

## 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

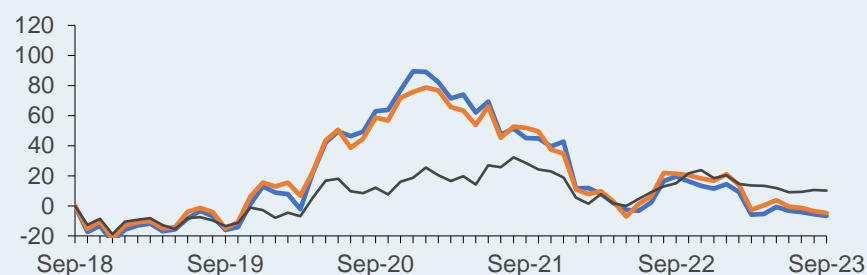
**Portfolio Manager**  
Josh Golomb



**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) -6.3%  
 — Net Asset Value per share (total return) -8.7%  
 — Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +10.1%

Source: Morningstar, Index - Bloomberg.

## Ten Largest Holdings as at 30 September 2023 (% of total investments)

Name	Total
Amgen	9.3
Biogen	7.0
BioMarin Pharmaceutical	5.9
Argenx	5.8
Ionis Pharmaceuticals	5.7
XtalPi	4.3
United Therapeutics	3.6
Vera Therapeutics	3.2
Regeneron Pharmaceuticals	3.0
Xenon Pharmaceuticals	2.6
<b>Total</b>	<b>50.4</b>

Fast Facts		As at 30 September 2023
Launch Date	June 1997	
AIC Sector	Biotechnology & Healthcare	
	Date of Appointment of OrbiMed 19 May 2005	
<b>Annual Management Fee (payable by the Company)</b>	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	35,875,917 Ordinary Shares of 25p	

## Trust Characteristics

Number of Holdings	59
Net Assets (£m)	£293.4m
Market Capitalisation (£m)	£278.4m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	3.1%
Leverage**	Gross 106.3% Commitment 105.2%
Share Price (p)	776.00
NAV (p)	817.82
(Discount) / Premium	(5.1%)
Portfolio Turnover p.a.	90.4%
Active Share***	68.1%

### Geographical Breakdown as at 30 September 2023 (%) †

North America	77.7%
Continental Europe	11.2%
China (quoted)	6.0%
Unquoted ‡	5.1%

<b>Total</b>	<b>100.0%</b>
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† 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 5.1% unquoted investments, 4.6% 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	-19.9
Share Price	-19.9	48.5	67.7	-24.6	-22.1	-16.2
Index	-3.8	19.6	22.1	0.2	-0.3	-7.0

### Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Sep 18-Sep 19	Sep 19-Sep 20	Sep 20-Sep 21	Sep 21-Sep 22	Sep 22-Sep 23
NAV	-17.1	86.5	-4.2	-20.9	-22.1
Share Price	-15.7	94.3	-11.1	-17.6	-21.9
Index	-13.5	29.6	14.6	-10.4	-4.3

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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.

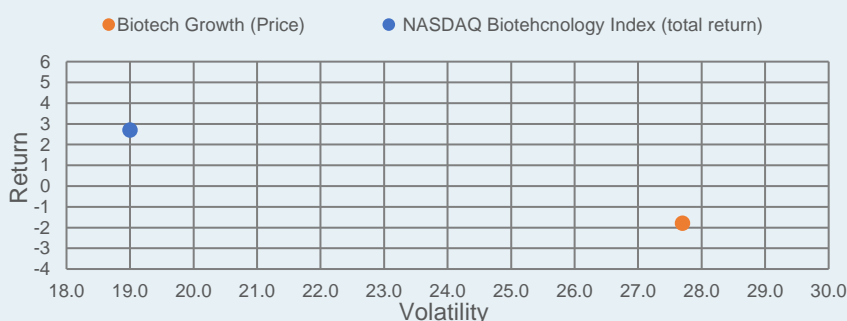
\*\*The Board has set the leverage limit for both the Gross and the Commitment basis at 130% of the Company's Net Asset Value.

\*\*\*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 September, the NAV per share was down 3.0%, the share price was down 1.1% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 0.3%.

