With the emergence of several vaccines, the outlook is cautiously positive, but the Board will continue to monitor developments as they occur.

BREXIT

The Board has considered whether the UK's exit from the European Union ("Brexit") poses a discrete risk to the Company. At the date of this report, the UK has left the EU and has emerged from the transition period with a trade and security deal finalised with the EU. The long-term impact and implications of this remain to be seen. Overall, however, the Board believes that over the longer term, Brexit is unlikely to materially affect the Company's business model or whether the shares trade at a premium or discount to the net asset value per share. The Board will continue to monitor developments as they occur.

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have carefully assessed the Company's position and prospects as well as the principal risks and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years. The Company's shareholders are asked every five years to vote for the continuation of the Company, this will next be put to shareholders at the Annual General Meeting to be held in 2025. The Directors have a reasonable expectation that this vote will be passed. The Board has chosen a five year horizon in view of the long term nature and outlook adopted by the Portfolio Manager when making investment decisions. To make this assessment and in reaching this conclusion, the Audit Committee has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities as they fall due:

- The portfolio is principally comprised of investments traded on major international stock exchanges. Based on historic analysis 93.4% of the current portfolio could be liquidated within 30 trading days with 88.4% in seven days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and
- The Company has no employees, only its non-executive Directors. Consequently it does not have redundancy or other employment related liabilities or responsibilities.

The Audit Committee, as well as considering the potential impact of its principal risks and various severe but plausible downside scenarios, has also considered the following assumptions in considering the Company's longer-term viability:

- There will continue to be demand for investment trusts;
- The Board, the AIFM and the Portfolio Manager will continue to adopt a long-term view when making investments, and anticipated holding periods will be at least five years;
- The Company invests principally in the securities of listed companies traded on international stock exchanges to which investors will wish to continue to have exposure;
- The closed ended nature of the Company means that, unlike open ended funds, it does not need to realise investments when shareholders wish to sell their shares;
- Regulation will not increase to a level that makes running the Company uneconomical; and

- The performance of the Company will continue to be satisfactory.

The ongoing pandemic was also factored into the key assumptions made by assessing its impact on the Company's key risks and whether the key risks had increased in their potential to affect the Company and its portfolio. As part of the viability assessment the Board considered the impact of one or more of the key risks (as identified on pages 21 to 24) crystallising, which would most likely result in a fall in the value of the portfolio and Company's NAV, and modelled plausible downside scenarios based on this. In all scenarios the Board concluded that the Company would be able to meet its liabilities as they fall due.

INTEGRITY AND BUSINESS ETHICS

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent this. In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues.

The Company believes that high standards of ESG make good business sense and have the potential to protect and enhance investment returns. The Portfolio Manager's investment criteria ensure that ESG and ethical issues are taken into account and best practice is encouraged by the Board. The Board's expectations are that its principal service providers have appropriate governance policies in place.

PERFORMANCE AND FUTURE DEVELOPMENTS

A review of the Company's year, its performance and the outlook for the Company can be found in the Chairman's Statement on pages 1 to 3 and in the Portfolio Manager's Review on pages 9 to 16.

The Company's overall strategy remains unchanged.

LOOKING TO THE FUTURE

The Board concentrates its attention on the Company's investment performance and OrbiMed's investment approach and on factors that may have an effect on this approach. Marketing reports are given to the Board at each Board meeting by the AIFM which include how the Company will be promoted and details of planned communications with existing and potential shareholders. The Board is regularly updated by the AIFM on wider investment trust industry issues and discussions are held at each Board meeting concerning the Company's future development and strategy.

A review of the Company's year, its performance since the year-end and the outlook for the Company can be found in the Chairman's Statement on pages 1 to 3 and in the Portfolio Manager's Review on pages 9 to 16. It is expected that the Company's Strategy will remain unchanged in the coming year.

STAKEHOLDER INTERESTS AND BOARD DECISION-MAKING (SECTION 172 OF THE COMPANIES ACT 2006)

The Directors are required to explain how they have discharged their duty under s172 of the Companies Act 2006 in promoting the success of the Company for the benefit of the members as a whole. This includes the likely consequences of the Directors' decisions in the long-term and how they have taken wider stakeholders' needs into account.

The Directors aim to act fairly between the Company's stakeholders. The Board's approach to shareholder relations is summarised in the Corporate Governance Report beginning on page 35. The Chairman's Statement beginning on page 6 provides an explanation of actions taken by the Directors during the year to achieve the Board's long-term aim of ensuring that the Company's shares trade at a price close to the NAV per share.

As an externally managed investment trust, the Company has no employees, customers, operations or premises. Therefore, the Company's key stakeholders (other than its shareholders) are considered to be its service providers. The need to foster business relationships with the service providers and maintain a reputation for high standards of business conduct are central to the Directors' decision-making as the Board of an externally managed investment trust. The Directors believe that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Company for the benefit of all shareholders.

The Board engages with representatives from its service providers throughout the year. Representatives from OrbiMed and Frostrow are in attendance at each Board meeting. As the Portfolio Manager and the AIFM respectively, the services they provide are fundamental to the long-term success and smooth running of the Company. The Chairman's Statement, and the Report of the Directors on pages 2 and 3 and also on page 43, describe relevant decisions taken during the year relating to OrbiMed and Frostrow. Further details about the matters discussed in Board meetings and the relationship between OrbiMed and the Board are set out in the Corporate Governance Report.

Representatives from other service providers are asked to attend Board meetings when deemed appropriate.

Further details are set out overleaf.

Who? STAKEHOLDER GROUP	Why? THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	How? HOW THE BOARD, THE PORTFOLIO MANAGER AND THE AIFM HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Investors	Clear communication of the Company's strategy and the performance against the Company's objective can help the share price trade at a narrower discount or a premium to its net asset value per share which benefits shareholders. New shares can be issued to meet demand without net asset value per share dilution to existing shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs. Share buy backs are undertaken at the discretion of the Directors.	The Portfolio Manager and Frostrow, on behalf of the Board, complete a programme of investor relations throughout the year. In addition, the Chairman has been available to engage with the Company's larger shareholders where required. An analysis of the Company's shareholder register is provided to the Directors at each Board meeting along with marketing reports from Frostrow. The Board reviews and considers the marketing plans on a regular basis. Reports from the Company's broker are submitted to the Board on investor sentiment and industry issues. Key mechanisms of engagement include: • The Annual General Meeting (while shareholder attendance was not possible during the COVID-19 pandemic, the Portfolio Manager produced a shareholder presentation which was followed by a question and answer session). • The Company's website which hosts reports, video interviews with the Portfolio Manager, and monthly fact sheets • One-on-one investor meetings • Should any significant votes be cast against a resolution, proposed at the Annual General Meeting the Board will engage with shareholders. • The Board will explain in its announcement of the results of the AGM any actions it intends to take to consult shareholders in order to understand the reasons behind significant votes against. • Following any consultation, an update would be published no later than six months after the AGM and the Annual Report will detail the impact shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.

What? WHAT WERE THE KEY AREAS OF ENGAGEMENT?	Outcomes and actions WHAT ACTIONS WERE TAKEN, INCLUDING MAIN DECISIONS?
Key areas of engagement with investors • Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.	• The Portfolio Manager and Frostrow meet regularly with shareholders and potential investors to discuss the Company's strategy, performance and portfolio. The Chairman meets with key shareholders from time to time and as required. Frostrow and the Portfolio Manager engage with retail investors through a number of different channels: (i) The Company's website, which is maintained by Frostrow, contains articles and quarterly updates; (ii) A distribution list of shareholders (retail and professional) which is maintained by Frostrow and is used to communicate with investors on a regular basis; (iii) The Portfolio Manager provides annual presentations online – (webcasts) and offline (AGM), which shareholders are able to attend and participate in; and (iv) Frostrow ensures that the Company is available through a wide range of leading execution only platforms.

Who? STAKEHOLDER GROUP	Why? THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	How? HOW THE BOARD, THE PORTFOLIO MANAGER AND THE AIFM HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Portfolio Manager	Engagement with the Company's Portfolio Manager is necessary to evaluate their performance against the Company's stated strategy and to understand any risks or opportunities this may present. The Board ensures that the Portfolio Manager's environmental, social and governance ("ESG") approach is in line with standards elsewhere and the Board's expectations. See the Portfolio Manager's Responsible Investing Policy on page 41 for further information. Engagement also helps ensure that the Portfolio Manager's fees are closely monitored and remain competitive. Gaining a deeper understanding of the portfolio companies and their strategies as well as incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment as well as identifying future potential opportunities.	The Board meets regularly with the Company's Portfolio Manager throughout the year both formally at the quarterly Board meetings and informally as needed. In addition, during the pandemic extra meetings were held. The Board also receives monthly performance and compliance reporting. The Portfolio Manager's attendance at each Board meeting provides the opportunity for the Portfolio Manager and Board to further reinforce their mutual understanding of what is expected from both parties. The Board encourages the Company's Portfolio Manager to engage with companies and in doing so expects ESG issues to be a key consideration. The Board receives an update on Frostrow's engagement activities by way of a dedicated report at Board meetings and at other times during the year as required.
Service Providers	The Company contracts with third parties for other services including: custody, company secretarial, accounting & administration and registrar. The Company ensures that the third parties to whom the services have been outsourced complete their roles in line with their service level agreements thereby supporting the Company in its success and ensuring compliance with its obligations. The COVID-19 pandemic has meant that it was vital to make certain there were adequate procedures in place at the Company's principal service providers to ensure safety of their employees and the continued high quality service to the Company.	The Board and Frostrow, acting in its capacity as AIFM, engage regularly with other service providers both in one-to-one meetings and via regular written reporting. This regular interaction provides an environment where topics, issues and business development needs can be dealt with efficiently and collegiately. The Board together with Frostrow have maintained regular contact with the Company's principal service providers during the pandemic, as well as carrying out a review of the service providers' internal controls, business continuity plans and additional cyber security provisions. The review of the performance of the Portfolio Manager and Frostrow is a continuous process carried out by the Board and the Management Engagement Committee, with a formal evaluation being undertaken annually.

BUSINESS REVIEW CONTINUED

What? WHAT WERE THE KEY AREAS OF ENGAGEMENT?	Outcomes and actions WHAT ACTIONS WERE TAKEN, INCLUDING MAIN DECISIONS?
Key areas of engagement with the Portfolio Manager on an ongoing basis are portfolio composition, performance, outlook and business updates.	
• The impact of the pandemic upon their business and how components in the portfolio dealt with the pandemic. • Regular review of the make up of the investment portfolio. • The integration of ESG factors into the Portfolio Managers' investment processes. See the Portfolio Manager's Responsible Investing Policy on page 41 for further information.	• The Board has received regular updates from the Portfolio Manager throughout the pandemic and its impact on investment decision making. In addition, the impact of new working practices adopted by the Portfolio Manager as a consequence of the pandemic have been reviewed by the Board. • The Portfolio Manager regularly reports any ESG issues in the portfolio companies to the Board.
Key areas of engagement with Service Providers	
• The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting. This engagement is completed with the aim of maintaining an effective working relationship and oversight of the services provided. • The Board sought and received assurances from all of the Company's service providers that steps had been taken to maintain the ongoing efficiency of their operations while ensuring the safety and well-being of their employees.	• No specific action required as the reviews of the Company's service providers, have been positive and the Directors believe their continued appointment is in the best interests of the Company. • The Board agreed to continue to monitor the position closely.
Key areas of engagement with the broker	
• The Board is cognisant that the trading of the Company's shares at a persistent and significant discount/premium to the prevailing NAV per share is not in the interests of shareholders.	• Throughout the year the Board closely monitored the Company's discount/premium to NAV per share and received regular updates from the broker. No shares were bought back during the year, or since the year end. 2,377,500 new shares were issued during the year and 100,000 shares were issued following the year-end to 3 June 2021. (Please see the Chairman's Statement on pages 1 and 2 for further information.)

By order of the Board

Frostrow Capital LLP
Company Secretary
4 June 2021

BOARD OF DIRECTORS

ANDREW JOY
Independent Non-Executive Chairman

Joined the Board in 2012 and became Chairman in July 2016

Remuneration: £37,000 pa*

Committees
Andrew is Chairman of the Nominations Committee. (See page 35 for further information).

Shareholding in the Company
55,000

Skills and Experience
Andrew was one of the founding Partners of Cinven, a leading private equity firm investing in Europe and the U.S. He has been Chairman or a Director of numerous growing companies over the past 30 years. He is a former Chairman of the BVCA (British Venture Capital and Private Equity Association) and a Director of the EVCA.

Other Appointments
Andrew is a Senior Advisor of Stonehage Fleming Group, Chairman of the investment committee of FPE Capital and is a Trustee of several charities.

Standing for re-election: Yes

STEVE BATES
Independent Non-Executive Director

Joined the Board in 2015

Remuneration: £28,500 pa*

Committees
Steve is Chairman of the Management Engagement Committee. (See page 35 for further information).

Shareholding in the Company
10,000

Skills and Experience
Steve has extensive experience as an Investment Manager and was head of global emerging markets at J.P. Morgan Asset Management until 2002. Since then, he has been an Executive Director of Guard Cap Asset Management Limited (and its predecessor company).

Other Appointments
Steve is non-executive Chairman of Vinacapital Vietnam Opportunity Fund Limited, J.P. Morgan Elect PLC and of Third Point Investors Limited. He also sits on, or is advisor to, various committees in the wealth management and pension fund areas.

Standing for re-election: Yes

JULIA LE BLAN
Independent Non-Executive Director

Joined the Board in 2016

Remuneration: £28,500 pa*

Committees
Julia is Chair of the Audit Committee. (See page 35 for further information).

Shareholding in the Company
7,000

Skills and Experience
A Chartered Accountant, Julia has worked in the financial services industry for over 30 years. Julia was formerly a non-executive Director of Impax Environmental Markets plc, and was also formerly a tax partner at Deloitte and sat for two terms on the AIC's technical committee.

Other Appointments
Julia is a non-executive Director of BMO UK High Income Trust plc, J.P. Morgan U.S. Smaller Companies Trust plc and Aberforth Smaller Companies Trust plc.

Standing for re-election: Yes

* Information as at 31 March 2021

BOARD OF DIRECTORS CONTINUED

PROFESSOR DAME KAY DAVIES CBE
Independent Non-Executive Director

Joined the Board in 2012

Remuneration: £28,500 pa*

Committees
Professor Davies is Chair of the Remuneration Committee and is the Senior Independent Director. (See page 35 for further information).

Shareholding in the Company
3,500

Skills and Experience
Professor Davies is Professor of Genetics and Associate Head of the Medical Sciences Division at the University of Oxford and a fellow of Hertford College.

Other Appointments
Professor Davies is a non-executive Director of Oxford Biomedia plc and a non-executive Director and Chair of the Scientific Advisory Board of biopharmaceutical company UCB Pharma S.A.. Professor Davies also serves on the GRL Board (Sanger Institute).

Standing for re-election: No

GEOFF HSU
Non-Executive Director

Joined the Board in 2018

Remuneration: Nil*

Committees
Geoff does not sit on any of the Company's Committees. (See page 35 for further information).

Shareholding in the Company
Nil

Skills and Experience
Geoff 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. Mr Hsu 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.

Other Appointments
Geoff is a General Partner of OrbiMed and does not have any other appointments.

Standing for re-election: Yes

* Information as at 31 March 2021

THE RT HON LORD WILLETTS FRS
Independent Non-Executive Director

Joined the Board in 2015

Remuneration: £26,000 pa*

Committees
(See page 35 for further information).

Shareholding in the Company
Nil

Skills and Experience
A former Board member of the Francis Crick Institute and of the Biotech Industry Association, Lord Willetts was the Member of Parliament for Havant from 1992-2015 and was Minister for Universities and Science from 2010-2014. Before that, he worked at HM Treasury and the Number 10 Policy Unit. He also served as Paymaster General in John Major's Government.

Other Appointments
Lord Willetts is a non-executive Director of Darktrace plc and is President of the Resolution Foundation and a Visiting Professor at King's College London. He is also a Board Member of Tekcapital and a founder Director of Synbiotek. He is also an Honorary Fellow of the Royal Society and of Nuffield College and Chancellor of the University of Leicester.

