

### 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

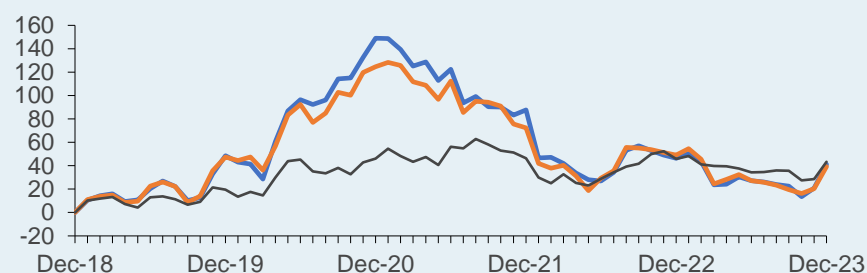
**Portfolio Manager**  
Josh Golomb



**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) 41.2%  
 — Net Asset Value per share (total return) 38.6%  
 — Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +43.4%

Source: Morningstar, Index - Bloomberg.

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

Name	Total
Amgen	8.1
Biogen	7.8
Scholar Rock	4.5
BioMarin Pharmaceutical	4.3
Ionis Pharmaceuticals	4.0
Vaxcyte	3.9
Argenx	3.7
Sarepta Therapeutics	3.5
XtalPi	3.1
Neurocrine Biosciences	3.0
<b>Total</b>	<b>45.9</b>

Fast Facts		As at 31 December 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	34,555,600 Ordinary Shares of 25p	

### Trust Characteristics

Number of Holdings	59
Net Assets (£m)	£327.5m
Market Capitalisation (£m)	£308.9m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	8.6%
Leverage**	Gross 108.6% Commitment 108.6%
Share Price (p)	894.00
NAV (p)	947.75
(Discount) / Premium	(5.7%)
Portfolio Turnover p.a.	98.7%
Active Share***	69.5%

### Geographical Breakdown as at 31 December 2023 (%)

North America	84.7%
China (quoted)	6.8%
Continental Europe	4.9%
Unquoted ‡	3.6%

**Total** **100.0%**

‡ No more than 10% of gross assets will be invested in unquoted investments at the time of acquisition. This limit includes any investment or commitment to invest in private equity funds managed by OrbiMed or an affiliate thereof. Investments or commitments to 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 3.6% unquoted investments, 3.2% was in China and 0.4% was in Asia.

Source: All portfolio information sourced from Frostrow Capital LLP

### Discrete Performance – Calendar Years (%)

Percentage Growth 12 Month Return	2019	2020	2021	2022	2023
NAV	47.4	52.4	-23.1	-13.6	-7.2
Share Price	48.5	67.7	-24.6	-22.1	-3.5
Index	19.6	22.1	0.2	-0.3	-1.7

### Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Dec 18- Dec 19	Dec 19- Dec 20	Dec 20- Dec 21	Dec 21- Dec 22	Dec 22- Dec 23
NAV	47.4	52.4	-23.1	-13.6	-7.2
Share Price	48.5	67.7	-24.6	-22.1	-3.5
Index	19.6	22.1	0.2	-0.3	-1.7

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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.

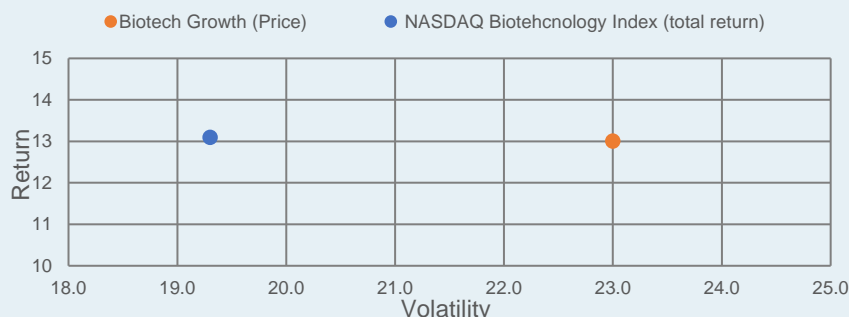
\*\*The Board has set the leverage limit for both the Gross and the Commitment basis at 130% of the Company's Net Asset Value.

\*\*\*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 (Annualised since Date of Appointment of OrbiMed) – Chart (%)**



**Commentary**

In December, the NAV per share was up 15.3%, the share price was up 16.7% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 11.6%.

Biotechnology continued to recover in December on heightened expectations of Federal Reserve (“Fed”) interest rate cuts in 2024. The Fed released a dovish statement following its December meeting suggesting further tightening was unlikely and released projections implying three rate cuts in 2024. The growth in the pace of mergers and acquisitions (“M&A”) in the sector likely also helped investors return to the space. The Company is overweight small cap biotech, which benefits from the easing of rates. We continue to believe that we are in the final stages of Fed interest rate increases and that the 10-year U.S. government yield has likely peaked.

Multiple M&A transactions totaling over \$30 billion were announced in December. Roche agreed to acquire private company Carmot Therapeutics for \$2.7bn upfront, which will give Roche access to a trio of drugs in human testing for obesity. AbbVie announced a \$8.7bn deal to acquire Cerevel Therapeutics, which is developing medicines for schizophrenia, dementia, and Parkinson’s disease. Bristol-Myers Squibb (BMS) agreed to acquire Cerevel’s competitor, Karuna Therapeutics, for \$14bn, to gain access to its late-stage potential treatment for schizophrenia. The deal was closely followed by BMS’ acquisition of the radiopharmaceuticals-focused RayzeBio for \$4.1bn. AstraZeneca reached a deal to acquire vaccine developer Icosavax in a deal worth up to \$1.1bn, for its experimental vaccine that simultaneously targets respiratory syncytial virus and human metapneumovirus. To close out the year, AstraZeneca announced the acquisition of Gracell Biotechnologies, a biotech company developing cell therapies for the treatment of cancer and autoimmune diseases, for \$1bn. The Company held Gracell stock at the time of the acquisition announcement. We continue to expect robust M&A activity in the emerging biotech space given Big Pharma’s urgency to acquire new biotech drugs to offset expected revenue losses from patent expirations of key products.

Scholar Rock Holding, ALX Oncology, and Gracell Biotechnologies were the largest positive contributors to performance during the month. Scholar Rock shares appreciated after Roche highlighted the potential of combining its anti-myostatin program with obesity drugs obtained through the acquisition of Carmot Therapeutics, increasing investor interest in Scholar Rock’s anti-myostatin program. ALX Oncology outperformed on no fundamental news. Gracell’s shares soared after AstraZeneca’s acquisition was announced.

Argenx, XtalPi, and StemiRNA Therapeutics were the largest negative contributors to performance during the month. The share price of Argenx fell after it announced disappointing results from the Phase 3 ADDRESS trial of subcutaneous efgartigimod in pemphigus vulgaris. XtalPi and StemiRNA were negative contributors as the Company took write-downs on the valuations of these private companies. The write-down in XtalPi, a Chinese artificial intelligence drug discovery company, was due to reduced valuation expectations for its initial public offering (“IPO”). StemiRNA, a Chinese mRNA company, was written down due to lower valuation expectations for its next private round. StemiRNA now represents an immaterial position in the portfolio.

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](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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