

## **HALF YEAR REPORT & ACCOUNTS**

FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2020

# The Biotech Growth Trust PLC

The Biotech Growth Trust PLC (the “Company”) 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. The Company can invest up to 10% of its gross assets, at the time of acquisition, in direct unquoted investments. In addition, it can invest or commit for investment up to U.S.\$15m, after deduction of proceeds of disposal and other returns of capital, in private equity funds managed by the Company’s Portfolio Manager, or an affiliate.

Further details of the Company’s investment policy are set out in the Company’s Annual Report and Accounts.

## MANAGEMENT

The Company has appointed Frostrow Capital LLP (“Frostrow”) as Alternative Investment Fund Manager (“AIFM”) to provide company management, company secretarial, administrative and marketing services. The Company and Frostrow have jointly appointed OrbiMed Capital LLC (“OrbiMed”) as Portfolio Manager. Further disclosures required under the Alternative Investment Fund Managers Directive (“AIFMD”) can be found on the Company’s website: [www.biotechgt.com](http://www.biotechgt.com).

## PERFORMANCE

Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted), the Company’s benchmark.

## GEARING

The Company’s gearing policy is that borrowings 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, provided by the Company’s prime broker, J.P. Morgan Securities LLC. As at 30 September 2020 the Company’s borrowings amounted to £24.4 million. As of this date the net gearing level was 7.5% (31 March 2020: 9.0%) of the Company’s net assets.

## CAPITAL STRUCTURE

As at 30 September 2020, the Company’s share capital comprised 39,687,269 ordinary shares, (31 March 2020: 39,207,269 ordinary shares).

## 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.

## CONTENTS

### REVIEWS

- 1 Chairman’s Statement
- 3 Company Performance
- 4 Portfolio Manager’s Review
- 9 Investment Portfolio
- 12 Principal Contributors to and Detractors from Net Asset Value Performance

### FINANCIAL STATEMENTS

- 13 Condensed Income Statement
- 14 Condensed Statement of Changes in Equity
- 15 Condensed Statement of Financial Position
- 16 Condensed Statement of Cash Flows
- 17 Notes to the Financial Statements

### GOVERNANCE

- 23 Interim Management Report

### FURTHER INFORMATION

- 25 Glossary of Terms and Alternative Performance Measures (‘APMs’)
- 27 How to Invest
- 29 Company Information
- 30 Financial Calendar



For more information about The Biotech Growth Trust PLC visit the website at

[www.biotechgt.com](http://www.biotechgt.com)



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# CHAIRMAN'S STATEMENT

ANDREW JOY

## INTRODUCTION AND RESULTS

In July, at the time of my statement in the Company's Annual Report, I reflected that the Covid-19 pandemic had dealt a profound shock to the world in health, economic and political terms. While we are still far from clear on the long-term effects of the crisis, it has clearly reminded everybody of the critical importance and value to society of advances in medical science, not least in biotechnology. The strength and resilience of biotechnology stocks that became evident in March, in both absolute terms and relative to other sectors of the stock market, is testimony to this and has afforded a favourable environment for the Company's performance. This has reinforced the already strong impetus from the new era of scientific research and discovery in the field of biotechnology, which is now being translated into new drugs and treatments by companies of the sort the Company invests in.

Not only has the sector performed well, but I am delighted to say that the Company has also handsomely outperformed the sector. In the six months to 30 September the Company's net asset value (NAV) per share total return was 48.6% and the share price total return was 66.6%. This compares to a rise of 20.5% in the Company's benchmark, the NASDAQ Biotechnology Index, measured in sterling terms. A number of factors contributed to this strong outperformance: the portfolio is significantly overweight compared to the benchmark in emerging as opposed to mature biotech companies; it is overweight in emerging markets, particularly China where our Portfolio Manager OrbiMed has been active for 11 years; the Company took advantage of continuing sector mergers & acquisitions (M&A), for example when **Gilead Sciences** announced in September it would acquire **Immunomedics** at more than double its undisturbed share price; and OrbiMed have used their expertise and access as an

investor in unquoted biotech stocks to make several "crossover" investments in names which have subsequently gone, or are expected to go, public at a very significant premium to the Company's entry price.