Standing for re-election: Yes

DR NICKI SHEPHERD
Independent Non-Executive Director

Joined the Board in January 2021

Remuneration: £26,000 pa*

Committees
(See page 35 for further information).

Shareholding in the Company
Nil

Skills and Experience
Nicki is the Founder and Director of Bellows Consulting focussed on supporting Translational Research in the Biomedical Space. She was previously at the Wellcome Trust where she was responsible for the establishment, management and oversight of the Translation Fund, a £30m a year investment into new product development covering therapeutics, vaccines, diagnostics, medical devices and regenerative medicine over a range of clinical indications. Nicki has also held positions at AstraZeneca in Late-Stage Development and Manufacturing.

Other Appointments
Nicki is a Member of the CARB-X Advisory Board.

Standing for election: Yes

* Information as at 31 March 2021

CORPORATE GOVERNANCE

THE BOARD AND COMMITTEES

Responsibility for effective governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees. Portfolio management is delegated to OrbiMed and risk management, company management, company secretarial, administrative and marketing services are delegated to Frostrow.

THE BOARD

Chairman – Andrew Joy

Senior Independent Director – Professor Dame Kay Davies

Five additional non-executive Directors, all considered independent, except for Geoff Hsu.

Key responsibilities:

- to provide leadership and set strategy, values and standards within a framework of prudent effective controls which enable risk to be assessed and managed;
- to ensure that a robust corporate governance framework is implemented; and
- to challenge constructively and scrutinise performance of all outsourced activities.

Remuneration Committee+

Chair
Professor Dame Kay Davies

All Independent Directors

Key responsibilities:

- to set the remuneration policy of the Company.

Audit Committee

Chair
Julia Le Blan*

All Independent Directors

Key responsibilities:

- to review the Company's financial reports;
- to oversee the risk and control environment and financial reporting; and
- to review the performance of the Company's external Auditor.

Nominations Committee

Chairman
Andrew Joy

All Independent Directors

Key responsibilities:

- to review regularly the Board's structure and composition; and
- to make recommendations for any changes or new appointments.

Management Engagement Committee

Chairman
Steve Bates

All Independent Directors

Key responsibilities:

- to review regularly the contracts, the performance and remuneration of the Company's principal service providers.

* The Directors believe that Julia Le Blan has the necessary recent and relevant financial experience to Chair the Company's Audit Committee.

+ The Board has agreed to cease the operation of the Remuneration Committee and for its business to be undertaken by the independent Directors on the Board with effect from the conclusion of the Annual General Meeting to be held on 14 July 2021.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found on the Company's website at www.biotechgt.com

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining and demonstrating high standards of corporate governance. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (published in February 2019 'AIC Code'). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the 'UK Code'), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Financial Reporting Council has confirmed that by following the AIC Code, boards of investment companies will meet their obligations in relation to the UK Code and paragraph 9.8.6 of the UK Listing Rules.

The Board considers that reporting in accordance with the principles and recommendations of the AIC Code provides more relevant and comprehensive information to shareholders. The AIC Code can be viewed at www.theaic.co.uk and the UK Code can be viewed on the Financial Reporting Council website at www.frc.org.uk. The Corporate Governance Report on pages 35 to 41, forms part of the Report of the Directors on pages 42 to 47.

BOARD LEADERSHIP AND PURPOSE

PURPOSE AND STRATEGY

The purpose and strategy of the Company are described in the Strategic Report.

BOARD CULTURE

The Board aims to consider and discuss fully differences of opinion, unique vantage points and to exploit fully areas of expertise. The Chairman encourages open debate to foster a supportive and cooperative approach for all participants. Strategic decisions are discussed openly and constructively. The Board aims to be open and transparent with shareholders and other stakeholders and for the Company to conduct itself responsibly, ethically and fairly in its relationships with service providers.

The Board has gained assurance on whistleblowing procedures at the Company's principal service providers to ensure employees at those companies are supported in speaking up and raising concerns. No concerns relating to the Company were raised during the year.

SHAREHOLDER RELATIONS

The Company has appointed Frostrow to provide marketing and investor relations services, in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to net asset value per share over the long run. Frostrow actively promotes the Company as set out on pages 19 and 20.

SHAREHOLDER COMMUNICATIONS

The Board, the AIFM and the Portfolio Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are informed by the publication of annual and half-year reports which include financial statements. These reports are supplemented by the daily release of the net asset value per share to the London Stock Exchange and the publication of monthly fact sheets. All this information, including interviews with the Portfolio Manager, is available on the Company's website at www.biotechgt.com.

The Board monitors the share register of the Company; it also reviews correspondence from shareholders at each meeting and maintains regular contact with major shareholders. Shareholders who wish to raise matters with a Director may do so by writing to them at the registered office of the Company.

The Board supports the principle that the Annual General Meeting (AGM) be used to communicate with private investors, in particular. Shareholders are usually encouraged to attend the AGM, where they are normally given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. In addition, the Portfolio Manager usually makes a presentation to shareholders covering the investment performance and strategy of the Company at the AGM. In light of government rules relating to the COVID-19 pandemic at the date of this report, the Board has made different arrangements for the forthcoming AGM and these are explained in the Chairman's Statement. Voting at the AGM will be conducted on a poll and details of the proxy votes received in respect of each resolution will be made available on the Company's website.

SIGNIFICANT HOLDINGS AND VOTING RIGHTS

Details of the shareholders with substantial interests in the Company's shares, the Directors' authorities to issue and repurchase the Company's shares, and the voting rights of the shares are set out in the Directors' Report.

THE BOARD

The Board is responsible for the effective Stewardship of the Company's affairs. Strategy issues and all operational matters of a material nature are considered at its meetings.

The Board consists of seven non-executive Directors, each of whom, with the exception of Geoff Hsu, is independent of OrbiMed and the Company's other service providers. No member of the Board is a Director of another investment company managed by OrbiMed, nor has any Board member (with the exception of Geoff Hsu) been an employee of OrbiMed or any of the Company's service providers. Further details regarding the Directors can be found on pages 32 to 34.

The Board carefully considers the various guidelines for determining the independence of non-executive Directors, placing particular weight on the view that independence is evidenced by an individual being independent of mind, character and judgement. All Directors, with the exception of Geoff Hsu, are presently considered to be independent. All Directors retire at the AGM each year and, if appropriate, seek re-election. Each Director has signed a letter of appointment to formalise the terms of their engagement as a non-executive Director, copies of which are available on request at the office of Frostrow Capital LLP and at the Annual General Meeting.

BOARD MEETINGS

The Board meets formally at least four times each year. A representative of OrbiMed attends all meetings; representatives from Frostrow Capital LLP are also in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co operative approach for all participants.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and the Benchmark, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any geography or category of investment or in any one investment, and the Company's share issuance and share buyback policies.

The Board, at its regular meetings undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues.

The Chairman is responsible for ensuring that the Board receives accurate, timely and clear information. Representatives of OrbiMed and Frostrow Capital LLP report regularly to the Board on issues affecting the Company.

The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.

CONFLICTS OF INTEREST

In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and potential conflicts is maintained and is reviewed at every Board meeting. It was resolved at each Board meeting during the year that there were no direct or indirect interests of a Director that conflicted with the interests of the Company. Appropriate authorisation will be sought prior to the appointment of any new director or if any new conflicts or potential conflicts arise.

BOARD COMPOSITION AND SUCCESSION

SUCCESSION PLANNING

The Board regularly considers its structure and recognises the need for progressive refreshment.

The Board has an approved succession planning policy to ensure that (i) there is a formal, rigorous and transparent procedure for the appointment of new Directors; and (ii) the Board is comprised of members who collectively display the necessary balance of professional skills, experience, length of service and industry/Company knowledge.

During the year, the Board reviewed the policy on Directors' tenure and considered the overall length of service of the Board as a whole.

POLICY ON THE TENURE OF THE CHAIRMAN AND OTHER NON-EXECUTIVE DIRECTORS

The tenure of each independent, non-executive director, including the Chairman, is not ordinarily expected to exceed nine years. It should be noted that, in practice, the date for departure from the Board will be on the Annual General Meeting following this anniversary. However, the Board has agreed that the tenure of the Chairman may be extended for a limited time provided such an extension is conducive to the Board's overall orderly succession. The Board believes that this more flexible approach to the tenure of the Chairman is appropriate in the context of the regulatory rules that apply to investment companies, which ensure that the chair remains independent after appointment, while being consistent with the need for regular refreshment and diversity.

Notwithstanding this expectation, the Board considers that a Director's tenure does not necessarily reduce his or her ability to act independently and will continue to assess each Director's independence annually, through a formal performance evaluation.

APPOINTMENTS TO THE BOARD

The rules governing the appointment and replacement of Directors are set out in the Company's articles of association and the aforementioned succession planning policy. Where the Board appoints a new Director during the year, that Director will stand for election by shareholders at the next Annual General Meeting (AGM). Subject to there being no conflict of interest, all Directors are entitled to vote on candidates for the appointment of new Directors and on the recommendation for shareholders' approval for the Directors seeking re-election at the AGM. When considering new appointments, the Board endeavours to ensure that it has the capabilities required to be effective and oversee the Company's strategic priorities. This will include an appropriate range, balance and diversity of skills, experience and knowledge. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates.

The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors.

When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.

Dr Nicki Shepherd joined the Board on 18 January 2021. Independent executive search firm Nurole were engaged to assist in this process.

DIVERSITY POLICY

The Company's policy is that the Board should be comprised of Directors who collectively display the necessary balance of professional skills, experience, length of service and industry knowledge and that appointments to the Board should be made on merit, against objective criteria, including diversity in its broadest sense. The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board.

The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the Company and generating value for all shareholders by ensuring there is a breadth of perspectives among the Directors and the challenge needed to support good decision making.

To this end achieving a diversity of perspectives and backgrounds on the Board will be a key consideration in any Director search process.

MEETING ATTENDANCE

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 March 2021 and the number of meetings attended by each Director.

	Board	Management Engagement Committee	Audit Committee	Nominations Committee	Remuneration Committee
Number of meetings held in 2020/21:	**7**	**1**	**2**	**1**	**1**
Steve Bates	7	1	2	1	1
Professor Dame Kay Davies CBE	7	1	2	1	1
Geoff Hsu*	7	–	–	–	–
Andrew Joy	7	1	2	1	1
Julia Le Blan	7	1	2	1	1
Dr Nicki Shepherd**	1	1	–	1	1
The Rt Hon Lord Willetts	7	1	1	1	1

All of the serving Directors attended the Annual General Meeting held on 15 July 2020.

* Geoff Hsu is not a member of any committees.
** Dr Shepherd joined the Board on 18 January 2021.

BOARD EVALUATION

During the year an external independent review of the Board, its committees and individual Directors (including each Director's independence) was carried out by an independent third party, Lintstock, in the form of electronic performance evaluation questionnaires. The Board reviewed the report from Lintstock and the Chairman is leading on implementing those changes recommended by the report that the Board considered should be made. It was noted that the Company's committees had received a high rating as did the current composition of the Board. It was noted that knowledge of the Investment Trust sector and also investment expertise were seen to be key attributes to consider in future Director appointments.

The review concluded that the Board worked in a collegiate efficient and effective manner, and there were no material weaknesses or concerns identified.

As an independent external review of the Board was undertaken during the year the next such review will be held in 2024.

The Board pays close attention to the capacity of individual Directors to carry out their work on behalf of the Company. In recommending individual Directors to shareholders for re-election, it considered their other Board positions and their time commitments and is satisfied that each Director has the capacity to be fully engaged with the Company's business. The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests to propose them for election and re-election (with the exception of Professor Dame Kay Davies who will be retiring from the Board at the conclusion of this year's Annual General Meeting) at the forthcoming Annual General Meeting for the following reasons:

Andrew Joy has been a Director since March 2012 and Chairman since July 2016. He has extensive knowledge of the financial sector and was one of the founding Partners of Cinven, a leading private equity firm investing in Europe and the U.S. He has been Chairman or Director of numerous growing companies over the past 30 years.

Julia Le Blan joined the Board in July 2016. A Chartered Accountant and a former tax partner at Deloitte, she has a wealth of financial services industry and investment company sector experience. Julia became the Chair of the Audit Committee in July 2017.

Geoff Hsu, who has been a Director since May 2018 is a General Partner of OrbiMed the Company's Portfolio Manager. He has been a part of the team that manages the Company's portfolio since OrbiMed's appointment in 2005.

Steve Bates joined the Board in July 2015. He has a wealth of experience as an investment manager and has extensive experience of the investment company sector. He is Chairman of the Management Engagement Committee.

The Rt Hon Lord Willetts joined the Board in November 2015. A former government minister, he has extensive and relevant experience and a strong interest in the biotechnology sector.

Dr Nicki Shepherd joined the Board in January 2021. Dr Shepherd is the founder and a Director of Bellows Consulting Limited which operates in the biomedical translational sector, providing strategic advice and assisting clients in moving their projects closer to the market. Previously Dr Shepherd was a senior member of the Innovations Division at the Wellcome Trust. Dr Shepherd has also held positions at AstraZeneca in Late-Stage Development and Manufacturing.

The Chairman is pleased to report that following the formal external performance evaluation, the Directors' performance continues to be effective and they continue to demonstrate commitment to the role.

TRAINING AND ADVICE

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference of the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate.

The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The Company applies the guidance published by the Financial Reporting Council on internal controls. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objective and can provide only reasonable and not absolute assurance against material misstatement or loss. These controls aim to ensure that the assets of the Company are safeguarded, that proper accounting records are maintained and that the Company's financial information is reliable. The Directors have a robust process for identifying, evaluating and managing the significant risks faced by the Company, which are recorded in a risk matrix. The Audit Committee, on behalf of the Board, considers each risk as well as reviewing the mitigating controls in place. Each risk is rated for its "likelihood" and also its "impact" on the Company. This process was in operation during the year and continues in place up to the date of this report. The process also involves the Audit Committee receiving and examining regular reports from the Company's principal service providers (including their internal controls reports). The Board then receives a detailed report from the Audit Committee on its findings. The Directors have not identified any significant failures or weaknesses in respect of the Company's internal control systems.

SOCIAL, ECONOMIC AND ENVIRONMENTAL MATTERS

The Directors, through the Company's Portfolio Manager, encourage companies in which investments are made to adhere to best practice with regard to corporate governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

The Company recognises that social and environmental issues can have an effect on some of its investee companies.

The Portfolio Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and the development of their policies on social, community and environmental matters.

The Company is an investment trust and so its own direct environmental impact is minimal. The Board of Directors consists of seven Directors, six of whom are resident in the UK and one resident in the United States. The Board holds the majority of its regular meetings in the United Kingdom and has a policy that travel, as far as possible, is minimal, thereby minimising the Company's greenhouse gas emissions. Further details concerning greenhouse gas emissions can be found within the Report of the Directors on page 46.

ORBIMED'S RESPONSIBLE INVESTING POLICY

The Company's Portfolio Manager, OrbiMed, believes that there is a high congruence between companies that seek to act responsibly and those that succeed in building long-term shareholder value. OrbiMed seeks to integrate its Responsible Investing Policy into its overall investment process for the Company in order to maximise investment returns.

A core part of OrbiMed's Responsible Investing Policy is to identify, and exclude from potential investment, business sectors which objectively lead to negative impacts on public health or wellbeing.

OrbiMed makes investment decisions based on a variety of financial and non-financial company factors, including environmental, social and governance (ESG) information. OrbiMed's due diligence process for prospective and existing investments takes into account financially material ESG factors, where relevant and applicable. ESG factors do not form the sole, or primary, set of considerations for an investment decision.

OrbiMed considers sector-specific guidance from the Sustainability Accounting Standards Board to determine material ESG factors. Depending on the investment, all or a subset of the ESG factors that are financially material and relevant are considered in OrbiMed's research. The evaluation of a company's performance on ESG issues provide guidance for investment decisions and constitute part of the investment analysis.

