

Investment Objective and Benchmark Index

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



Portfolio Manager
Geoffrey Hsu

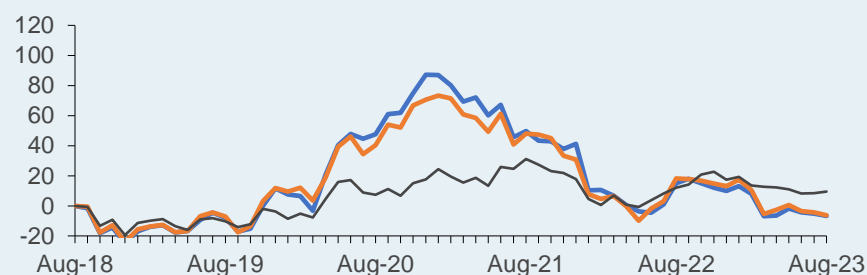
Portfolio Manager
Josh Golomb



OrbiMed
Healthcare Fund Management

Five Year Performance (%)

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



— Share Price (total return) -6.8%
 — Net Asset Value per share (total return) -6.4%
 — Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +9.6%

Source: Morningstar, Index - Bloomberg.

Ten Largest Holdings as at 31 August 2023 (% of total investments)

Name	Total
Amgen	7.7
Biogen	6.4
BioMarin Pharmaceutical	5.4
Argenx	5.2
Ionis Pharmaceuticals	4.4
Syndax Pharmaceuticals	4.2
Vera Therapeutics	4.1
XtalPi	3.9
Xenon Pharmaceuticals	3.5
United Therapeutics	3.1
Total	47.9

Fast Facts	As at 31 August 2023
Launch Date	June 1997
AIC Sector	Biotechnology & Healthcare
	Date of Appointment of OrbiMed 19 May 2005
Annual Management Fee (payable by the Company)	0.65% of net assets plus 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
Performance fee	See Annual Report for details
Ongoing Charges Ratio (OCR) *	1.1%
Continuation Vote	2025 AGM and every 5th AGM thereafter
Year / interim end	31 March / 30 September
Capital Structure	36,446,810 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	62
Net Assets (£m)	£307.2m
Market Capitalisation (£m)	£286.1m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	8.8%
Leverage**	Gross 112.5% Commitment 111.2%
Share Price (p)	785.00
NAV (p)	842.98
(Discount) / Premium	(6.9%)
Portfolio Turnover p.a.	123.2%
Active Share***	70.7%

Geographical Breakdown as at 31 August 2023 (%) †

North America	78.4%
Continental Europe	10.1%
Unquoted ‡	5.9%
China (quoted)	5.6%

Total **100.0%**

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

‡ No more than 10% of gross assets will be invested in unquoted investments at the time of acquisition. This limit includes any investment or commitment to invest in private equity funds managed by OrbiMed or an affiliate thereof. Investments or commitments to invest in such private equity funds will be limited to US\$15m, after the deduction of proceeds of disposal and other returns of capital. Of the 5.9% unquoted investments, 5.4% was in China and 0.5% was in Asia.

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth 12 Month Return	2018	2019	2020	2021	2022	YTD
NAV	-14.3	47.4	52.4	-23.1	-13.6	-17.4
Share Price	-19.9	48.5	67.7	-24.6	-22.1	-15.2
Index	-3.8	19.6	22.1	0.2	-0.3	-6.7

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Aug 18-Aug 19	Aug 19-Aug 20	Aug 20-Aug 21	Aug 21-Aug 22	Aug 22-Aug 23
NAV	-6.9	50.9	5.4	-20.2	-20.8
Share Price	-8.1	60.5	1.4	-23.1	-19.0
Index	-10.3	19.8	22.0	-14.6	-2.2

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Source: NAV (total return; fully diluted) & Share Price (total return) – Morningstar. Index - Bloomberg.

*Calculated at the financial year end, includes management fees and all other operating expenses, excludes performance fees.

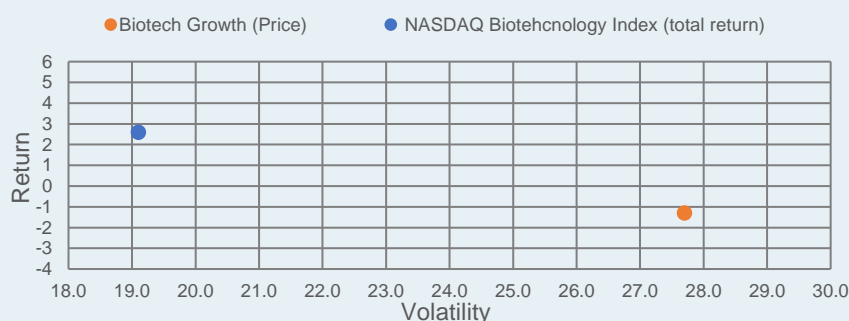
**The Board has set the leverage limit for both the Gross and the Commitment basis at 130% of the Company's Net Asset Value.

***Active Share is expressed as a percentage and shows the extent to which a fund's holdings and their weightings differ from those of the fund's benchmark index. A fund that closely tracks its index might have a low Active Share of less than 20% and be considered passive, while a fund with an Active Share of 60% or higher is generally considered to be actively managed.