As a result of the Company's strong outperformance of the benchmark, OrbiMed have earned a significant performance fee which is fully accrued in the Company's daily NAV, albeit it only becomes payable if the outperformance is maintained for twelve months.

The very strong absolute and relative performance of the portfolio are testament to OrbiMed's stockpicking skills. OrbiMed have agreed with the Board a strategy which encourages OrbiMed to pursue opportunities in which it has conviction, irrespective of their weighting in the benchmark index. The Company's "Active Share" percentage, representing the proportion of the portfolio that differs from the benchmark, rose to 77.7% at the period end, the highest level seen in recent times. Shareholders should bear in mind that coming with the opportunity for very significant outperformance, as demonstrated in this six months, is the potential for enhanced volatility.

The Company's gearing, which reduced slightly to 7.5% at the half year end from 9.0% at the beginning of the period, contributed 2.7% to the Company's overall return in the period. As at 12 November 2020 the level of gearing stood at 7.0%. Sterling appreciated by 4.3% against the U.S. dollar over the period; the U.S. dollar being the currency in which the majority of the Company's investments are denominated.

## DISCOUNT AND PREMIUM MANAGEMENT

Shareholders will be aware that having pursued an active policy during most of the last financial year of buying back shares, when the discount of the Company's share price to its net asset

value per share was higher than 6%, the Board decided in March 2020 that it would be in the best interests of shareholders to suspend share buybacks as a result of extreme market volatility. At 31 March 2020, the Company's year-end, the discount stood at 12.7% but subsequently it narrowed considerably and, while the Company's share price stood at a 2.2% discount at the half-year end, it traded at a premium at times both during the latter part of half year and also since that date. This enabled the Company to issue a total of 480,000 new shares at an average premium of 1.1% to the Company's cum income net asset value per share during the six months under review, raising £6.2m of additional funds. Subsequent to the half year end, to 12 November 2020, a further 625,500 new shares have been issued, at an average premium of 1.2% to the Company's cum income net asset value per share, raising £8.9 million of additional funds. As at 12 November 2020 there were 40,309,769 shares in issue and the share price traded at a 0.7% premium to the Company's net asset value per share.

### CONTINUATION VOTE

Shareholders will be aware that the Company's articles provide that every five years there will be a continuation vote resolution tabled at the Annual General Meeting falling in that year. Accordingly, such a resolution was proposed to shareholders at the Company's Annual General Meeting held in July. I am pleased to confirm that the resolution was passed by a significant majority, with 99.9% of the votes received being in favour.

### OUTLOOK

The Company's strong performance has continued since 30 September with further significant outperformance against the NASDAQ Biotechnology Index in October.

Since the end of September there has also been the US Presidential election. The outcome, of a Democrat president and either a Republican Senate or a 50:50 Senate, for the reasons given by the Portfolio Manager in its report, is considered to be favourable for valuation of the healthcare sector on the Stock Market.

With a skilled Portfolio Manager and a favourable long-term backdrop as discussed above, your Board believes that long-term investors will be well rewarded.

**Andrew Joy**  
Chairman

13 November 2020

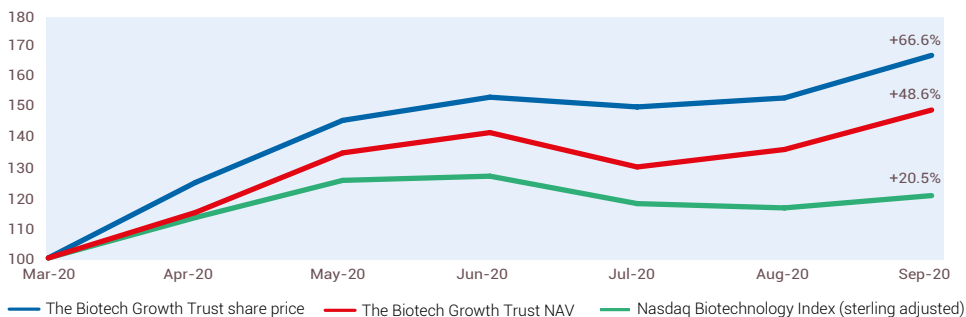
# COMPANY PERFORMANCE

## KEY STATISTICS

	As at 30 September 2020	As at 31 March 2020	% Change
Net asset value per share	1385.8p	932.4p	+48.6%
Share price	1356.0p	814.0p	+66.6%
Discount of share price to net asset value per share*	2.2%	12.7%	
Nasdaq Biotechnology Index – (sterling adjusted) "Benchmark"	3297.0	2736.1	+20.5%
Gearing*	7.5%	9.0%	
Ongoing charges*	1.1%	1.1%	