ESG is a rapidly evolving field. ESG evaluation is not standardised and faces limitations due to lack of availability of accurate, timely and uniform data. Presently, no known universally accepted standards for ESG incorporation in investment decisions exist. It must be acknowledged that ESG evaluation carries a significant degree of subjectivity.

EXERCISE OF VOTING POWERS

The Board and the AIFM have delegated authority to the Portfolio Manager to vote the shares owned by the Company. The Portfolio Manager has been instructed to submit votes for such shares wherever possible. This accords with current best practice whilst maintaining a primary focus on financial returns. The Portfolio Manager may refer to the Board or the AIFM on any matters of a contentious nature. The Board has reviewed OrbiMed's Voting Guidelines and is satisfied with their approach.

The Company does not retain voting rights on any shares that are subject to rehypothecation in connection with the loan facility provided by J.P. Morgan Securities LLC.

NOMINEE SHARE CODE

Where shares are held in a nominee company name and where the beneficial owner of the shares is unable to vote in person, the Company nevertheless undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

BENEFICIAL OWNERS OF SHARES – INFORMATION RIGHTS

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Link Group, or to the Company directly.

By order of the Board

Frostrow Capital LLP
Company Secretary

4 June 2021

REPORT OF THE DIRECTORS

The Directors present this Annual Report on the affairs of the Company together with the Audited Financial Statements and the Independent Auditor's Report for the year ended 31 March 2021. Disclosures relating to performance, future developments and risk management can be found in the Strategic Report on pages 1 to 31.

COMPANY MANAGEMENT

ALTERNATIVE INVESTMENT FUND MANAGER

Frostrow under the terms of its AIFM agreement with the Company provides, *inter alia*, the following services: delegation (subject to the oversight of Frostrow and the Board) of the portfolio management function to OrbiMed; investment portfolio administration and valuation; risk management services; marketing and shareholder services; share price discount and premium management; administrative and secretarial services; advice and guidance in respect of corporate governance requirements; maintenance of the Company's accounting records; preparation and dispatch of annual and half year reports and monthly fact sheets; ensuring compliance with applicable legal and regulatory requirements; and maintenance of the Company's website.

During the year under review Frostrow received a periodic fee equal to 0.30% per annum of the Company's market capitalisation, plus a fixed amount equal to £60,000 per annum.

With effect from 1 April 2021 Frostrow's fees were revised as follows: a periodic fee equal to 0.30% per annum on the Company's market capitalisation up to £500m, 0.20% on market capitalisation above £500m to £1bn and 0.10% on market capitalisation over £1bn. The fixed fee of £60,000 per annum is no longer payable.

Either party may terminate the AIFM Agreement on not less than 12 months' notice.

PORTFOLIO MANAGER

OrbiMed under the terms of its portfolio management agreement with the AIFM and the Company provides, *inter alia*, the following services: the seeking out and evaluating of investment opportunities; recommending the manner by which monies should be invested, disinvested, retained or realised; advising on how rights conferred by the investments should be exercised; analysing the performance of investments made; and advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company. OrbiMed receives a periodic fee equal to 0.65% per annum of the Company's net asset value. The proportion of the Company's assets committed for investment in OrbiMed Asia Partners L.P., a limited partnership managed by OrbiMed Asia G.P., L.P., an affiliate of the Portfolio Manager, is excluded from the fee calculation.

The Portfolio Management Agreement may be terminated by the Company, Frostrow or the Portfolio Manager giving notice of not less than 12 months.

PERFORMANCE FEE

Dependent on the level of long-term outperformance of the Company, the AIFM and Portfolio Manager are entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's net asset value ('NAV') performance has outperformed the NASDAQ Biotechnology Index (sterling adjusted), the Company's benchmark index.

The fee is calculated quarterly by comparing the cumulative performance of the Company's NAV with the cumulative performance of the benchmark since the commencement of the performance fee arrangement on 30 June 2005. The performance fee amounts to 16.5% of any outperformance over the benchmark, the AIFM receiving 1.5% and the Portfolio Manager receiving 15% respectively. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards.

With effect from 1 April 2021 Frostrow is no longer entitled to a performance fee. However it is entitled to receive any performance fee that crystallises during the year ending 31 March 2022 in respect of cumulative outperformance attained by 31 March 2021.

In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:

(i) The cumulative outperformance of the portfolio over the benchmark as at the quarter end date; and

(ii) The cumulative outperformance of the portfolio over the benchmark as at the corresponding quarter end date in the previous year.

In addition, a performance fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all performance fees paid to date. As a result of the continued cumulative outperformance in the year, a performance fee of £1,025,000 crystallised and became payable during the year (2020: nil). In addition, there was a provision of £17.7m for future payments. This provision will become payable over the next year only if outperformance is maintained.

The proportion of the Company's assets invested in OrbiMed Asia Partners L.P. is excluded from the Portfolio Manager's performance fee calculation.

DEPOSITARY AND CUSTODIAN AND PRIME BROKER

The Company appointed J.P. Morgan Europe Limited (the "Depositary") as its depositary. Under the terms of the Depositary Agreement the Company has agreed to pay the Depositary a fee calculated at 1.75 bps on net assets up to £150 million, 1.50 bps on net assets between £150 million and £300 million, 1.00 bps on net assets between £300 million and £500 million and 0.50 bps on net assets above £500 million.

The Depositary has delegated the custody and safekeeping of the Company's assets to J.P. Morgan Securities LLC who act as the Company's Custodian and Prime Broker.

Under the terms of a Delegation Agreement, liability has been transferred under Article 21(12) of the AIFMD for the loss of the Company's financial instruments held in custody by J.P. Morgan Securities LLC from the Depositary to J.P. Morgan Securities LLC in accordance with Article 21(13) of the AIFMD. While the Depositary Agreement prohibits the re-use of the Company's assets by the Depositary or the Custodian and Prime Broker without the prior consent of the Company or Frostrow, the Company has consented to the transfer and re-use of its assets by the Custodian and Prime Broker (known as "rehypothecation") in accordance with the terms of an institutional account agreement between the Company, J.P. Morgan Securities LLC and certain other J.P. Morgan Entities (as defined therein) (the "Institutional Account Agreement"). This activity is undertaken in order to take advantage of lower financing costs on the Company's loan borrowings and also lower custody charges.

J.P. Morgan Securities LLC is a registered broker-dealer and is accordingly subject to limits on rehypothecation, in particular limitations set out in U.S. SEC Rule 15c3-3. In the event of J.P. Morgan insolvency, the Company may be unable to recover in full all assets held by it as collateral for the loan or as Custodian. (See note 14 beginning on page 79 for further details)

AIFM AND PORTFOLIO MANAGER EVALUATION AND RE-APPOINTMENT

The performance of the AIFM and the Portfolio Manager is reviewed by the Company's Management Engagement Committee (the "Committee") with a formal evaluation being undertaken each year. As part of this process, the Committee monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Committee also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objectives set by the Board have been met. The Committee reviewed the appropriateness of the appointment of the AIFM and the Portfolio Manager in February 2021 with a recommendation being made to the Board.

The Board believes the continuing appointment of the AIFM and the Portfolio Manager, under the terms described on pages 42 and 43 and on the revised terms agreed with the AIFM as set out on page 42, is in the interests of shareholders as a whole. In coming to this decision, it also took into consideration the following additional reasons:

– the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio and the level of performance of the portfolio in absolute terms and also by reference to the benchmark index; and

– the quality and depth of experience of the company management, company secretarial, administrative and marketing team that the AIFM allocates to the management of the Company.

LOAN FACILITY

The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by J.P. Morgan Securities LLC. The potential draw down of the Company's loan facility with J.P. Morgan is limited to 50% of the Company's Marginable Securities*; however as described on page 19 the maximum amount of gearing permitted by the Board is 20% of net assets. (Further details can be found in note 1 beginning on page 70 and note 14 beginning on page 79).

*see glossary beginning on page 88.

SHARE CAPITAL

As part of the package of measures adopted in 2005 by the Board to improve the attraction of the Company's shares to new investors and also to provide the prospect of a sustained improvement in the rating of the Company's shares, an active discount management policy was implemented to buy-back shares to either hold in treasury or for cancellation if the market price is at a discount greater than 6% to net asset value per share. The Board is committed to protecting the discount at or near the 6% level. As at 31 March 2021, the discount was 1.4% (31 March 2020: 12.7%). The making and timing of any share buy-back remains at the absolute discretion of the Board. Authority to buy-back up to 14.99% of the Company's issued share capital and to issue new shares up to 10% of the Company's issued share capital are sought at each Annual General Meeting (see pages 20 and 21 for further information). There were 41,584,769 shares in issue as at 31 March 2021 (2020: 39,207,269).

ANNUAL GENERAL MEETING

THE FOLLOWING INFORMATION TO BE CONSIDERED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should seek advice from your Stock broker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the Stock broker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Company's Annual General Meeting will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Wednesday, 14 July 2021 at 12 noon. Please refer to the Chairman's Statement beginning on page 1 for details of this year's arrangements.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 10 Authority to allot shares

Resolution 11 Authority to disapply pre-emption rights

Resolution 12 Authority to buy back shares

Resolution 13 Authority to hold General Meetings (other than the AGM) on at least 14 clear days' notice

Resolution 14 To approve the adoption of new articles of association.

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 92 to 94. Explanatory notes regarding the resolutions can be found on pages 95 and 96.

DIRECTORS

DIRECTORS' FEES

A report on Directors' Remuneration and also the Directors' Remuneration Policy Report are set out on pages 55 to 58.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE COVER

Directors' & Officers' liability insurance cover was maintained by the Board during the year ended 31 March 2021. It will continue in effect for the year ending 31 March 2022 and subsequent years.

DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his/her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

SUBSTANTIAL SHAREHOLDINGS

The Company was aware of the following substantial interests in the voting rights of the Company as at 30 April 2021, the latest practicable date before publication of the annual report.

	30 April 2021		31 March 2021	
Shareholders	No. of shares	% of Issued share capital	No. of shares	% of Issued share capital
Hargreaves Lansdown	5,599,090	13.4	5,623,104	13.5
Interactive Investor	4,266,234	10.2	4,231,073	10.2
Rathbones	2,307,097	5.5	2,286,583	5.5
Border to Coast Pensions Partnership	2,130,000	5.1	2,130,000	5.1
Charles Stanley	1,879,466	4.5	1,804,252	4.3
Brewin Dolphin	1,705,805	4.1	1,618,581	3.9
AJ Bell Stockbrokers	1,629,514	3.9	1,610,341	3.9
M&G Investments	1,423,245	3.4	1,423,245	3.4

As at 31 March 2021 there were 41,584,769 shares in issue. As at 30 April 2021 there were 41,664,769 shares in issue.

FINANCIAL INSTRUMENTS

The Company's financial instruments comprise its portfolio, including derivative instruments, cash balances, debtors and creditors that arise directly from its operations, such as sales and purchases awaiting settlement, accrued income and the loan facility. The financial risk management and policies arising from its financial instruments are disclosed in note 14 to the Financial Statements.

RESULTS AND DIVIDEND

The results attributable to shareholders for the year and the transfer from reserves are shown on pages 66 and 68.
No dividend is proposed in respect of the year ended 31 March 2021 (2020: nil).

ALTERNATIVE PERFORMANCE MEASURES

The Financial Statements (on pages 64 to 84) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 20 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on pages 20 and 21. Please also see the glossary beginning on page 88.

AWARENESS AND DISCLOSURE OF RELEVANT AUDIT INFORMATION

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware.

Each of the Directors has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

CAPITAL STRUCTURE

The Company's capital structure is composed solely of Ordinary Shares of 25p each. During the year no shares were repurchased by the Company at a total of 2,377,500 new shares were issued at an average premium of 1.1% to the higher of the prevailing cum or ex income net asset value per share, raising £35.5m of new funds. At the end of the year under review there were 41,584,769 Ordinary Shares in issue. Further details are given in note 12 to the Financial Statements on page 79.

VOTING RIGHTS IN THE COMPANY'S SHARES

Details of the voting rights in the Company's shares at the date of this Annual Report are given in note 9 to the Notice of Annual General Meeting on page 94.

POLITICAL AND CHARITABLE DONATIONS

The Company has not in the past and does not intend in the future to make political or charitable donations.

MODERN SLAVERY ACT 2015

The Company does not provide goods or services in the normal course of business, and as a financial investment vehicle does not have customers. The Directors do not therefore consider that the Company is required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking.

ANTI-BRIBERY AND CORRUPTION POLICY

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company.

A copy of the Company's anti-bribery and corruption policy can be found on its website at www.biotechgt.com. The policy is reviewed regularly by the Audit Committee.

CRIMINAL FINANCES ACT 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

GLOBAL GREENHOUSE GAS EMISSIONS

The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. It has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Reports and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, including those within the Company's underlying investment portfolio. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

COMMON REPORTING STANDARD (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The Registrars, Link Group, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

CORPORATE GOVERNANCE

The Corporate Governance Report set out on pages 35 to 41 forms part of the Report of the Directors.

LISTING RULE 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made under Listing Rule 9.8.4.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as 12 months after approval of the financial statements. The validity of the going concern basis depends on the outcome of the continuation vote on which the Board is recommending that shareholders vote in favour; the Board expects that the Company will continue to exist for the foreseeable future. In particular, no provision has been made for the cost of winding-up the Company or other reorganisation in the event that the resolution is not passed. The content of the Company's portfolio, trading activity, the Company's cash balances and revenue and expense forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of further substantial falls in markets and significant reductions in market liquidity to that experienced to date in connection with the COVID-19 pandemic, on the Company's net asset value, its cash flows and its expenses. Further information is provided in the Audit Committee report beginning on page 50.

Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement on pages 25 and 26, the Company's cash balances, and the liquidity of the Company's investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

SECURITIES FINANCIAL TRANSACTIONS REGULATION ('SFTR') DISCLOSURE

As defined in Article 3 of Regulation (EU) 2015/2365). Securities financing transactions (SFT) include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions. Whilst the Company does not engage in such SFT's it does engage in Total Return Swaps (TRS). The Company's exposure to TRS can be found on the Company's website www.biotechgt.com

ARTICLES OF ASSOCIATION

Amendment of the Company's Articles of Association requires a special resolution to be passed by shareholders.

A resolution to adopt new Articles of Association is to be proposed to shareholders at this year's Annual General Meeting. Further information can be found on pages 98 to 100.

By order of the Board

Frostrow Capital LLP
Company Secretary

4 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period. The Directors are also required to prepare financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements
- state whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare a Directors' report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT PURSUANT TO DTR4

We confirm that to the best of our knowledge:

- the Financial Statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company for the year ended 31 March 2021; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

The Directors consider the Annual Report and the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Andrew Joy
Chairman

4 June 2021

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2021

COMPOSITION AND MEETINGS

The Audit Committee the ("Committee") comprises all of the Company's independent Directors whose biographies can be found on pages 31 to 33. Julia Le Blan, who has recent and relevant financial experience, was appointed Chair of the Committee in July 2017. In addition, the Board recognises the requirement for the Committee as a whole to have competence relevant to the sector in which the Company operates. The Committee members have a combination of financial, investment and business experience which is highly relevant to both the biotechnology and investment trust sectors.

The Committee met twice during the year. Attendance by each Director is shown in the table on page 39.

Role and Responsibilities of the Committee

1. **To review the Company's half-year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company.
2. **To advise the Board on whether the Annual Report and the financial statements, taken as a whole, is fair, balanced and understandable.**
3. **To review the risk management and internal control processes of the Company and its key service providers.** As part of this review the Committee reviewed the appropriateness of the Company's anti-bribery and corruption policy and also its policy on the prevention of the facilitation of tax evasion.
4. **To develop and implement a policy for the effectiveness of the external Auditor,** and agreeing the scope of its work, and its remuneration. Also, to be responsible for the selection process of the external Auditor (including the leadership of the audit tender process) and to have primary responsibility for the Company's relationship with the external Auditor.
5. **To review the effectiveness of the external audit and the process.**
6. **To review the independence and objectivity of the external Auditor.**
7. **To consider any non-audit work to be carried out by the Auditor.** The Committee reviews the need for non-audit services to be performed by the Auditor in accordance with the Company's non-audit services policy, and authorises such on a case by case basis having given consideration to the cost effectiveness of the services and the objectivity of the Auditor. (see page 53 for further information)
8. **To consider the need for an internal audit function.** Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.
9. **To assess the going concern and viability of the Company, including the assumptions used.**
10. **To report its findings to the Board.**

A comprehensive description of the Committee's role, its duties and responsibilities, can be found in its terms of reference which are available for review on the Company's website at www.biotechgt.com. The terms of reference have been updated to incorporate the changes introduced by the 2019 AIC Code of Corporate Governance.

SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE DURING THE YEAR

FINANCIAL STATEMENTS

The production of the Company's Annual Report (including the audit by the Company's external Auditor) is a thorough process involving input from a number of different areas. In order to be able to confirm that the Annual Report is fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria have been satisfied. As part of this process the Committee has considered to the following:

- the procedures followed in the production of the Annual Report, including the processes in place to assure the accuracy of the factual content;
- the extensive levels of review that were undertaken in the production process, by the Company's AIFM and also by the Committee; and
- the internal control environment as operated by the Portfolio Manager, AIFM and other service providers.

As a result of the work undertaken by the Committee, it has confirmed that the Annual Report for the year ended 31 March 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial position, performance, business model and strategy. The Committee has confirmed this to the Board.

AUDIT REGULATION

In the last couple of years, the UK audit sector has been subject to a number of reviews, such as those conducted by the Competition and Markets Authority ('CMA') into the Statutory Audit Market and the Kingman Review of the FRC which have resulted in a number of recommendations by the Department of Business, Enterprise, Industry and Skills('BEIS'), which the BEIS is currently consulting on.

The Committee has considered the various recommendations and how they may potentially affect the Company should they be implemented.

The various reviews have also coincided with the FRC's own consultation proposing important changes to the UK's Ethical and Auditing Standards (last updated in 2016) which led to the publication of the revised Standards in December 2019, effective from 15 March 2020.

The Committee updated the non audit services policy in-line with the ethical standards and does not at this time recommend any change to the current practices employed in the external audit process in response to these reviews, but will continue to monitor developments as they unfold.

In addition to this, the Committee also reviews the outcomes of the FRC's annual Audit Quality Reviews and discusses the findings with our Auditor.

COMPANY'S INVESTMENTS – VALUATION AND OWNERSHIP

The Committee approached and dealt with this area of risk by:

- ensuring that all investment holdings and cash/deposit balances had been agreed to an independent confirmation from the Custodian and Prime Broker. In addition, receiving and reviewing details of the internal control procedures in place at the Portfolio Manager, the AIFM and the Custodian and Prime Broker and also receiving regular reports from both the Custodian and Prime Broker and also the Depositary (whose role it is to safeguard the Company's assets and to verify their valuation);
- reconfirming its understanding of the processes in place to record investment transactions and income, and to value the portfolio;
- reviewing and amending, where necessary, the Company's register of key risks in light of changes to the portfolio and the investment environment; and
- gaining an overall understanding of the performance of the portfolio both in capital and revenue terms through comparison to the Benchmark.

VALUATION OF UNQUOTED INVESTMENTS

The Company has the ability to make unquoted investments up to a limit of 10% of the portfolio at the time of acquisition. This will not include any holdings that are subject to an IPO lock-in (see glossary beginning on page 88). Both the Company's Directors and the AIFM need to ensure that an appropriate value is placed on such investments within the Company's net asset value. The Committee has worked with the Company's Portfolio Manager and the AIFM to establish clear guidelines for the valuation of unquoted investments, including the use of valuations produced by independent external valuers, where appropriate. Both the Audit Committee and the AIFM consider in detail the valuation method behind every unquoted investment.

RECOGNITION OF REVENUE FROM INVESTMENTS

The Committee took steps to gain an understanding of the processes in place to record investment income and transactions. The Committee sought and received confirmation from the Company's AIFM that all dividends both received and receivable had been accounted for correctly. The Committee noted and took comfort from the segregation of duties in place between the Company's AIFM and the Custodian and Prime Broker.

TAXATION – ENSURING THAT THE REGULATIONS FOR THE COMPANY TO MAINTAIN ITS INVESTMENT TRUST STATUS HAVE BEEN OBSERVED

The Committee approached and dealt with the area of risk, surrounding compliance with section 1158 of the Corporation Tax Act 2010, by:

– seeking confirmation from the AIFM that the Company continues to meet the eligibility conditions as outlined in section 1158 through reports received at each Board meeting and also as part of the monthly Compliance Monitoring Report sent to the Board; and

– understanding the risks and consequences if the Company breaches this approval in future years.

CALCULATION OF AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

The AIFM, Portfolio Management and performance fees are calculated in accordance with the AIFM and Portfolio Management Agreements. Both the Committee and the Company's Auditor review and agree the calculation of any performance fee that becomes payable.

OTHER REPORTING MATTERS

COVID-19

The COVID-19 pandemic commenced before the 2020 Annual Report was mailed out to shareholders and the Committee gave in-depth consideration to its potential effects on the Company. The long-term effect of the pandemic on the global economy will become clearer in time and the Committee will continue to monitor the impact of COVID-19, which is also captured in the Company's risk register.

In order to mitigate the business risks caused by the pandemic, the Committee continues to review the operational resilience of its various service providers, who have continued to demonstrate their ability to provide services to the expected level, whilst doing so remotely.

INVESTMENT PERFORMANCE

The Committee also gained an overall understanding of the performance of the investment portfolio both in capital and revenue terms through ongoing discussions and analysis with and the Company's Portfolio Manager and also with comparison to suitable key performance indicators (see pages 20 and 21).

ACCOUNTING POLICIES

During the year the Committee ensured that the accounting policies, as set out on pages 70 to 74, were applied consistently throughout the year. In light of there being no unusual transactions during the year or other possible reasons, the Committee agreed that there was no reason to change the policies.

GOING CONCERN

Having reviewed the Company's financial position and liabilities, the Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. The Committee's review of the Company's financial position included consideration of the cash and cash equivalent position of the Company; the diversification of the portfolio; and the analysis of portfolio liquidity, which estimated a liquidation of c.88.4% of the portfolio within seven days (based on current market volumes). Further information is provided in the Report of the Directors on page 47.

INTERNAL CONTROLS

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company. The process accords with advice issued by the FRC and is subject to regular review by the Committee. The Board has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Committee has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 March 2021. During the course of its review the Committee has not identified or been advised of any failings or weaknesses that have been determined as significant. All business risks faced by the Company are recorded in a detailed risk map which is reviewed periodically. In arriving at its judgement of what constitutes a sound system of internal control, the Directors considered the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, the Board has split the review of risk and associated controls into five sections (as contained in the Company's risk matrix) reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- investment activity;
- published information, compliance with laws and regulations;
- service providers; and
- financial activity.

Details of the key risks to the Company (including emerging risks) can be found on pages 21 to 24.

The Company has obtained from its various service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- review of communication methods and procedures; and
- assessment of the control procedures.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Frostrow.

In addition to reviewing the systems of internal control in place at the Company's principal service providers, the Committee also reviewed the cyber security strategies adopted by them.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control and risk management during the year, as set out above and that the ongoing process for identifying, evaluating and managing significant risks faced by the Company, has been in place for the year under review and up to 4 June 2021.

VIABILITY STATEMENT

The Committee also considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on pages 25 and 26. The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties and the results of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds. This included modelling further substantial market falls, and significantly reduced market liquidity, to that experienced recently in connection with the COVID-19 pandemic. The scenarios assumed that there would be no recovery in asset prices and that listed portfolio companies which have cut or cancelled any dividends due since the COVID-19 outbreak would not reinstate them.

The results demonstrated the impact on the Company's NAV, its expenses, its cash flows and its ability to meet its liabilities. In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to be able to meet its liabilities as they fall due. Based on the information available to the Directors at the time, the Committee therefore concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years. Further information is provided in the Business Review on pages 25 and 26.

HALF YEAR REPORT AND FINANCIAL STATEMENTS

The Committee reviewed the Half Year Report and Financial Statements, which are not audited or reviewed by the external Auditor, to ensure that the accounting policies used in the Annual Financial Statements were also used at the half-year stage and that they portrayed a fair balanced and understandable picture of the period in question.

INTERNAL AUDIT

The Committee considered whether there was a need for the Company to have an internal audit function. As the Company delegates its day-to-day operations to third parties and has no employees, the Committee concluded that there was no such need.

EXTERNAL AUDITOR

BDO LLP were appointed by shareholders on 15 July 2020, following a formal tender process. This appointment will be reviewed at each subsequent AGM.

MEETINGS:

This year the nature and scope of the audit together with BDO LLP's audit plan were considered by the Committee on 4 November 2020. The Chair of the Committee had a meeting with them specifically to discuss the audit and any issues that arose (of which there were none of any significance). The Committee then met BDO LLP on 19 May 2021 to formally review the outcome of the audit and to discuss the limited issues that arose. The Committee also discussed the presentation of the Annual Report with the Auditor and sought their perspective.

INDEPENDENCE AND EFFECTIVENESS:

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, the Committee reviewed:

- the senior audit personnel in the audit plan for the year,
- the Auditor's arrangements concerning any conflicts of interest,
- the extent of any non-audit services, and
- the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.

In order to consider the effectiveness of the audit process, the Committee reviewed:

- the Auditor's fulfilment of the agreed audit plan,
- the report arising from the audit itself, and
- feedback from the Company's AIFM.

REMUNERATION

The Committee approved a fee of £32,500 for the audit for the year ended 31 March 2021 (2020: £32,000). In addition, a further £5,000 was paid to BDO, due to the increased volume of unquoted investments at the year end. While this represents an increase on the previous year's fee, the Committee believes that the fee is in line with general audit fees payable for the quoted investment trust sector and is reflective of the level of work required to audit a listed company.

NON-AUDIT SERVICES

The Committee will monitor the need for non-audit work to be performed by the Auditor, if any, in accordance with the Company's non-audit services policy which was updated in November 2020 to take the FRC's revised Ethical and Auditing Standards into consideration. A copy of the Company's non-audit services policy can be found on the Company's website at www.biotechgt.com.

The Committee is satisfied with the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

During the year BDO LLP undertook a review of the performance fee calculation, which crystallised at 31 December 2020, prior to payment of the fee by the Company. The Company's share of the cost amounted to £4,000. The Company's AIFM also paid £5,000 as the total cost amounted to £9,000. They undertook no other non-audit services in the previous year.

The Company operates on the basis whereby the provision of all non-audit services by the Auditor has to be pre-approved by the Committee. Such services are only permissible where no conflicts of interest arise, the service is not expressly prohibited by audit legislation, where the independence of the Auditor is not likely to be impinged by undertaking the work and the quality and the objectivity of both the non-audit work and audit work will not be compromised. In particular, non-audit services may be provided by the Auditor if they are inconsequential or would have no direct effect on the Company's financial statements and the audit firm would not place significant reliance on the work for the purposes of the statutory audit.

AUDITOR'S REAPPOINTMENT

BDO LLP have indicated their willingness to continue to act as Auditor to the Company for the forthcoming year and a resolution for their re appointment will be proposed at the Annual General Meeting.

The Committee reviews the scope and effectiveness of the audit process, including agreeing the Auditor's assessment of materiality and monitors the Auditor's independence and objectivity. It conducted a review of the performance of the Auditor during the year and concluded that performance was satisfactory and there were no grounds for change.

PERFORMANCE EVALUATION

Lintstock, an independent third party, commented on the effectiveness of the Committee as part of their evaluation of the Board which took place during the year (see page 39). In particular the effective way the meetings were chaired was rated highly.

Julia Le Blan
Chair of the Audit Committee
4 June 2021

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2021

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. A non-binding Ordinary Resolution for the approval of this report will be put to the shareholders at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report to shareholders beginning on page 59. The Remuneration Policy Report on page 58 forms part of this report.

The Remuneration Committee considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in line with the AIC Code.

The Board has agreed to cease the operation of the Remuneration Committee and for its business to be undertaken by the independent Directors on the Board with effect from the conclusion of the Annual General Meeting to be held on 14 July 2021.

In the year to 31 March 2021, the Directors' fees were paid at the following annual rates: the Chairman of the Company £37,000, Julia Le Blan as Chair of the Audit Committee, and I as the Senior Independent Director and Steve Bates as Chairman of the Management Engagement Committee all received £28,500. Lord Willetts and Dr Nicki Shepherd received £26,000. Fees paid to the Directors during the year to 31 March 2021 had not been increased from those paid in the previous year.

Following a review of Directors' fees during the year, the Board resolved that the Directors' fees would be as follows with effect from 1 April 2021: the Chairman of the Company £40,000 per annum; Julia Le Blan as Chair of the Audit Committee, Steve Bates as Chair of the Management Engagement Committee and myself as the Senior Independent Director £30,000 per annum; Lord Willetts and Dr Nicki Shepherd £27,500 per annum.

All levels of remuneration reflect both the time commitment and responsibility of the role.

DIRECTORS' FEES

The Directors, as at the date of this report, and who all served throughout the year (unless where stated), received the fees listed in the table below. These exclude any employers' national insurance contributions, if applicable.

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have any employees. There is therefore no CEO or employee information to disclose.

DIRECTORS' EMOLUMENTS FOR THE YEAR (AUDITED)

The Directors who served in the year received the following emoluments in the form of fees:

		Year ended 31 March 2021			Year ended 31 March 2020		
	Date of Appointment to the Board	Fees £	Taxable Benefits+ £	Total £	Fees £	Taxable Benefits+ £	Total £
Andrew Joy (Chairman)	15 March 2012	37,000	–	37,000	37,000	–	37,000
Steve Bates	8 July 2015	28,500	–	28,500	28,500	–	28,500
Professor Dame Kay Davies CBE	15 March 2012	28,500	–	28,500	28,500	326	28,826
Julia Le Blan	12 July 2016	28,500	–	28,500	28,500	–	28,500
Dr Nicki Shepherd	18 January 2021	5,333	–	5,333	–	–	–
The Rt Hon Lord Willetts	11 November 2015	26,000	–	26,000	26,000	–	26,000
		153,833	–	153,833	148,500	326	148,826

+ Taxable benefits primarily comprise travel and associated expenses incurred by the Directors in attending Board and Committee meetings in London. These are reimbursed by the Company and, under an interpretation of HMRC Rules, are subject to tax and National Insurance and therefore are treated as a Benefit in Kind with this table.

Geoff Hsu joined the Board on 16 May 2018. Mr Hsu has waived his Director's fee.

The Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

In certain circumstances, under HMRC rules, travel and other out of pocket expenses reimbursed to the Directors may be considered as taxable benefits. Where expenses are classed as taxable under HMRC guidance they are shown in the Taxable Benefits column of the table on the previous page.

RELATIVE COST OF DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 MARCH 2021

To enable shareholders to assess the relative cost of Directors' remuneration, this has been shown in the table below compared with the Company's AIFM, Portfolio Management, other expenses and the cost of repurchasing their shares.

	2021 £'000	2020 £'000	Difference £'000
Fees payable to non-executive Directors	154	149	5
AIFM, Portfolio management fees and other expenses	6,038	4,280	1,758
Performance fees crystallised and paid during the year	1,025	–	1,025
Repurchase of own shares for cancellation	–	104,202	(104,202)

DIRECTORS' REMUNERATION REPORT

At the Annual General Meeting held in July 2020 the results in respect of the non-binding resolution to approve the Directors' Remuneration Report were as follows:

Percentage of votes cast For	Percentage of votes cast Against	Number of votes withheld
99.9%	0.1%	3,558

DIRECTORS' REMUNERATION POLICY

At the Annual General Meeting held in July 2020 the results in respect of the binding resolution to approve the Directors' Remuneration Policy were as follows:

Percentage of votes cast For	Percentage of votes cast Against	Number of votes withheld
99.9%	0.1%	3,558

A copy of the Directors' Remuneration Policy may be inspected by shareholders by either contacting the Company Secretary or visiting the Company's website at www.biogtechgt.com.