Investment Policy

In order to achieve its investment objective, the Company invests in a diversified portfolio of shares and related securities in biotechnology companies on a worldwide basis. The Company will not invest more than 15% of the value of its gross assets in any one individual stock at the time of acquisition. No more than 10% of gross assets will be invested in unquoted investments at the time of acquisition. This limit includes any investment or commitment to invest in private equity funds managed by OrbiMed or an affiliate thereof. Investments or commitments to invest in such private equity funds will be limited to US\$15m, after the deduction of proceeds of disposal and other returns of capital. The Company's borrowing policy is that borrowings will not exceed 20% of value of the Company's net assets. The Company may be unable to invest directly or efficiently in certain countries or share classes. In these circumstances, the Company may gain exposure by investing indirectly through swaps or other derivative instruments. Exposure to these financial instruments will count towards and be subject to the following limits: Derivative transactions (excluding equity swaps) can be used to mitigate risk and/or enhance return and will be restricted to an aggregate net exposure of 5% of the value of the gross assets measured at the time of the relevant transaction; Equity swaps may be used for efficient portfolio management purposes and aggregate net counterparty exposure through a combination of derivatives and equity swap transactions is restricted to 12% of the value of the gross assets of the Company at the time of the transaction.

Return vs Volatility (5 Years Annualised) – Chart (%)



Commentary

In August, the NAV per share was down 2.1%, the share price was down 1.6% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 1.2%.

Equity markets were generally down for the month of August as continued positive economic news in the U.S. suggested the risk of an imminent recession was incrementally lower. The increased probability of a “soft landing” presumably gives the U.S. Federal Reserve (the “Fed”) greater leeway to leave interest rates elevated for a longer period than investors were previously expecting. The 10-year Treasury yield ticked up incrementally during the month and there was evidence of some investor rotation back into defensive sectors like large cap pharma and large cap biotech. Emerging biotech came under pressure given the “risk off” trading dynamic for the month. We continue to believe that we are at the tail end of Fed interest rate increases and the emerging biotech sector should not decline much more from current levels due to interest rate pressure.

There was a positive development in the M&A environment for biotech, as the U.S. Federal Trade Commission (FTC) decided to suspend its challenge of Amgen’s \$27.8bn purchase of Horizon Therapeutics in late August, paving the way for the deal to close by year-end. We believe this removes a key perceived overhang for biopharma acquirers and should further support future large-scale biopharma M&A activity.

Amgen, Apellis Pharmaceuticals, and Mirati Therapeutics were the largest positive contributors to performance during the month. Amgen shares appreciated on better-than-anticipated 2Q23 earnings and the announcement of positive data for two pipeline programs: tarlatamab in lung cancer and Lumakras in colorectal cancer. Apellis shares rose on announcement of better-than-expected rates of occlusive retinal vasculitis for the company’s eye drug, Syfovre and a positive update on commercial distribution of the drug in 3Q23. Mirati’s stock outperformed in August as the company announced management changes, updated data from its KRAS inhibitor in lung cancer, and first-in-human data for its PRMT5 inhibitor across a variety of cancers. The company also raised \$300 million to support its clinical development plans, a transaction that The Biotech Growth Trust participated in. The market reacted to these updates positively as they generated excitement around both Mirati’s early and later stage programs.

RAPT Therapeutics, Travere Therapeutics, and Syndax Pharmaceuticals were the largest negative contributors to performance during the month. RAPT’s stock was under pressure after the company filed for a mixed shelf securities offering of \$450 million. Travere’s shares fell after a competitor, Calliditas Therapeutics, lowered sales guidance for its drug Tarpeyo, suggesting Travere’s drug Filspari could face a similarly challenging launch in IgA nephropathy. Syndax underperformed on no fundamental news, with investors perhaps de-risking into a key leukemia data readout in 3Q23.

Codes

Sedol	0038551
ISIN	GB0000385517
Legal Entity Identifier (LEI)	549300Z41EP32MI2DN29
Global Intermediary Identification Number (GIIN)	U1MQ70.99999.SL.826
Bloomberg	BIOG LN
EPIC	BIOG

Discount / Premium Control Mechanism

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

How to Contact Us

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Risk Warnings

This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Before investing in the Company, or any other investment product, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

Any return you receive depends on future market performance and is uncertain. The Company does not seek any protection from future market performance so you could lose some or all of your investment. Shares of the Company are bought and sold on the London Stock Exchange (LSE). The price you pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company. Usually, at any given time, the price you pay for a share will be higher than the price you could sell it. For further information on the principal risks the Company is exposed to please refer to the Company's Annual Report or Investor Disclosure Document available at www.biotechgt.com. The Company can borrow to purchase investments, this could potentially magnify any losses or gains made by the Company.

Important Information

The Biotech Growth Trust PLC is a public limited company whose shares are premium listed on the LSE and is registered with HMRC as an investment trust. The Company has an indeterminate life, although shareholders consider and vote on the continuation of the Company every five years (the next such vote will be held in 2025).