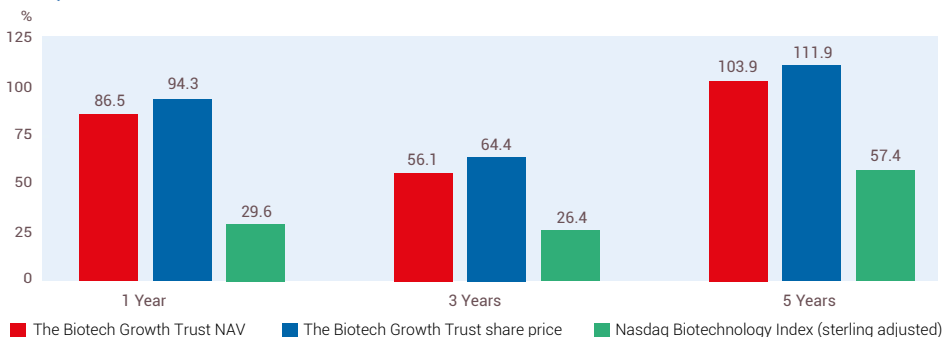
\*Alternative Performance Measure (see glossary on pages 25 and 26)

## SIX MONTH PERFORMANCE



Figures are rebased to 100 as at 31 March 2020. Source: Morningstar

## ONE, THREE AND FIVE YEAR PERFORMANCE TO 30 SEPTEMBER 2020



Source: Morningstar

# PORTFOLIO MANAGER'S REVIEW

GEOFF HSU



## Performance

The Company's net asset value ("NAV") per share total return was +48.6% during the six-month period ended 30 September 2020. This compares to a 20.5% increase in the Company's benchmark, the NASDAQ Biotechnology Index (measured on a sterling adjusted basis).

The review period began after a broad market selloff in March 2020 due to the COVID-19 pandemic impacting the U.S. and Europe. 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. Investors bid up shares in select biotechnology companies with COVID-19-related programmes in the hopes those firms would find a breakthrough treatment or vaccine for the disease. The Company's NAV reclaimed its pre-COVID-19 highs by the end of April and proceeded to make new highs through mid-July. The final two months of the review period saw the biotechnology sector largely consolidate its existing gains as investor concerns about a potential Democratic sweep in the U.S. election on 3 November began rising in prominence.

The Company's strong outperformance during the review period was driven broadly by the portfolio's emerging biotechnology positions, with particularly strong contributions from investments in initial public offerings ("IPOs") and emerging markets.

## COVID-19 Impact Manageable for the Biotechnology Industry

We remain optimistic that effective vaccines and treatments will be developed for COVID-19, with Phase 3 data from multiple vaccine candidates

expected by the end of this year. Most of the leading COVID-19 vaccine players have already invested in sufficient manufacturing capacity to deliver hundreds of millions of doses by the end of 2021, so pending a positive Phase 3 result, we would expect significant progress on mass vaccination next year. Thus far, biotechnology companies have fared reasonably well throughout the COVID-19 pandemic. Most companies have continued operating as essential businesses, with minimal impact to sales of established drugs. Manufacturing supply has not really been affected, and the U.S. Food and Drug Administration (the "FDA") has largely adhered to its drug review timelines. The only significant negative impacts from COVID-19 have been some clinical trial delays (given that many healthcare institutions paused commencement of new trials to deal with COVID-19 patient demand) and hurdles with new product launches (since it's difficult to promote effectively to physicians when many of them are working from home). As physicians have reopened their clinics for in-person visits and hospitals have resumed normal operations, these negative factors have abated.