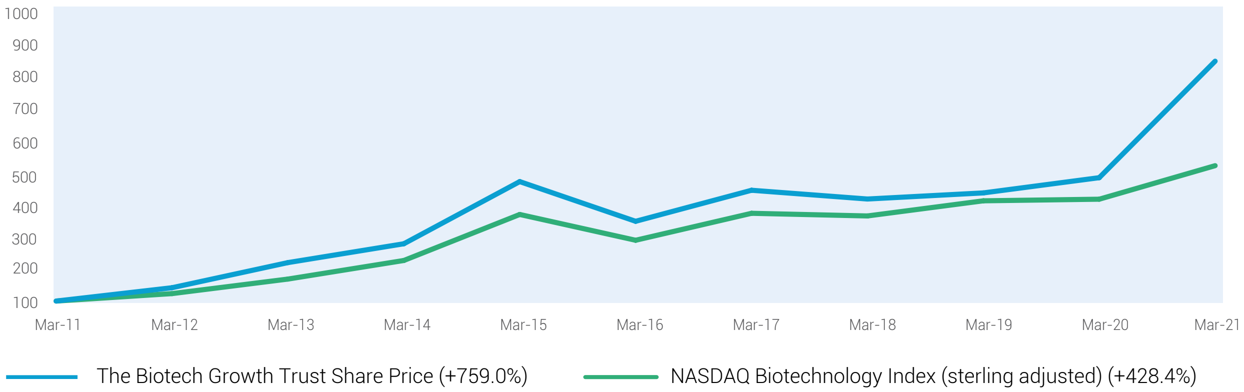
LOSS OF OFFICE

Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

SHARE PRICE RETURN

Share price versus the NASDAQ Biotechnology Index (sterling adjusted). The chart overleaf illustrates the shareholder return for a holding in the Company's shares as compared to the NASDAQ Biotechnology Index (sterling adjusted), which the Board has adopted as the measure for both the Company's performance and that of the Portfolio Manager for the period.

SHAREHOLDER TOTAL RETURN FOR TEN YEARS TO 31 MARCH 2021



Rebased to 100 as at 31 March 2011
Source: Bloomberg

DIRECTORS' INTERESTS IN SHARES (AUDITED)

The Directors' interests in the share capital of the Company are shown in the table below:

	Number of shares held as at 3 June 2021	31 March 2021	31 March 2020
Andrew Joy (Chairman)	55,000	55,000	55,000
Steve Bates	10,000	10,000	10,000
Professor Dame Kay Davies CBE	3,500	3,500	3,500
Julia Le Blan	7,000	7,000	7,000
Geoff Hsu	nil	nil	nil
Dr Nicki Shepherd*	nil	nil	nil
The Rt Hon Lord Willetts	nil	nil	nil

* Dr Shepherd joined the Board on 18 January 2021.

None of the Directors was granted or exercised rights over shares during the year. During the year Geoff Hsu was a General Partner at OrbiMed, the Company's Portfolio Manager, which is party to the Portfolio Management Agreement with the Company and receives fees as described on pages 42 and 43 of this Annual Report.

ANNUAL STATEMENT

On behalf of the Board I confirm that the Remuneration Policy, set out on page 58 and Remuneration Report summarise, as applicable, for the year to 31 March 2021:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Professor Dame Kay Davies CBE
Senior Independent Director and Chair of the Remuneration Committee

4 June 2021

DIRECTORS' REMUNERATION POLICY

The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. This policy is reviewed annually and it is intended that it will continue for the year ending 31 March 2021 and for subsequent financial years.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate limit currently being £250,000 per annum, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The current and projected Directors' fees are disclosed on page 55. The Company does not have any employees.

DIRECTORS' REMUNERATION YEAR ENDED 31 MARCH 2021

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

No communications have been received from shareholders regarding Directors' remuneration.

In accordance with best practice recommendations the Board will put the Remuneration Policy to shareholders at the Annual General Meeting at least once every three years.

Approval of this policy was granted by shareholders at the Annual General Meeting held in July 2020 and so shareholder approval will be sought at the Annual General Meeting to be held in 2023.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIOTECH GROWTH TRUST PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of The Biotech Growth Trust PLC (the 'Company') for the year ended 31 March 2021 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs

(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 20 February 2020 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. We were subsequently appointed by the members at the AGM on 15 July 2020. The period of total uninterrupted engagement is two years, covering the year ending 31 March 2020 and 31 March 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's method of assessing going concern in light of market volatility and the present uncertainties such as the impact of COVID-19.
- Recalculating the liquidity of the investment portfolio, using our own independently obtained trading data, to verify the liquidity assumptions which underpinned the going concern assessment.
- Considering the reasonableness of possible reductions in forecast market trading volumes based on previous market data.
- Calculating and considering financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

		2021	2020
Key audit matters	Valuation and ownership of investments	✓	✓
Materiality	*Financial statements as a whole* £6,000,000 (2020: £3,610,000) based on 1% (2020: 1%) of net assets		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Matter	Audit Response
Valuation, existence and ownership of investments (Note 1 and Note 8) The investment portfolio at the year-end comprised of investments at fair value through profit or loss. The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. The Alternative Investment Fund Manager (AIFM) and the Portfolio Manager, are remunerated based on the market capitalisation and net asset value of the Company respectively. As such, there is a potential risk of overstatement of investment valuations, however this is mitigated to an extent by the valuations being produced by the administrator and reviewed and approved by the Board.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures on 100% of the level 1 investment valuations: • Confirmed that bid price has been used by agreeing to externally quoted prices; • Confirmed the foreign exchange rates used by agreeing to independent sources; • Reviewed trading volumes around year-end to check that there are no contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings

Matter	Audit Response
A management's expert is utilised in the valuation of the level 3 investments. Due to the significance of this balance we considered it to be a key audit matter.	We performed the following procedures in respect of 100% of the level 3 investment valuations: • Challenged whether the valuation methodology was the most appropriate in the circumstances under applicable accounting standards having regard to the nature and stage of the investment. • Recalculated the value attributable to the Company by multiplying the blended value per share/loan note by the number of shares/loan notes held. • Corroborated the key inputs in the valuation to source documents including share purchase, loan note, warrant and limited partner agreements, fund statements and the step-up in share prices to the median realised step-up observed from comparable initial public offerings. • Considered the competence, capabilities and expertise of the management expert through consideration of the qualifications held by the expert. We also considered the services provided by the firm employing the expert. We considered the independence and objectivity of the expert through review of the independence declaration made by the expert to the Company. We considered the appropriateness of the methodology and assumptions employed by the expert through review of the accounting framework and valuation guidelines followed. • Performed sensitivity analysis where appropriate. In respect of the ownership of investments we have obtained direct confirmation from the custodian regarding all investments held at the balance sheet date. *Key observations:* Based on our procedures performed we consider the valuation and ownership of investments to be appropriate.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Financial statements	
	2021	*2020*
Materiality	£6,000,000	£3,610,000
Basis for determining materiality	1% of net assets	
Rationale for the benchmark applied	As an investment trust, net asset value is considered to be the key measure of performance.	
Performance materiality	£4,500,000	£2,527,000
Basis for determining performance materiality	Performance materiality was set at 75% of total materiality based on past experience and history of uncorrected misstatements	Performance materiality was set at 70% of total materiality as this was the first year on the audit.

Specific testing threshold

We also determined that for items impacting on revenue return, a misstatement of less than materiality for the financial statements as a whole, could influence the economic decisions of users. As a result, we determined a specific testing threshold for these items based on our clearly trivial threshold, being £300,000 (2020: £180,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £300,000 (2020: £180,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and international accounting standards in conformity with the requirements of the Companies Act 2006, VAT, Employers NI and other taxes. We also considered the company's qualification as an Investment Trust under UK tax legislation.

We considered compliance with this framework through discussions with the Audit Committee and performed audit procedures on these areas as considered necessary.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements and the susceptibility of the entity's financial statements to material misstatement including fraud. We considered that the financial statements are susceptible to fraud due to the Investment Manager's fees being calculated on the net asset value and a performance fee is also payable to the AIFM and Investment Manager on the level of long-term outperformance of the Company in comparison to the Company's benchmark, the NASDAQ Biotechnology Index. As such there is an incentive to overstate performance but this risk is partially mitigated by the accounting records being prepared by the administrator. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and the Audit Committee;
- testing of journal postings which met a specific criteria to identify potential management override of controls
- the procedures as outlined in our key audit matters above
- review of legal invoice and correspondence
- checked compliance with each of the Investment Trust tax legislation tests
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
4 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Investment Income							
Investment income	2	986	–	986	1,313	–	1,313
Total income		986	–	986	1,313	–	1,313
Gains on investments							
Gains on investments held at fair value through profit or loss	8	–	221,127	221,127	–	67,624	67,624
Exchange gains/(losses) on currency balances		–	3,394	3,394	–	(2,982)	(2,982)
Expenses							
AIFM, Portfolio management and performance fees	3	(268)	(23,826)	(24,094)	–	(3,629)	(3,629)
Other expenses	4	(647)	(30)	(677)	(651)	–	(651)
Profit before finance costs and taxation		71	200,665	200,736	662	61,013	61,675
Finance costs	5	(9)	(170)	(179)	–	(580)	(580)
Profit before taxation		62	200,495	200,557	662	60,433	61,095
Taxation	6	(131)	–	(131)	(196)	–	(196)
(Loss)/profit for the year		(69)	200,495	200,426	466	60,433	60,899
Basic and diluted (loss)/earnings per share	7	(0.2)p	500.7p	500.5p	1.0p	133.9p	134.9p

The Company does not have any income or expenses which are not included in the profit for the year. Accordingly the "profit for the year" is also the "total comprehensive profit for the year", as defined in IAS 1 (revised) and no separate Statement of Other Comprehensive Income has been presented.

The "Total" column of this statement represents the Company's Income Statement, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRS"). The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The accompanying notes from page 70 to page 86 are an integral part of this statement.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £'000	2020 £'000
Non current assets			
Investments held at fair value through profit or loss	8	643,270	398,657
Current assets			
Other receivables	10	4,760	2,532
Cash and cash equivalents		1,502	–
		6,262	2,532
		649,532	401,189
Current liabilities			
Other payables	11	20,668	2,879
Loan	14	26,779	32,737
Derivative – OTC equity swaps	8, 9	618	–
		48,065	35,616
Net assets		601,467	365,573
Equity attributable to equity holders			
Ordinary share capital	12	10,396	9,802
Share premium account		77,895	43,021
Capital redemption reserve		12,997	12,997
Capital reserve	17	500,594	300,099
Revenue reserve		(415)	(346)
Total equity		601,467	365,573
Net asset value per share	13	1,446.4p	932.4p

The Financial Statements on pages 66 to 86 were approved by the Board on 4 June 2021 and were signed on its behalf by:

Andrew Joy
Chairman

The accompanying notes from page 70 to page 86 are an integral part of this statement.

The Biotech Growth Trust PLC – Company Registration Number 3376377 (Registered in England)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Ordinary Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2020		9,802	43,021	12,997	300,099	(346)	365,573
Net profit for the year		–	–	–	200,495	(69)	200,426
Issue of new shares	12	594	34,945	–	–	–	35,539
Cost of share issuance		–	(71)	–	–	–	(71)
At 31 March 2021	13	10,396	77,895	12,997	500,594	(415)	601,467

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Ordinary Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2019		12,992	43,021	9,807	343,868	(812)	408,876
Net profit for the year		–	–	–	60,433	466	60,899
Repurchase of own shares for cancellation	12	(3,190)	–	3,190	(104,202)	–	(104,202)
At 31 March 2020	13	9,802	43,021	12,997	300,099	(346)	365,573

The accompanying notes from page 70 to page 86 are an integral part of this statement.

See note 17 on page 86 for details of the amounts of reserves available for distribution.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £'000	2020 £'000
Operating activities			
Profit before taxation*		200,557	61,095
Finance costs		179	580
Gains on investments held at fair value through profit or loss	8	(221,127)	(67,624)
Foreign exchange (gains)/losses		(3,394)	2,982
Decrease/(increase) in other receivables		3	(17)
Increase/(decrease) in other payables		18,239	(5)
Net cash outflow from operating activities		(5,543)	(2,989)
Taxation paid	6	(131)	(196)
Net cash outflow from operating activities		(5,674)	(3,185)
Investing activities			
Purchases of investments		(593,685)	(491,471)
Purchase of derivatives		(6,286)	–
Sales of investments		567,530	582,401
Sale of derivatives		6,892	–
Net cash (outflow)/inflow from investing activities		(25,549)	90,930
Financing activities			
Gross proceeds from the issue of shares		35,539	–
Cost of share issuance		(71)	–
Repurchase of own shares for cancellation		–	(106,079)
Finance costs - interest paid	5	(179)	(580)
Net (repayment)/drawdown of the loan facility		(2,564)	18,914
Net cash inflow/(outflow) from financing activities		32,725	(87,165)
Net increase in cash and cash equivalents		1,502	–
Cash and cash equivalents at start of year		–	–
Cash and cash equivalents at end of year		1,502	–

* Includes dividends earned during the year of £875,000 (2020: £1,313,000) and bond income of £111,000 (2020: £nil).

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2021 £'000	2020 £'000
Balance as at 1 April	32,737	10,841
Net cash flow on the loan facility	(2,564)	18,914
Foreign exchange (gains)/losses	(3,394)	2,982
Loan balance at 31 March	26,779	32,737

The accompanying notes from page 70 to page 86 are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The Financial Statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRS"). These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS have been adopted by the European Union.

The principal accounting policies adopted are set out below.

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of investments. Where presentational guidance is set out in the Statement of Recommended Practice ("the SORP") for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies ("AIC") dated October 2019 and updated in April 2021 with consequential amendments, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

The Board has considered an assessment of the Company's ability to meet its liabilities as they fall due, including stress and liquidity tests which modelled the effects of significant reductions in market liquidity on the Company's financial position and cash flows. The results of the tests showed that the Company would have sufficient cash through access to the JP Morgan loan facility, or the ability to liquidate a sufficient proportion of its listed holdings, to meet its liabilities as they fall due. Based on the information available to the Directors at the time of this report, including the results of the stress tests and the liquidity of the Company's listed investments, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to adopt the going concern basis in preparing these Financial Statements.

The Company's Financial Statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The accounts have been prepared on a going concern basis as the Directors consider that in the foreseeable future (at least 12 months from the date of approval of the financial statements) the Company will continue to be able to meet its liabilities as they fall due.

Judgements and key sources of estimation and uncertainty

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the process of applying the Company's accounting policies, the Directors have made the following estimate:

Fair value of the unquoted investments estimate

The unquoted investment, OrbiMed Asia Partners L.P., has been valued using the Net Asset Value as presented in the partnership's Consolidated Financial Statements as at 31 December 2020. The statements were audited by KPMG LLP (New Jersey Headquarters) and were approved on 26 March 2021. As at the date of signing, the Directors have now received confirmation that the March 2021 valuation is in line with the estimated valuation used in these Financial Statements.

The following investments have been valued by Duff & Phelps, an independent valuer, using the probability – weighted expected returns methodology: Century Therapeutics, Graphite Bio, Sichuan Clover Biopharmaceuticals, Singular Genomics conv. 6%, Yisheng Biopharma. I-Mab warrants have been valued using the Black Scholes model with the volatility being valued by Duff & Phelps. Awakn Life Sciences 6% and Small Pharma Financing were purchased during the latter part of March and have been valued at cost. See note 14 beginning on page 79 for further details.

1. ACCOUNTING POLICIES continued

(B) INVESTMENTS

Investments are recognised and de-recognised on the trade date.

As the entity's business is investing in financial assets with a view to profiting from their total return in the form of dividends or increases in fair value, investments are classified as fair value through profit or loss (FVTPL) and are initially recognised at fair value. The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the Board.

Investments classified at fair value through profit or loss, which are quoted investments, are measured at subsequent reporting dates at fair value which is either the bid or the last trade price, depending on the convention of the exchange on which it is quoted.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques which may include using weighted expected returns, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised.

Gains and losses on disposal and fair value changes are also recognised in the Income Statement.