Broader equity markets pulled back in September as interest rate headwinds continued to provide a challenging macro backdrop for equities. The 10-year Treasury yield increased markedly in September as market expectations have now shifted to the Federal Reserve (“Fed”) leaving interest rates “higher for longer.” Unprofitable technology companies, including emerging biotech, were pressured during the month in light of the increase in long-term interest rates and a general increase in investor risk aversion. Tax loss selling may have also played a role in biotech sector weakness. Investor rotation to more defensive sectors led to outperformance of large cap biotech versus small and mid cap biotech, which adversely affected the Company’s relative performance versus the benchmark index. The Company remains overweight small and mid cap biotech versus large cap biotech as we continue to believe valuations for emerging biotech companies are significantly dislocated, even given prevailing interest rates. Having said that, in light of the renewed interest rate pressure during the month, we did reduce gearing in the Company to maintain flexibility to add to favored positions at lower prices. We continue to believe that we are in the final stages of Fed interest rate increases and the sector is overdue for a recovery with valuations for emerging biotech companies sitting at unprecedented low levels.

Ionis Pharmaceuticals, Crinetics Pharmaceuticals, and Amgen were the largest positive contributors to performance during the month. Ionis outperformed in September after it announced positive Phase 3 results for their drug olezarsen in patients with familial chylomicronemia syndrome, a rare genetic disease characterized by extremely elevated triglyceride levels. Crinetics’ stock price rose after the company announced better than expected positive data from its Phase 3 acromegaly trial for oral paltusotine. Amgen shares appreciated in anticipation of data for two pipeline programs (tarlatamab in small cell lung cancer and AMG 193 in solid tumors) expected in 4Q23.

Traverse Therapeutics, Vera Therapeutics, and StemiRNA were the largest negative contributors to performance during the month. Traverse’s shares fell after its confirmatory two-year Phase 3 PROTECT data showed a numerical benefit for their drug Filspari versus irbesartan but missed statistical significance by a narrow margin. Vera’s stock underperformed on no fundamental news. The Company also wrote down its position in StemiRNA, a private Chinese biotech company with an mRNA platform. The Company initially invested in StemiRNA in 2021 because it was developing one of the leading domestic mRNA-based COVID vaccines in China. Given that the commercial opportunity for COVID vaccines has diminished substantially, the company has decided to abandon its COVID program and focus on its earlier-stage programs, including a personalized cancer vaccine in Phase I. We expect the company’s next financing round will be done at a substantial discount to its last round. The Company’s third-party valuation agent, Kroll recommended an appropriate write-down to reflect this, which has been approved by the Board and reflected in the Company’s NAV.

**Codes**

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

**Frostrow Capital LLP**  
25 Southampton Buildings  
London, WC2A 1AL

Tel.: 0203 008 4910  
Fax: 0203 043 8889

Website: [www.frostrow.com](http://www.frostrow.com)  
Email: [info@frostrow.com](mailto:info@frostrow.com)

### 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](http://www.biotechgt.com). The Company can borrow to purchase investments, this could potentially magnify any losses or gains made by the Company.

### Target Market

The Company is suitable for investors seeking an investment that aims to deliver total returns over the longer term (at least five years), is compatible with the needs for retail clients, professional clients and eligible counterparties, and is eligible for all distribution channels.

The Company may not be suitable for investors who are concerned about short-term volatility and performance, have low or no risk tolerance or are looking for capital protection, who are seeking a guaranteed or regular income, or a predictable return profile. The Company does not offer capital protection.

### Value Assessment

Frostrow Capital LLP has conducted an annual Value Assessment on the Company in line with Financial Conduct Authority (FCA) rules set out in the Consumer Duty regulation. The Assessment focuses on the nature of the product, including benefits received and its quality, limitations that are part of the product, expected total costs to clients and target market considerations.

Within this, the assessment considers quality of services, performance of the Company (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether vulnerable consumers are able to receive fair value from the product.

Frostrow Capital LLP concluded that the Company is providing value based on the above assessment.

### Important Information

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

This financial promotion is issued by Frostrow Capital LLP which is authorised and regulated by the Financial Conduct Authority ("FCA").

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