We have generally not invested in companies whose valuations are heavily dependent on COVID-19 programmes, as we believe most of them are overvalued relative to the expected future profits from those programmes. Politically, we believe it will be very difficult for companies to generate a substantial profit from COVID-19 vaccines or treatments in the midst of the current crisis. Pricing will have to be extremely reasonable (i.e., modest) in order for companies to avoid accusations of profiteering. It's also unclear to us whether COVID-19 will really be a phenomenon that recurs every year or one that fades away like previous virus outbreaks. Having said that, we think that COVID-19 does present an excellent opportunity for the biopharmaceutical industry to burnish

## PORTFOLIO MANAGER'S REVIEW CONTINUED

its public image and demonstrate it can deliver significant value to society in a responsible way.

### Robust IPO and Crossover Market

Throughout the COVID-19 pandemic, the IPO market for biotechnology companies has remained robust. Consistent with the Company's strategy of investing in companies with the most innovative and novel technologies, we have been extremely active in participating in biotechnology IPOs, as these younger emerging companies are frequently at the forefront of the latest advances in drug development. During the review period, the Company participated in 20 IPOs, which have generally performed strongly in the after-market. Many of the stronger performers have been in the precision oncology sector – companies developing therapeutics that target tumours with specific genetic mutations (**Relay Therapeutics, Prelude Therapeutics, Repair Therapeutics**). Other novel technologies represented by these IPOs include antibody-mediated targeting of RNA-based therapeutics for muscle diseases (**Dyne Therapeutics, Avidity Biosciences**), gene therapy for hearing disorders (**Akouos**), and selective protein degradation to treat cancer and autoimmune diseases (**Kymera Therapeutics, Nurix Therapeutics**). 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.

In addition to IPO investments, the Company has remained active in making crossover investments, i.e., investments in a company's last private round prior to an IPO. The Company made six crossover investments during the review period, including investments in both U.S. and Chinese companies. OrbiMed's longstanding venture capital businesses in both the U.S. and China continue to give us strong deal flow in this area. At 30 September 2020, 3.8% of the Company's NAV was invested in crossovers. The Company's current investment guidelines

cap the proportion of unquoted investments at 10% of the Company's gross assets, and the aggregate NAV allocated to crossovers will be dictated by the opportunity set we see at any given time. Generally speaking, we expect companies in which we've made a crossover investment to go public within six to twelve months, so new crossover investments are made as existing crossovers "graduate" to become public companies. Overall, we find crossover investments to provide some of the best risk/return characteristics in the investment landscape today. Three crossover investments executed successful IPOs during the review period: **Keros Therapeutics**, a company developing novel treatments targeting the TGF- $\beta$  pathway for haematologic and musculoskeletal disorders; **PMV Pharma**, a precision oncology company developing first-in-class p53 regulators for cancer; and **Burning Rock Biotech**, the leading "liquid biopsy" company in China with a technology that allows cancer mutations to be detected from a patient's blood sample.

### Mergers and Acquisitions (M&A) Continues Despite COVID-19

Despite the fact that most management teams are working remotely, it has been encouraging to see that M&A transactions have still been occurring in the biotechnology sector. Selected transactions during the review period include Sanofi's U.S.\$3.68 bn acquisition of Principia Biopharma, Johnson & Johnson's US\$6.5 bn acquisition of Momena Pharmaceuticals, and Gilead Sciences' U.S.\$21 bn acquisition of Immunomedics. The Company benefited directly from two of these transactions, with direct holdings in Principia Biopharma and **Immunomedics**. Our Immunomedics investment (4.95% of NAV prior to deal announcement) was the top single stock contributor for the period. The fact that outright acquisitions are still occurring under COVID-19 lockdown conditions shows how significant the appetite is among larger biopharmaceutical companies for the

innovative assets and platform technologies offered by emerging biotech.