(C) PRESENTATION OF INCOME STATEMENT

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. Net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010. The requirements are to distribute net revenue but only so far as there are positive revenue reserves.

(D) INCOME

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established.

Dividends from investments in unquoted shares and securities are recognised when they become receivable.

(E) EXPENSES AND FINANCE COSTS

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement as follows:

- transaction costs on the acquisition or disposal of an investment are charged to the capital column of the Income Statement;
- expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investment can be demonstrated, and accordingly.
  - during the year, AIFM and Portfolio Management fees were charged 95% to the capital column of the Income Statement as the Directors had expected that in the long term virtually all of the Company's returns would come from capital; and
  - during the year, loan interest was charged 95% to the capital column of the Income Statement as the Directors had expected that in the long term virtually all of the Company's returns would come from capital.
  - performance fees are charged 100% to the capital column of the Income Statement. Performance fees are recognised as a liability of the Company when they crystalise and become due for payment. Details of the performance fee are set out on pages 42 and 43;
  - and all other expenses are charged to revenue column of the Income Statement.

1. ACCOUNTING POLICIES continued

(F) TAXATION

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Income Statement, then no tax relief is transferred to the capital column.

Investment trusts which have approval under Section 1158 Corporation Tax Act 2010 are not liable for taxation on capital gains.

Current tax is provided at the amounts expected to be paid or recovered.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, or Other Comprehensive Income (OCI), in which case the deferred tax is also dealt with in equity or OCI respectively.

(G) FOREIGN CURRENCIES

The currency of the primary economic environment in which the Company operates (the functional currency) is sterling, which is also the presentation currency of the Company. Transactions involving currencies other than sterling are recorded at the exchange rate ruling on the transaction date. At each Statement of Financial Position date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange.

Exchange differences are included in the Income Statement and allocated as capital if they are of a capital nature, or as revenue if they are of a revenue nature.

(H) FUNCTIONAL AND PRESENTATION CURRENCY

The financial information is shown in sterling, being the Company's presentation currency. In arriving at the functional currency the Directors have considered the following:

(i) the primary economic environment of the Company;

(ii) the currency in which the original capital was raised;

(iii) the currency in which distributions would be made;

(iv) the currency in which performance is evaluated; and

(v) the currency in which the capital would be returned to shareholders on a break up basis.

The Directors have also considered the currency to which the underlying investments are exposed and liquidity is managed. The Directors are of the opinion that sterling best represents the functional currency.

1. ACCOUNTING POLICIES continued

(I) RESERVES

Ordinary share capital

- represents the nominal value of the issued share capital

Share premium account

- represents the surplus of net proceeds received from the issue of new shares over the nominal value of such shares. The Share premium account is non-distributable

Capital redemption reserve

- a transfer will be made to this reserve on cancellation of the Company's own shares purchased, equal to the nominal value of the shares. This reserve is non-distributable

Capital reserves

The following are credited or charged to the capital column of the Income Statement and then transferred to the Capital Reserve:

- gains or losses on disposal of investments
- exchange differences of a capital nature
- expenses allocated to this reserve in accordance with the above policies
- increases and decreases in the valuation of investments held at year-end
- shares which have been bought back by the Company for cancellation

Realised Capital Reserves are distributable by way of a dividend.

Revenue reserve

- reflects all income and expenditure recognised in the revenue column of the Income Statement. Amounts standing to the credit of the Revenue Reserve are distributable by way of dividend.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term deposits with a maturity of three months or less, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(K) OTHER RECEIVABLES AND OTHER PAYABLES

Other receivables and payables are typically settled in a short time frame and are carried at the amount due to be settled. As a result, the fair value of these balances is considered to be materially equal to the carrying value.

(L) LOAN

The Company has a loan facility repayable on demand, provided by J.P. Morgan Securities LLC ("J.P. Morgan"). As part of the arrangements with J.P. Morgan they may take assets as collateral, up to 140% of the value of the loan drawn down. Such assets taken as collateral by J.P. Morgan may be used, loaned, sold, rehypothecated† or transferred. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan. Loans payable on demand are carried at the undiscounted amount of the cash or other consideration expected to be paid. Interest on the facility is charged at the United States overnight bank funding rate plus 45 basis points. Finance costs are apportioned 95% to capital in accordance with the policy set out under note 1(e) expenses and finance costs on page 71.

† See glossary beginning on page 88.

1. ACCOUNTING POLICIES continued

(M) OPERATING SEGMENTS

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investments business. The results published in this report therefore correspond to this sole operating segment.

In line with IFRS 8, additional disclosure by geographical segment has been provided in note 14 on page 85 of this Annual Report.

(N) FINANCIAL INSTRUMENTS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual right to the cash flows from the asset expires or substantially all the risks and rewards of ownership are transferred. Financial liabilities are derecognised when the contractual obligation is discharged, with gains and losses recognised in the income statement.

The Company uses derivative financial instruments namely equity swaps. All derivative instruments are value initially, and at subsequent reporting dates, at fair value in the Statement of Financial Position.

The equity swaps are accounted for as Fixed Assets or Current Liabilities (see the glossary beginning on page 88).

2. INCOME

	2021 £'000	2020 £'000
Investment income		
Overseas dividend income	875	1,313
Bond income	111	–
Total income	986	1,313

3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
AIFM fee – Frostrow Capital LLP+	84	1,600	1,684	–	1,086	1,086
Portfolio management fee – OrbiMed Capital LLC+	184	3,493	3,677	–	2,543	2,543
Performance fee*	–	18,733	18,733	–	–	–
	268	23,826	24,094	–	3,629	3,629

+ With effect from 1 April 2020, in line with the revised accounting policy, the AIFM and Portfolio Management fees were allocated 5% to Revenue and 95% to Capital.

* During the financial year under review a performance fee amounting to £1,025,000 (2020: nil) crystallised and was paid. Due to strong continued outperformance against the benchmark and in accordance with the performance fee arrangements described on pages 42 and 43 of this report, a provision of £17,708,000 (2020: nil) was made in these financial statements as at 31 March 2021.

Further details of the AIFM, portfolio management fee and the performance fee basis can be found in the Report of the Directors on pages 42 and 43.

4. OTHER EXPENSES

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
Directors' emoluments	154	–	154	149	–	149
AIFM fixed fee	60	–	60	60	–	60
Fees payable to the Company's auditor for the audit of the Company's financial statements	38	–	38	32	–	32
Fees payable to the Company's auditors for other services to the Company+	4	–	4	–	–	–
Registrar fees	42	–	42	38	–	38
Depositary fees	70	–	70	58	–	58
Marketing and PR costs	63	–	63	64	–	64
Legal and professional fees*	64	30	94	–	–	–
Listing fees	35	–	35	35	–	35
Printing costs	24	–	24	28	–	28
Other costs	93	–	93	187	–	187
Total expenses	647	30	677	651	–	651

* Includes professional and due diligence fees in relation to the valuation of the unquoted and pre-IPO investments.
+ See page 54 for further information.

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 55 to 58.

5. FINANCE COSTS

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
Loan interest	9	170	179	–	580	580
	9	170	179	–	580	580

6. TAXATION

(A) ANALYSIS OF CHARGE IN THE YEAR:

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
Overseas tax suffered	131	–	131	196	–	196
Total taxation for the year (see note 6(b))	131	–	131	196	–	196

6. TAXATION continued

(B) FACTORS AFFECTING TOTAL TAX CHARGE FOR YEAR

Approved investment trusts are exempt from tax on capital gains made within the Company.

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
Net profit on ordinary activities before taxation	62	200,495	200,557	662	60,433	61,095
Corporation tax at 19% (2019: 19%)	12	38,094	38,106	126	11,482	11,608
Effects of:						
Non-taxable gains on investments	–	(42,659)	(42,659)	–	(12,848)	(12,848)
Non-taxable losses on currency balances	–	–	–	–	566	566
Non-taxable overseas dividends	(166)	–	(166)	(250)	–	(250)
Overseas tax suffered	131	–	131	196	–	196
Excess expenses unused	154	4,565	4,719	124	800	924
Total tax charge	131	–	131	196	–	196

(C) PROVISION FOR DEFERRED TAX

No provision for deferred taxation has been made in the current or prior year.

The Company has not provided for deferred tax on capital profits or losses arising on the revaluation or disposal of investments, as it is exempt from tax on these items because of its status as an investment trust company.

At 31 March 2021, the Company had unutilised management expenses and other losses of £83,655,000 (2020: £58,773,000) that are available to offset future taxable revenue.

A deferred tax asset of £15,895,000 (19% tax rate) (2020: £11,167,000 (19% tax rate)) arising as a result of these excess management expenses and other losses has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses. Given the composition of the Company's portfolio, it is not likely that this asset will be used in the foreseeable future and therefore no asset has been recognised in the Financial Statements.

7. BASIC AND DILUTED (LOSS)/ EARNINGS PER SHARE

	Revenue pence	Capital pence	2021 Total pence	Revenue pence	Capital pence	2020 Total pence
(Loss)/earnings per share	(0.2)	500.7	500.5	1.0	133.9	134.9

The total earnings per share of 500.5p (2020: profit 134.9p) is based on the total profit attributable to equity shareholders of £200,426,000 (2020: profit of £60,899,000).

The revenue loss per share of 0.2p (2020: profit 1.0p) is based on the revenue loss attributable to equity shareholders of £69,000 (2020: revenue profit of £466,000). The capital profit per share of 500.7p (2020: profit 133.9p) is based on the capital profit attributable to equity shareholders of £200,495,000 (2020: profit £60,433,000).

The total earnings per share are based on the weighted average number of shares in issue during the year of 40,046,064 (2020: 45,157,104).

There are no dilutive instruments issued by the Company (2020: none).

8. INVESTMENTS

As at 31 March 2021, all investments with the exception of the unquoted investments have been classified as level 1. The unquoted investments have been classified as either level 2 or level 3. See note 14 beginning on page 79 for further details.

	Quoted Investments £'000	Unquoted £'000	Derivative Financial Instruments – Net £'000	2021 Total £'000	Quoted Investments £'000	Unquoted £'000	Derivative Financial Instruments – Net £'000	2020 Total £'000
Opening book cost	345,728	11,000	–	356,728	392,378	1,198	–	393,576
Opening investment holding gains	36,023	5,906	–	41,929	35,755	1,841	–	37,596
Valuation at 1 April 2020	381,751	16,906	–	398,657	428,133	3,039	–	431,172
Movements in the year								
Purchases at cost	556,274	29,824	6,286	592,384	473,995	10,174	–	484,169
Sales proceeds	(552,465)	(11,594)	(6,892)	(570,951)	(584,926)	(442)	–	(585,368)
Net movement in investment holding gains	219,976	2,598	(12)	222,562	64,549	4,135	–	68,684
Valuation at 31 March 2021	605,536	37,734	(618)	642,652	381,751	16,906	–	398,657
Closing book cost at 31 March 2021	534,610	29,098	–	563,708	345,728	11,000	–	356,728
Investment holding gains/ (loss) at 31 March 2021	70,926	8,636	(618)	78,944	36,023	5,906	–	41,929
Valuation at 31 March 2021	605,536	37,734	(618)	642,652	381,751	16,906	–	398,657

8. INVESTMENTS continued

The Company received £570,367,000 (2020: £584,856,000) from investments and derivatives sold in the year. The book cost of these investments and derivatives when they were purchased was £385,989,000 (2020: £521,602,000).

These investments have been revalued over time and until they were sold any unrealised gains/loss were included in the fair value of these investments.

GAINS ON INVESTMENTS (PER THE INCOME STATEMENT)

	2021 £'000	2020 £'000
Gains on disposal based on historical cost	222,562	68,684
Transaction costs	(1,435)	(1,060)
Gains on investments held at fair value through profit or loss	221,127	67,624

The total transaction costs for the year were £1,435,000 (31 March 2020: £1,060,000) broken down as follows: purchase transaction costs for the year to 31 March 2021 were £851,000 (31 March 2020: £548,000), sale transaction costs were £584,000 (31 March 2020: £512,000). These costs consist mainly of commission. Transaction costs are recorded in the capital column of the Income Statement.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	2021 £'000	2020 £'000
Fair value of OTC equity swaps (assets)	–	–
Fair value of OTC equity swaps (liabilities)	(618)	–
	(618)	–

(See page 8 for further details).

10. OTHER RECEIVABLES

	2021 £'000	2020 £'000
Future settlements – sales	4,725	2,494
Prepayments	35	38
	4,760	2,532

11. OTHER PAYABLES

	2021 £'000	2020 £'000
Future settlements – purchases	1,366	1,816
Other creditors and accruals	1,594	1,063
Performance fees accrued	17,708	–
	20,668	2,879

12. ORDINARY SHARE CAPITAL

	2021 Number of Shares	2020 Number of Shares
Allotted, issued and fully paid at 1 April 2020	39,207,269	51,967,562
Shares bought back for cancellation during the year	–	(12,760,293)
Issue of new shares	2,377,500	–
At 31 March 2021	41,584,769	39,207,269

During the year 2,377,500 new ordinary shares were issued for a consideration of £35,468,000 net of issue costs of £71,000 (2020: 12,760,293 shares were bought back at a cost of £104,202,000)

	2021 £'000	2020 £'000
Allotted, issued and fully paid shares of 25p	10,396	9,802

13. NET ASSET VALUE PER SHARE

	2021	2020
Net asset value per share	1,446.4p	932.4p

The net asset value per share is based on the net assets attributable to equity shareholders of £601,467,000 (2020: £365,573,000) and on 41,584,769 (2020: 39,207,269) shares in issue at 31 March 2021.

14. RISK MANAGEMENT POLICIES AND PROCEDURES

As an investment trust, the Company invests in equities and other investments for the long term in order to achieve its investment objective as stated on pages 18 and 19. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction or increase in the Company's net assets or in profits.

The Company's financial instruments comprise securities and other investments, cash balances, debtors and creditors and a loan facility that arise directly from its operations (for example, in respect of sales and purchases awaiting settlement).

The main risks the Company faces from its financial instruments are (i) market price risk (comprising currency risk, interest rate risk and other price risk (i.e. changes in market prices other than those arising from interest rate or currency risk)), (ii) liquidity risk and (iii) credit risk. The Board also considers (iv) fair value measurement and (v) capital management.

The Board reviews and agrees policies regularly for managing and monitoring each of these risks.

OTC EQUITY SWAPS (See Glossary beginning on page 88 for further details)

The Company uses equity swap positions to gain access to Chinese markets where the Company is not locally registered to trade directly.

Details of the swap positions can be found in the portfolio on page 8.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

1. MARKET PRICE RISK:

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk.

The Company's portfolio is exposed to market price fluctuations which are monitored by the AIFM and the Portfolio Manager in pursuance of the investment objective. Further information on the composition of the portfolio is set out on pages 7 and 8.

No derivatives or hedging instruments are utilised to manage market price risk.

(a) Currency risk:

The Company's portfolio is denominated in currencies other than sterling (the Company's functional currency, and in which it reports its results). As a result, movements in exchange rates can significantly affect the sterling value of those items.

Management of risk

The AIFM and the Portfolio Manager monitor the Company's exposure to foreign currencies on a continuous basis and report to the Board regularly. The Company does not hedge against foreign currency movements.

The Company does not use financial instruments to mitigate the currency exposure in the period between the time that the income is included in the Financial Statements and its receipt.

Foreign currency exposure

At the date of the Statement of Financial Position the Company held £588,142,000 (2020: £374,080,000) of investments denominated in U.S. dollars and £54,510,000 (2020: £24,577,000) in other non-sterling currencies.

Foreign currency sensitivity

The fair value of the Company's monetary items that have foreign currency exposure at 31 March 2021 is shown below.

Where the Company's equity investments (which are not monetary items) are priced in a foreign currency they are shown separately in the analysis as to show the overall level of exposure.

	2021 £'000	2020 £'000
Sterling equivalent of US$ and other non-sterling exposure		
Current assets	6,251	2,494
Creditors	(1,366)	(1,816)
Loan (non-sterling)	(26,779)	(32,751)
Foreign currency exposure on net monetary items	(21,894)	(32,073)
Investments held at fair value through profit or loss and derivative - equity swap	642,652	398,657
Total net foreign currency exposure	620,758	366,584

The table overleaf details the sensitivity of the Company's profit or loss after taxation for the year (investment values) to a 10% increase and decrease in the value of sterling compared to the U.S. dollar and other non-sterling currencies (2020: 10% increase and decrease).

The above percentages have been determined based on market volatility in exchange rates over the previous twelve months. The analysis is based on the Company's foreign currency financial instruments held at each Statement of Financial Position date, after adjusting for an increase/decrease in the AIFM and Portfolio management fees.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

If sterling had weakened against the U.S. dollar and other non-sterling currencies, as stated above, this would have had the following effect:

	2021 £'000	2020 £'000
Impact on revenue return	–	–
Impact on capital return	72,055	40,345
Total return after tax/effect on shareholders' funds	72,055	40,345

If sterling had strengthened against the U.S. dollar and other non-sterling currencies, as stated above, this would have had the following effect:

	2021 £'000	2020 £'000
Impact on revenue return	–	–
Impact on capital return	(52,836)	(33,009)
Total return after tax/effect on shareholders' funds	(52,836)	(33,009)

(b) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate exposure

The Company's main exposure to interest rate risk is through its loan facility with J.P. Morgan Securities LLC which is repayable on demand.

At the year-end financial liabilities subject to interest rate risk were as follows (there were no assets subject to interest rate risk).

	Weighted average period for which rate is fixed Years	Weighted average fixed interest rate %	Fixed rate 2021 £'000	Floating rate 2021 £'000	Floating rate 2020 £'000
Unquoted debt instruments cash	1.9	6.0	5,216	–	–
Loan facility	–	–	–	26,779	32,737
Financial swap position (Gross exposure)	–	–	–	3,397	–
	–	–	5,216	30,176	32,737

Management of the Risk

The level of borrowings is approved and monitored by the Board and the AFIM on a regular basis.

Interest rate sensitivity

The majority of the Company's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. The Company has a loan facility with J.P. Morgan Securities LLC as disclosed above. The amount utilised at 31 March 2021 was £26,779,000 (2020: £32,737,000). Interest is charged at the United States overnight bank funding rate plus 45 basis points. The level of interest fluctuates in line with the funding rate and the amount of the loan. If the rate increased by 1%, the impact on the profit or loss and net assets would be expected to be £268,000 (2020: £327,000).

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(c) Other price risk

Other price risk may affect the value of the quoted investments.

If market prices at the date of the Statement of Financial Position had been 20% higher or lower (2020: 20% higher or lower) while all other variables had remained constant, the return and net assets attributable to shareholders for the year ended 31 March 2021 would have increased/decreased by £127,982,000 (2020: £78,974,000), after adjusting for an increase or decrease in the AIFM and the portfolio management fees. The calculations are based on the portfolio valuations as at the respective Statement of Financial Position dates.

Other price risk exposure

	Assets £'000	Liabilities £'000	2021 Notional exposure* £'000	Assets £'000	Liabilities £'000	2020 Notional exposure* £'000
Investments	643,270	–	643,270	398,657	–	398,657
OTC Equity Swaps	–	(618)	2,779	–	–	–
	643,270	(618)	646,049	398,657	–	398,657

* Calculated in accordance with AIFMD requirements, see Glossary beginning on page 88 for further details.

2. LIQUIDITY RISK:

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities that are readily realisable within one week, in normal market conditions. Short term funding flexibility can be achieved through the use of the bank loan facility.

The Board gives guidance to the Portfolio Manager as to the maximum amount of the Company's resources that should be invested in any one company.

Liquidity exposure and maturity

Contractual maturities of the financial liabilities as at 31 March 2021, based on the earliest date on which payment can be required, are as follows:

	2021 3 months or less £'000	2021 3 to 12 months £'000	2020 3 months or less £'000	2020 3 to 12 months £'000
Loan facility (repayable on demand)	26,779	–	32,737	–
Future settlements	1,366	–	1,816	–
Performance fees accrued	–	17,708	–	–
Derivative – OTC equity swaps	–	618	–	–
Amounts due to brokers and accruals	1,594	–	1,063	–
	29,379	18,326	35,616	–

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

3. CREDIT RISK:

Credit risk is the risk of failure of a counterparty to discharge its obligations resulting in the Company suffering a loss.

As noted on pages 24 and 73, J.P. Morgan Securities LLC ("J.P. Morgan") may take assets with a value of up to 140% of the loan as collateral. Such assets held by J.P. Morgan are available for rehypothecation†.

As at 31 March 2021, the maximum value of assets available for rehypothecation was £37,491,000, being 140% of the loan balance of £26,779,000 (31 March 2020: £45,832,000 being 140% of the loan balance of £32,737,000).

See page 81 for further details on the loan facility and the associated credit risk.

† See glossary beginning on page 88.

Management of the risk

The risk is not significant and is managed as follows:

J.P. Morgan

- by receiving and reviewing regular updates from the Custodian and Prime Broker and Depository.
- by reviewing their Internal Control reports and regularly monitor J.P. Morgan's credit rating. J.P. Morgan has a credit rating of Aa3 (Moody's), A+ (S&P) and AA (Fitch).
- by reviewing on a monthly basis assets which are available for rehypothecation.

Other counterparties

- by only dealing with brokers which have been approved by OrbiMed Capital LLC and banks with high credit ratings such as Goldman Sachs International who have a credit rating of A1 (Moody's), A+ (S&P) and A+ (Fitch);
- by investing in markets that mainly operate DVP (delivery versus payment) settlement.
- all cash balances are held with approved counterparties. J.P. Morgan is the Custodian of the Company's assets and all assets are segregated from J.P. Morgan's own assets.

At 31 March 2021 the Company's exposure to credit risk amounted to £4,725,000 and was in respect of amounts due from brokers in relation to future settlements (2020: £2,494,000).

4. FAIR VALUE MEASUREMENT

Hierarchy of investments

As required under IFRS 13 "Fair Value Measurement", the Company has classified its financial assets designated at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets	605,536	251	37,483	643,270
Derivatives: equity Swap (liabilities)	–	(618)	–	(618)
Financial investments held at fair value through profit or loss	605,536	(367)	37,483	642,652

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

As of 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments held at fair value through profit or loss	381,751	–	16,906	398,657

As at 31 March 2021 the investments in OrbiMed Asia Partners LP Fund, has been classified as Level 3. The OrbiMed Asia Partners Fund LP has been valued at the net asset value as at 31 December 2020 and it is believed that the value of the fund as at 31 March 2021 will not be materially different. The Directors have now received confirmation that the March 2021 valuation is in line with the estimated valuation. If the value of the fund was to increase or decrease by 10%, while all other variables had remained constant, the return and net assets attributable to shareholders for the year ended 31 March 2021 would have increased/decreased by £212,000 (2020: £238,000).

The following investments have been valued by Duff & Phelps, an independent valuer, using the probability – weighted expected returns methodology: Century Therapeutics, Graphite Bio, Sichuan Clover Biopharmaceuticals, Singular Genomics conv. 6% and Yisheng Biopharma and are also classified as level 3. If the value of these investments were to increase or decrease by 10%, while all other variables had remained constant, the return and net assets attributable to Shareholders for the year ended 31 March 2021 would have increased or decreased by £2,997,000.

Awakn Life Sciences 6% and Small Pharma Financing were purchased during the latter part of March and have been valued at cost and have also been classified as level 3. If there value was to increase or decrease as stated above, the returns and net assets attributable to Shareholders would be increased or decreased by £540,000.

I-Mab warrants have been valued using the Black Scholes model with the volatility being valued by Duff & Phelps and has been classified as level 2.

Level 3 Reconciliation

Please see below a reconciliation disclosing the changes during the year for the financial assets and liabilities designated at fair value through profit or loss classified as being Level 3. There has been no transfer between fair value hierarchy levels.

	2021 £'000	2020 £'000
Assets		
As at 1 April	16,906	3,039
Purchase of unquoted investments	29,824	10,174
Sale of unquoted investments	(11,726)	–
Net movement in investment holding gains during the year	2,730	4,135
Return of Capital	–	(442)
Assets as at 31 March	37,734	16,906

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or at a reasonable approximation of fair value.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

5. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the total return to its equity shareholders.

The Board's policy is to limit gearing to a maximum of 20% of the Company's net assets. As at 31 March 2021 the Company was geared 6.8% (2020: 9%).

The Company's capital is disclosed in the Statement of Financial Position on page 67 and is managed on a basis consistent with its investment objective and policy as set out on pages 18 and 19.

Shares may be repurchased by the Company as explained on page 20.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

15. GEOGRAPHICAL REPORTING*

Region	2021 Value of investments £'000	2020 Value of investments £'000
North America	528,892	350,800
Europe	29,087	13,840
Asia	84,673	34,017
Total	642,652	398,657

* the country of an investee company's incorporation or listing does not always accord to the country or countries to which the Company is exposed.

16. TRANSACTIONS WITH THE MANAGERS AND RELATED PARTIES

The following are considered to be related parties:

- Frostrow Capital LLP
- OrbiMed Capital LLC
- The Directors of the Company

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM, and OrbiMed Capital LLC, the Company's Portfolio Manager, are disclosed on page 42. Geoff Hsu, who joined the Board on 16 May 2018, is a General Partner at OrbiMed. Details of fees paid to OrbiMed by the Company can be found in note 3 on page 74. All material related party transactions have been disclosed in notes 3 and 4 on pages 74 and 75.

Details of the remuneration of all Directors can be found on page 55. Geoff Hsu has waived his Directors' fees. Details of the Directors' interests in the capital of the Company can be found on page 57.

Three current and two former partners at OrbiMed Capital LLC have a minority financial interest totalling 20% in Frostrow Capital LLP, the Company's AIFM. Details of the fees paid to Frostrow Capital LLP by the Company can be found in note 3 on page 74.

17. CAPITAL RESERVE

	2021			2020		
	Capital Reserves			Capital Reserves		
	Other £'000	Investment holdings gains/ (losses) £'000	Total £'000	Other £'000	Investment holdings gains/ (losses) £'000	Total £'000
At 1 April	258,170	41,929	300,099	306,272	37,596	343,868
Net gains on investments	184,379	36,748	221,127	63,291	4,333	67,624
Exchange gains/(losses)	3,394	–	3,394	(2,982)	–	(2,982)
Expenses charged to capital	(24,026)	–	(24,026)	(4,209)	–	(4,209)
Repurchase of own shares for cancellation	–	–	–	(104,202)	–	(104,202)
At 31 March	421,917	78,677	500,594	258,170	41,929	300,099

Sums within the Total Capital Reserve less unrealised gains (those on investments not readily convertible to cash) are available for distribution. Investment holding gains in the table above are unrealised.

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 March 2021 there were no contingent liabilities or capital commitments for the Company (2020: £nil).

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

31 March	Financial Year End
June	Final Results Announced
30 September	Half Year End
November	Half Year Results Announced
July	Annual General Meeting

ANNUAL GENERAL MEETING

The Annual General Meeting of The Biotech Growth Trust PLC will be held at 25 Southampton Buildings, London WC2A 1AL on Wednesday, 14 July, 2021 at 12 noon. Please refer to the Chairman's Statement on page 3 for details of this year's arrangements.

SHARE PRICES

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

CHANGE OF ADDRESS

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Link Group, under the signature of the registered holder.

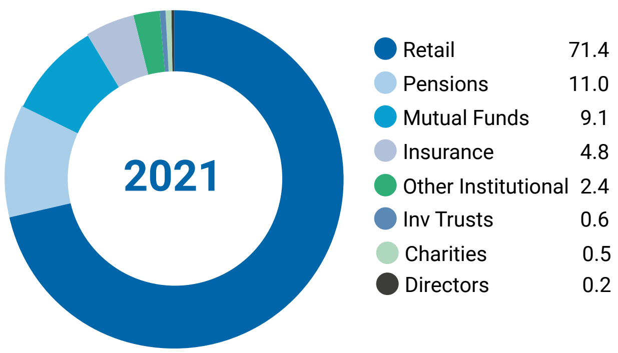
DAILY NET ASSET VALUE

The daily net asset value of the Company's shares can be obtained on the Company's website at www.biotechgt.com and is published daily via the London Stock Exchange.

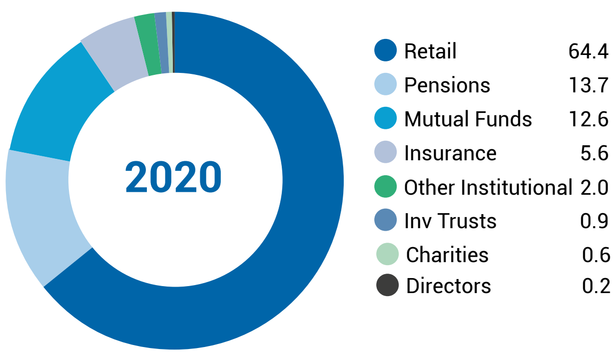
PROFILE OF THE COMPANY'S OWNERSHIP

% OF ORDINARY SHARES HELD AT 31 MARCH

2021



2020



GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMS')

AIC

Association of Investment Companies.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

Agreed by the European Parliament and the Council of the European Union and transported into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (AIFs) and requires them to appoint an Alternative Investment Fund Manager (AIFM) and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

ALTERNATIVE PERFORMANCE MEASURE ('APM')

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

DISCOUNT OR PREMIUM^

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

	pages	As at 31 March 2021 P	As at 31 March 2020 P
Share Price	6	1,426.0	814.0
Net Asset value per share (see note 13 on page 79 for further information)	6	1,446.4	932.4
Discount of share price to net asset value per share	6	1.4%	12.7%

GEARING^

Gearing represents prior charges, adjusted for net current liabilities, expressed as a percentage of net assets. Prior charges includes all loans and overdrafts for investment purposes.

	pages	31 March 2021 £'000	31 March 2020 £'000
Loan	67	26,779	32,737
Net current Liabilities (excluding loan and derivatives)	–	14,406	347
	–	41,185	33,084
Net Assets	67	601,467	365,573
Gearing	6	6.8%	9.0%

^ Alternative Performance Measure

IPO LOCK-IN

When a company offers shares in an initial public offering (IPO), investors sometimes enter into a lock-in agreement preventing them from selling their shares for a specified period after the IPO.

LEVERAGE^

The AIFM Directive leverage definition is slightly different to the Association of Investment Companies method of calculating gearing and is defined as follows: any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions.

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

	Gross Method	Commitment Method
Maximum limit	130.0%	130%
Actual as at 31 March 2021	107.7%	107.4%

MARGINABLE SECURITIES

Marginable securities are stocks, bonds, futures or other securities capable of being traded on a Margin Account and are available for rehypothecation.

NET ASSET VALUE (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, less any liabilities. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares in the secondary market.

NET ASSET VALUE PER SHARE TOTAL RETURN^

Net Asset Value per share return for the year ended 31 March 2021 is calculated by taking percentage movement from the net asset value per share as at 31 March 2020 of 932.4p (2019: 786.8p) to the net asset value at 31 March 2021 of 1,446.4p (2020: 932.4p). The Company has not paid any dividends to shareholders during the above mentioned years.
(See pages 4 and 6.

ONGOING CHARGES^

Ongoing charges are calculated by taking the Company's annualised operating expenses expressed as a proportion of the average daily net asset value of the Company over the year.

The costs of buying and selling investments are excluded, as are interest costs, taxation, performance fees, cost of buying back or issuing ordinary shares and other non-recurring costs.

	pages	31 March 2021 £'000	31 March 2020 £'000
AIFM & Portfolio Management fees (note 3)	66 & 74	5,361	3,629
Other Expenses (note 4)	75	677	651
Total Ongoing charges		**6,038**	4,280
Performance fees paid/crystallised		1,025	–
Total ongoing charges including performance fees paid/crystallised		**7,063**	4,280
Average daily net assets for the year		551,514	389,364
On-going charges	4 & 6	1.1%	1.1%
On-going charges (including performance fees paid or crystallised)		1.3%	1.1%

OTC EQUITY SWAPS

Over-the-Counter (OTC) refers to the process of how securities are traded via a broker - dealer network, as opposed to a centralised exchange.