### Capitalising on the Rise of Chinese Biotechnology

We have highlighted previously the tremendous innovation we are now seeing in emerging markets, especially in China. Given our local research team based in Shanghai and Hong Kong, we continue to be active in making investments in Chinese biotechnology companies. New investments in emerging markets during the review period include **Akeso**, a Chinese antibody company with a deep pipeline of therapeutics in oncology and autoimmune diseases; **I-Mab**, a Chinese biotechnology company developing fast-to-market and best-in-class biologics; and Harbour Biomed, a Chinese company with rights to a novel FcRn antibody for myasthenia gravis. While tensions between the U.S. and China have escalated in recent months, we believe our Chinese portfolio positions are well-insulated from those dynamics since they consist of Chinese companies primarily serving the domestic China market. Our exposure to emerging markets also helps diversify the portfolio away from some of the short-term volatility risk that may occur with U.S. political developments. At 30 September 2020, emerging markets positions represented 12% 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.

### Contributors to Performance

The principal contributors to performance during the review period were **Immunomedics**, **Forte Biosciences**, **CRISPR Therapeutics**, **Turning Point Therapeutics**, and **Burning Rock Biotech**.

• **Immunomedics** is an emerging biotechnology company developing antibody-drug conjugate therapies for cancer. Its lead product Trodelvy garnered FDA approval in April for triple-negative breast cancer. The stock moved up significantly in September when **Gilead Sciences** announced that it would acquire Immunomedics for U.S.\$21 bn, representing a 108% premium to Immunomedics' last closing share price.

• **Forte Biosciences** is an emerging biotechnology company developing a live biotherapeutic, FB-401, for the treatment of inflammatory skin diseases. The Company participated in a private placement in the company concurrent with a reverse merger into a public shell, and the shares performed strongly after the reverse merger closed.

• **CRISPR Therapeutics** is a leading gene editing company that has pioneered the use of CRISPR technology in patients. The company has shown strong initial clinical data in both sickle cell disease and beta thalassemia patients, suggesting their CTX001 gene editing approach could be a functional cure in these patients. The shares appreciated due to positive data at the European Hematology Association conference and anticipation of initial data from their gene edited allogeneic CAR-T platform prior to year-end.

• **Turning Point Therapeutics** is a precision oncology company developing a number of targeted therapies for cancer. The stock rose in anticipation of data at the EORTC-NCI-AACR conference in October.

• **Burning Rock Biotech** is a leading diagnostics company in China specialising in liquid biopsy, a technology that allows one to identify genetic mutations of a patient's cancer from a blood sample. The Company participated in a crossover round in the company and a subsequent IPO on NASDAQ and shares appreciated after the IPO.



## PORTFOLIO MANAGER'S REVIEW CONTINUED

**Detractors from Performance**

The principal detractors from performance were **Theravance Biopharma**, **Applied Therapeutics**, **Biogen**, **Avrobio**, and **Gilead Sciences**.

- **Theravance Biopharma** is a biopharmaceutical company specialising in the discovery and development of organ-selective medicines. The company offers Yupelri, a once-daily, nebulised long-acting muscarinic antagonist used for the treatment of chronic obstructive pulmonary disease ("COPD") and receives royalties from GlaxoSmithKline's triple combination therapy, Trelegy, which is approved in both COPD and asthma. The company's pipeline includes TD-1473, a gut-selective pan-janus kinase (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 concern around respiratory drug launches during the COVID-19 pandemic as well as delayed pipeline readouts for TD-1473 and TD-8236. We think that these risks are overly discounted in the current share price.

- **Applied Therapeutics** shares underperformed as an anonymous short report circulated calling into question the company's lead pipeline product, AT-007, under development for the treatment of the rare metabolic disease galactosemia. We believe many of the concerns raised in the short report were unfounded or misstatements of the data, and continue to expect AT-007 to be approved in 2021 and become a cornerstone of galactosemia treatment.

- **Biogen** is a major biotechnology company with a portfolio of drugs in the areas of neurology, oncology and immunology. 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 FDA review. Biogen shares underperformed over the period after a district court ruled that the key patent protecting Tecfidera was invalid, allowing generic companies to begin competing.

- **Avrobio** is a gene therapy company targeting a variety of rare lysosomal storage diseases including Fabry Disease and Gaucher Disease. The shares pulled back over the review period despite announcing positive updates for their programs. Investors have been debating whether the company's gene therapies are sufficiently superior to current enzyme replacement therapies to merit widespread commercial adoption.

- **Gilead Sciences** is a large-capitalisation biotechnology company specialising in developing drugs in oncology, hepatology and immunology. Gilead shares underperformed after its COVID-19 antiviral treatment remdesivir showed modest results in clinical trials. Shares have also been under pressure due to commercial challenges in their HIV and hepatitis C businesses caused by COVID-19.

**Outlook and Election Impact**

In recent months, the dominant concern of investors with regards to the biotechnology sector has been the presidential election in the U.S., which took place on 3 November. In particular, investors were concerned that a Democratic sweep with former Vice President Joe Biden winning the presidency and the Democrats taking control of both houses of Congress could lead to aggressive drug pricing legislation that could curtail future biotech profitability. As of this writing, Biden has won the presidency but the Senate outcome remains undetermined. It appears based on vote counts thus far that the Republicans will have at least 50 seats in the Senate, with 2 seats in Georgia to be adjudicated in a run-off election in early January.

If the Democrats win both seats in Georgia, the Senate would be split evenly 50-50 between Republicans and Democrats, with Vice President Kamala Harris casting a tie-breaking vote in favor of the Democrats. Thus, any Democratic majority in the Senate would be extremely thin and unlikely to be significant enough to pass progressive drug pricing legislation. Ultimately, we believe any drug legislation that is passed will be incremental and manageable for the industry. Historically speaking, when there have been political overhangs in the past, there is frequently a relief rally when investors realise their concerns were overblown. We expect a similar dynamic once the Georgia Senate seats have been determined.

Aside from the political overhang, all of the positive investment themes we have outlined previously for the biotechnology sector remain intact: significant innovation (including in China), continued M&A, a friendly regulatory environment, and reasonable valuations. For the long-term investor, we firmly believe biotechnology remains a great place to invest.

### **OrbiMed Update**

Given the rich opportunity set we are now seeing in the biotechnology sector, we have continued to expand our research team to comprehensively cover the biotechnology universe. Over the past few months, two additional biotechnology analysts have joined OrbiMed's research team, both of whom have PhD degrees in the sciences. An additional analyst was also hired for our Hong Kong office, who will start by year-end. We will continue to expand our research team appropriately to identify the best investment opportunities in this exciting sector. Our professionals continue

to work from home for the time being, but as demonstrated by the Company's strong performance this year, we have not noticed any significant impairment in our ability to research stocks and manage the portfolio thus far.

### **Geoff Hsu**

OrbiMed Capital LLC  
Portfolio Manager

13 November 2020

# INVESTMENT PORTFOLIO

INVESTMENTS HELD AS AT 30 SEPTEMBER 2020

Security	Country/ Region	Fair value £'000	% of investments
Horizon Therapeutics	United States	28,280	4.8
Forte Biosciences +	United States	26,884	4.6
Neurocrine Biosciences	United States	25,238	4.3
Biogen	United States	24,319	4.1
Vertex Pharmaceuticals	United States	21,608	3.6
Burning Rock Biotech	China	21,130	3.6
Turning Point Therapeutics	United States	19,973	3.4
Alexion Pharmaceuticals	United States	18,887	3.2
Amgen	United States	17,976	3.0
Acceleron Pharma	United States	17,461	2.9
<b>Ten largest investments</b>		<b>221,756</b>	<b>37.5</b>
CRISPR Therapeutics	Switzerland	14,622	2.5
Hansoh Pharmaceutical	China	14,522	2.5
Mirati Therapeutics	United States	13,895	2.3
Zymeworks	Canada	12,282	2.1
Sarepta Therapeutics	United States	12,231	2.1
Keros Therapeutics	United States	12,202	2.1
HBM (unquoted)	United States	11,329	1.9
Trillium Therapeutics	Canada	10,646	1.8
Athenex	United States	10,164	1.7
MeiraGTX	United States	10,089	1.7
<b>Twenty largest investments</b>		<b>343,738</b>	<b>58.2</b>
Agios Pharmaceuticals	United States	9,925	1.7
Theravance Biopharma	United States	9,817	1.7
Applied Therapeutics	United States	9,426	1.6
Gilead Sciences	United States	9,387	1.6
Heron Therapeutics	United States	9,320	1.6
Arcturus Therapeutics	United States	8,569	1.4
Flexion Therapeutics	United States	8,378	1.4
Xenon Pharmaceuticals	Canada	8,322	1.4
Vaxcyte	United States	8,025	1.3
PMV Pharmaceuticals	United States	7,307	1.2
<b>Thirty largest investments</b>		<b>432,214</b>	<b>73.1</b>
Yisheng Biopharma 3.50% 07/10/2023 (unquoted) <sup>a</sup>	China	7,193	1.2
Syndax Pharmaceuticals	United States	7,176	1.2
Exelixis	United States	6,888	1.2
Avrobio	United States	6,694	1.1
Adverum Biotechnologies	United States	6,381	1.1
NanoString Technologies	United States	6,327	1.1
Celldex Therapeutics	United States	6,188	1.1
I-Mab	China	6,058	1.0
Prelude Therapeutics	United States	5,833	1.0
Aurinia Pharmaceuticals	Canada	5,514	0.9
<b>Forty largest investments</b>		<b>496,466</b>	<b>84.0</b>