An equity swap is an agreement where one party (counterparty) transfers the total return of an underlying equity position to the other party (swap holder) in exchange for a payment of the principal, and interest for financed swaps, at a set date. Total return includes dividend income and gains or losses from market movements. The exposure of the holder is the market value of the underlying equity position.

There are two main types of equity swaps:

- Funded – where payment is made on acquisition. They are equivalent to holding the underlying equity position with the exception of additional counterparty risk and not possessing voting rights in the underlying; and
- Financed – where payment is made on maturity. As there is no initial outlay, financed swaps increase exposure by the value of the underlying equity position with no initial increase in the investments value – there is therefore embedded leverage within a financed swap due to the deferral of payment to maturity.

During the year the Company invested in financed swaps.

REHYPOTHECATION

Rehypothecation is the practice by banks and brokers of using collateral posted as security for loans as regulated by the U.S. Securities Exchange Commission.

SHARE PRICE TOTAL RETURN^

The Share Price Return represents the theoretical return to a shareholder, on a closing market price basis. The Share Price Return is calculated by taking the percentage movement from the share price as at 31 March 2020 of 814.0p (2019: 734.0p) to the share price as at 31 March 2021 of 1,426.0p (2020: 814.0p). The Company has not paid dividends to shareholders during the above mentioned years.

(See pages 4 and 6 for further information)

^ Alternative Performance Measure

HOW TO INVEST

RETAIL INVESTORS ADVISED BY IFAS

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relationship to non-mainstream investment procedures and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

INVESTMENT PLATFORMS

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Barclays Smart Investor	https://www.smartinvestor.barclays.co.uk/
Bestinvest	http://www.bestinvest.co.uk/
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Halifax Share Dealing	https://www.halifaxsharedealing-online.co.uk/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://www.hsbc.co.uk/investments/
iDealing	http://www.idealing.com/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
The Share Centre	https://www.share.com/

Investment scams are often sophisticated and difficult to spot

How to avoid investment scams

1. **Reject unexpected offers**
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2. **Check the FCA Warning List**
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without FCA authorisation.

3. **Get impartial advice**
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report a firm or scam to the Financial Conduct Authority on 0800 111 6768 or through www.fca.org.uk/scamsmart

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

FINANCIAL CONDUCT AUTHORITY

Be a ScamSmart Investor

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of The Biotech Growth Trust PLC will be held at 25 Southampton Buildings, London WC2A 1AL on Wednesday, 14 July 2021 at 12 noon, for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and, if thought fit, to accept the Audited Financial Statements and the Report of the Directors for the year ended 31 March 2021
2. To approve the Directors' Remuneration Report for the year ended 31 March 2021
3. To re-elect Andrew Joy as a Director of the Company
4. To elect Dr Nicki Shepherd as a Director of the Company
5. To re-elect Steve Bates as a Director of the Company
6. To re-elect The Rt Hon Lord Willetts as a Director of the Company
7. To re-elect Julia Le Blan as a Director of the Company
8. To re-elect Geoff Hsu as a Director of the Company
9. To re-appoint BDO LLP as Auditor to the Company and to authorise the Audit Committee to determine their remuneration

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolutions 11, 12, 13 and 14 will be proposed as special resolutions:

AUTHORITY TO ALLOT SHARES

10. THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £1,042,119 (being 10% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed) and representing 4,168,476 shares of 25 pence each or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

DISAPPLICATION OF PRE-EMPTION RIGHTS

11. THAT in substitution of all existing powers the Directors be and are hereby generally empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) including if immediately before the allotment, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority conferred on them by resolution 10 set out in the notice convening the Annual General Meeting at which this resolution is proposed or otherwise as if section 561(1) of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities pursuant to:

    (a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25 pence each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

(b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £1,042,119 (or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed),

and expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

AUTHORITY TO REPURCHASE ORDINARY SHARES

12. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares") either for retention as treasury shares for future reissue, resale, transfer or for cancellation provided that:

(a) the maximum aggregate number of Shares authorised to be purchased shall be that number of Shares which is equal to 14.99% of the issued Share capital of the Company as at the date of the passing of this resolution;

(b) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;

(c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments);

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

GENERAL MEETINGS

13. THAT the Directors be authorised to call general meetings (other than Annual General Meetings) on not less than 14 clear days' notice, such authority to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, until expiry of 15 months from the date of the passing of this resolution.

NEW ARTICLES OF ASSOCIATION

14. THAT the Articles of Association set out in the document produced to this meeting and signed by the Chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

By order of the Board

Frostrow Capital LLP
Company Secretary

4 June 2021

Registered office:
One Wood Street
London EC2V 7WS

NOTES

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. This year, hard copy forms of proxy have not been included with this notice. Members can vote by: logging onto www.signalshares.com and following instructions; requesting a hard copy form of proxy directly from the registrars, Link Group at enquires@linkgroup.co.uk or in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 12 noon on 12 July 2021.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at the close of business on 12 July 2021 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
9. As at 3 June 2021 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 41,684,769 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 June 2021 are 41,684,769.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Link Group on 0371 600 0300 or +44 371 600 0300 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 09.00-17.30, Monday to Friday excluding public holidays in England and Wales.
17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

    In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

EXPLANATORY NOTES TO THE RESOLUTIONS

Resolution 1 – To receive the Audited Financial Statements and the Report of the Directors
The Audited Financial Statements and the Report of the Directors for the year ended 31 March 2021 will be presented to the Annual General Meeting. These accompanied this Notice of Meeting.

Resolution 2 – Directors' Remuneration Report
The Report on Directors' Remuneration is set out in full on pages 55 to 58.

Resolutions 3 to 8 – Re-election and election of Directors
Resolutions 3 to 8 deal with the re-election and election of the Directors. Biographies of each of the current Directors can be found on pages 32 to 34.

The Board has confirmed, following a performance review, that the Directors standing for re-election and election continue to perform effectively.

Resolution 9 – Re-appointment of Auditor and the determination of their remuneration
Resolution 9 relates to the re-appointment of BDO LLP as the Company's independent Auditor to hold office until the next Annual General Meeting of the Company and also authorises the Audit Committee to set their remuneration.

Resolutions 10 and 11 – Issue of Shares
Ordinary Resolution 10 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,042,119 (equivalent to 4,168,476 shares, or 10% of the Company's existing issued share capital on 3 June 2021 or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 11 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 3 June 2021 or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 10. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 10 and 11 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. New shares will be only issued at a premium to the Company's net asset value per share.

Resolution 12 – Share Repurchases
The Directors wish to renew the authority given by shareholders at the Annual General Meeting held in July 2020. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special Resolution 12 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue as at the date of the passing of the resolution. Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 13 – General Meetings

Special Resolution 13 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) on not less than at 14 clear days' notice.

Resolution 14 – New Articles of Association

Special Resolution 14 seeks shareholder approval to adopt new Articles of Association in substitution for and to the exclusion of the existing Articles of Association. It is proposed to update the Company's current Articles of Association to reflect recent developments and market practice include provisions enabling the Company to hold virtual only or hybrid general meetings, in connection with the retirement and re-appointment of Directors and to untraced shareholders. Given the cumulative number of amendments to the current Articles it is proposed to consolidate these changes by seeking shareholder approval to adopt the new Articles.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 75,500 shares.

COMPANY INFORMATION

DIRECTORS
Andrew Joy *(Chairman)*
Steve Bates *(Chairman of the Management Engagement Committee)*
Julia Le Blan *(Chair of the Audit Committee)*
Geoff Hsu
Professor Dame Kay Davies CBE *(Senior Independent Director and Chair of the Remuneration Committee)*
Dr Nicki Shepherd
The Rt Hon Lord Willetts FRS

REGISTERED OFFICE
One Wood Street
London EC2V 7WS

WEBSITE
www.biotechgt.com

COMPANY REGISTRATION NUMBER
03376377 (Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.
The Company was incorporated in England on 20 May 1997.
The Company was incorporated as Reabourne Merlin Life Sciences Investment Trust PLC.

ALTERNATIVE INVESTMENT FUND MANAGER, COMPANY SECRETARY AND ADMINISTRATOR
Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 0203 008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority.

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

PORTFOLIO MANAGER
OrbiMed Capital LLC
601 Lexington Avenue, 54th Floor
New York NY10022 USA
Telephone: +1 212 739 6400
Website: www.orbimed.com
Registered under the U.S. Securities and Exchange Commission.

INDEPENDENT AUDITOR
BDO LLP
150 Aldersgate Street
London EC1A 4AB

DEPOSITARY
J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

CUSTODIAN AND PRIME BROKER
J.P. Morgan Securities LLC.
Suite 1, Metro Tech Roadway
Brooklyn, NY11201
USA

REGISTRAR
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
E-mail: enquiries@linkgroup.co.uk
Telephone (in UK): 0371 664 0300†
Telephone (from overseas): + 44 371 664 0300†
Shareholder Portal: www.signalshares.com
Website: www.linkgroup.eu
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

STOCK BROKER
Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

SOLICITORS
Charles Russell Speechlys
5 Fleet Place
London EC4M 7RD

IDENTIFICATION CODES

Shares:	SEDOL:	0038551
	ISIN:	GB0000385517
	BLOOMBERG:	BIOG LN
	EPIC:	BIOG

GLOBAL INTERMEDIARY IDENTIFICATION NUMBER
(GIIN): U1MQ70.99999.SL.826

LEGAL ENTITY IDENTIFIER (LEI)
549300Z41EP32MI2DN29

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE CURRENT ARTICLES OF ASSOCIATION

It is proposed that the Company adopt new Articles of Association (**New Articles**) to replace the existing Articles of Incorporation adopted on 8 July 2015 ("**Current Articles**").

A copy of the proposed New Articles is available for inspection at https://www.biotechgt.com/ and at the offices of Frostrow Capital LLP (25 Southampton Buildings, London WC2A 1AL), together with a copy of the current articles of association, from the date of this report until the end of the Annual General Meeting (and at the Annual General Meeting itself for the duration of the meeting and for at least 15 minutes prior to the meeting).

Untraced Members

The New Articles amend the position in relation to untraced shareholders. The administrative procedure for contacting untraced members and the ultimate sale of an untraced member's shares has been simplified.

'Untraced members' are shareholders who have not claimed or cashed a dividend payment over a period of at least twelve years provided, during that time, at least three cash dividends have become payable and no communication has been received by the Company from such shareholders.

The New Articles replace the requirement in the Current Articles to place a notice in two national newspapers with a requirement that the Company must send a notice to the last registered address of the relevant shareholder stating that it intends to sell their shares. Before sending such a notice, the New Articles require the Company to use reasonable efforts to trace the shareholder. 'Reasonable efforts' to trace a shareholder may include, if considered appropriate, the Company engaging a professional asset reunification company or other tracing agent to search for a shareholder who has not kept their shareholder details up to date.

If no response is received within three months of this notice, the Company is entitled to sell the shares at the best price reasonably obtainable. The Company may also sell any additional certified shares that were issued by the Company during the 12 year period and for three months after sending the notice that belong to the untraced member at the best price reasonably obtainable by the Company.

These changes reflect current best practice and provide the Company with appropriate flexibility in connection with locating untraced shareholders.

Operation of general meetings

The Company will be able to hold virtual only, hybrid or physical general meetings (including annual general meetings) where shareholders are not required to attend in person but may attend and participate virtually The Board value the opportunity to meet and exchange views with shareholders and is committed to ensuring that, under normal circumstances, general meetings (including annual general meetings) will incorporate a physical meeting, but are also keen to provide additional virtual facilities for those shareholders who may not wish to or are unable to attend AGMs in person.

The New Articles provide for the ability to hold both virtual only and "hybrid" meetings, where there is a primary physical location with the facility for shareholders who wish to do so to attend through electronic means. However, it is the current expectation of the Board that virtual only meetings would only be used where a 'physical meeting' is impracticable or unworkable.

The New Articles therefore permit (but do not require) the Company to hold "hybrid" general meetings, and add further flexibility to hold meetings across more than one physical location, but, save where there is a virtual only meeting, there would always be a primary physical location from which the chair of the meeting would conduct proceedings. This would facilitate wider attendance by shareholders, but with the continued option for shareholders to attend a physical meeting in person should they wish to do so.

Various consequential and related changes have been made throughout the New Articles to reflect and facilitate these amendments.

Adjourned meetings

Article 59 of the New Articles stipulates that the Company must provide notice of an adjourned meeting if the nature of the business to be transacted at an adjourned meeting has changed since the notice of the original meeting or if the meeting is adjourned for three months or more. Any meeting may be adjourned more than once.

This amendment is intended to provide flexibility to the Directors in certain circumstances, for example, where a quorum is not present, the business to be considered at a general meeting is no longer relevant or required or where unforeseen or extraordinary circumstances mean that the Directors consider that it will be impractical, undesirable or unreasonable, to hold a general meeting at the place, time or on the date stated in the Notice of Meeting.

Retirement of Directors at Annual General Meetings

In line with best practice and the UK Corporate Governance Code, for a number of years all Directors have offered themselves for re-election at every Annual General Meeting (other than those very recently appointed, who retire at the subsequent Annual General Meeting).

Currently, this is not a requirement under the Company's articles of association, which provide "retirement by rotation" provisions under which Directors appointed since the previous AGM, who have held office for the previous two Annual General Meetings without being re-elected, or who have held office for nine or more year are required to retire.

The New Articles have been simplified to provide that each of the Directors retires at each Annual General Meeting, but may offer themselves for re-election.

Regulatory restrictions and information requirements

The New Articles update the provisions in the Current Articles relating to the U.S. Foreign Account Tax Compliance Act of 2010 (FATCA) and the OECD common reporting standard to include information required under the UK International Tax Compliance Regulations 2015. The New Articles also update provisions to give the ability to the Company to require shareholders to co-operate in respect of the exchange of information to allow the Company to comply with its obligations and avoid related penalties being imposed upon it (including potentially having to pay withholding tax to the US Internal Revenue Service). The New Articles also update and clarify related provisions which provide for potentially onerous requirements affecting the Company as a result of international laws. In each case, the Company has powers to seek information and to procure or prevent the transfer of shares in order to avoid the impact of such penalties and/or onerous obligations being imposed upon it.

Dividend payment provisions

The provisions in relation to payment of dividends are being updated in the New Articles to reflect the additional ways in which dividends may be paid, particularly electronically, and to specify that the default option for payment may be by direct payment into a bank account. The provisions dealing with non-payment have also been expanded and clarified in the New Articles in respect of electronic payments.

Directors' fees

The Board considers it is appropriate to increase the limit on Directors' fees Fee Cap (which was last set in 2014 at £250,000 per annum) to £350,000 per annum. The Board considers that the increase will provide sufficient head-room to enable the Board to execute any succession plans for the future. The Board is satisfied that this new fee cap is in-keeping with current market practice.

Strategic report and supplementary materials

The Companies Act 2006 and the Companies (Receipt of Accounts and Reports) Regulations 2013 allow the Company to send a copy of its strategic report with supplementary material to members of the Company who have elected or otherwise agreed to receive these documents, provided that the Company is not prohibited from doing so in its articles. Article 136 is intended to make it clear there is no such prohibition. Shareholders should note that they can always view the full annual report on the Company's website or request a hard copy from the Company's Registrar.

Notices

The New Articles require the Company to provide notices or other documents to shareholders on three consecutive occasions before a member ceases to be entitled to receive notices or other information or documents. The New Articles further provide that in the case of serving notices or other information or documents on joint holders, the agreement or specification of the senior of the joint holders shall be accepted over that of the other joint holders.

General

The opportunity has also been taken to make a number of technical or tidy up amendments to the Current Articles. These include various minor clarificatory amendments. Changes which are of a minor, technical or clarifying nature or which have been made to remove provisions in the Current Articles which duplicate English company law are not noted.

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THE BIOTECH GROWTH TRUST PLC

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LONDON WC2A 1AL

www.biotechgt.com

@biotechgt

DISABILITY ACT

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Group, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the RNID) you should dial 18001 followed by the number you wish to dial.

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