+ Includes 587,315 warrants, fair value £16,939,000

<sup>a</sup> Convertible bond

All of the above investments are equities unless otherwise stated.

## INVESTMENT PORTFOLIO CONTINUED

Security	Country/ Region	Fair value £'000	% of investments
Iovance Biotherapeutics	United States	5,453	0.9
Alphamab Oncology	China	5,344	0.9
Deciphera Pharmaceuticals	United States	5,282	0.9
JHBP	Hong Kong	4,991	0.8
Aptose Biosciences	Canada	4,152	0.7
Prothena	Ireland	3,990	0.7
Relay Therapeutics	United States	3,970	0.7
Pandion Therapeutics	United States	3,864	0.7
Arena Pharmaceuticals	United States	3,858	0.6
Mersana Therapeutics	United States	3,833	0.6
<b>Fifty largest investments</b>		<b>541,203</b>	<b>91.5</b>
ACADIA Pharmaceuticals	United States	3,414	0.6
Verona Pharma	United Kingdom	3,218	0.5
Annexon	United States	3,090	0.5
Graybug Vision	United States	3,022	0.5
ORIC Pharmaceuticals	United States	3,008	0.5
IMARA	United States	2,950	0.5
Inozyme Pharma	United States	2,826	0.5
Nurix Therapeutics	United States	2,801	0.5
Akeso	China	2,687	0.5
OrbiMed Asia Partners L.P. (unquoted)*	Asia	2,387	0.4
<b>Sixty largest investments</b>		<b>570,606</b>	<b>96.5</b>
Galecto (unquoted)	United States	2,361	0.4
Milestone Pharmaceuticals	Canada	2,184	0.4
CanSino Biologics	China	2,048	0.4
Akouos	United States	1,929	0.3
Dyne Therapeutics	United States	1,899	0.3
AnaptysBio	United States	1,863	0.3
InflaRx	Germany	1,819	0.3
Guardant Health	United States	1,719	0.3
Repare Therapeutics	Canada	1,197	0.2
Curis	United States	1,124	0.2
<b>Seventy largest investments</b>		<b>588,749</b>	<b>99.6</b>
Fusion Pharmaceuticals	Canada	948	0.2
Kymera Therapeutics	United States	855	0.1
Avidity Biosciences	United States	457	0.1
Calliditas Therapeutics	Sweden	108	-
<b>Total Investments</b>		<b>591,117</b>	<b>100.0</b>

\*Partnership interest.

All of the above investments are equities unless otherwise stated.

## INVESTMENT PORTFOLIO CONTINUED

## PORTFOLIO BREAKDOWN

Investments	Fair value £'000	% of investments
<b>Quoted</b>		
Equities	550,908	93.2
<b>Total quoted investments</b>	<b>550,908</b>	<b>93.2</b>
<b>Unquoted</b>		
Equities	13,690	2.3
Warrants	16,939	2.9
Bond	7,193	1.2
Partnership interest	2,387	0.4
<b>Total unquoted investments</b>	<b>40,209</b>	<b>6.8</b>
<b>Total investments</b>	<b>591,117</b>	<b>100.0</b>

# PRINCIPAL CONTRIBUTORSTO AND DETRACTORS FROM NET ASSET VALUE PERFORMANCE

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

<b>TOP FIVE CONTRIBUTORS</b>	Contribution for the Six months ended 30 September 2020 £'000	Contribution per share (pence)*
Immunomedics+	36,853	93.6
Forte Biosciences*	30,265	76.9
CRISPR Therapeutics	9,706	24.7
Turning Point Therapeutics	9,447	24.0
Burning Rock Biotech	8,448	21.5
	94,719	240.7

+ not held in the portfolio as at 30 September 2020

\* includes warrants

## TOP FIVE DETRACTORS

Theravance Biopharma	(5,880)	(14.9)
Applied Therapeutics	(5,493)	(14.0)
Biogen	(3,637)	(9.2)
Avrobio	(1,525)	(3.9)
Gilead Sciences	(1,421)	(3.6)
	(17,956)	(45.6)

\* based on 39,373,690 shares being the weighted average number of shares in issue during the six month period ended 30 September 2020

Source: Frostrow Capital LLP

# CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	(Unaudited) Six months ended 30 September 2020			(Unaudited) Six months ended 30 September 2019			(Audited) Year ended 31 March 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Investment Income</b>										
Investment income	2	490	-	490	649	-	649	1,313	-	1,313
<b>Total income</b>		490	-	490	649	-	649	1,313	-	1,313
<b>Gains/(losses) on investments</b>										
Gains/(losses) on investments held at fair value through profit or loss		-	197,215	197,215	-	(18,897)	(18,897)	-	67,624	67,624
Exchange gains/(losses) on currency balances		-	1,973	1,973	-	(1,697)	(1,697)	-	(2,982)	(2,982)
<b>Expenses</b>										
AFM, Portfolio management and performance fees	3	(185)	(20,843)	(21,028)	-	(1,752)	(1,752)	-	(3,629)	(3,629)
Other expenses		(235)	-	(235)	(307)	-	(307)	(651)	-	(651)
<b>Profit/(loss) before finance costs and taxation</b>		70	178,345	178,415	342	(22,346)	(22,004)	662	61,013	61,675
Finance costs		(6)	(116)	(122)	-	(317)	(317)	-	(580)	(580)
<b>Profit/(loss) before taxation</b>		64	178,229	178,293	342	(22,663)	(22,321)	662	60,433	61,095
Taxation		(68)	-	(68)	(97)	-	(97)	(196)	-	(196)
<b>Profit/(loss) for the period/year</b>		(4)	178,229	178,225	245	(22,663)	(22,418)	466	60,433	60,899
<b>Basic and diluted earnings/(loss) per share</b>	4	0.0p	452.7p	452.7p	0.5p	(47.1)p	(46.6)p	1.0p	133.9p	134.9p

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

All of the profit and total comprehensive income for the period is attributable to the owners of the Company.

The "Total" column of the statement is the Company's Income Statement, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidelines published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The financial statements for the six months ended 30 September 2020 have not been audited by the Company's auditors.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

## (UNAUDITED) SIX MONTHS ENDED 30 SEPTEMBER 2020

	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/(loss) for the period	–	–	–	178,229	(4)	178,225
Issue of new shares	120	6,056	–	–	–	6,176
At 30 September 2020	9,922	49,077	12,997	478,328	(350)	549,974

## (UNAUDITED) SIX MONTHS ENDED 30 SEPTEMBER 2019

	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 (loss)/profit for the period	–	–	–	(22,663)	245	(22,418)
Repurchase of own shares for cancellation	(1,558)	–	1,558	(46,598)	–	(46,598)
At 30 September 2019	11,434	43,021	11,365	274,607	(567)	339,860

## (AUDITED) YEAR ENDED 31 MARCH 2020

	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	(3,190)	–	3,190	(104,202)	–	(104,202)
At 31 March 2020	9,802	43,021	12,997	300,099	(346)	365,573



# CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	(Unaudited) 30 September 2020 £'000	(Unaudited) 30 September 2019 £'000	(Audited) 31 March 2020 £'000
<b>Non current assets</b>				
Investments held at fair value through profit or loss		591,117	369,668	398,657
<b>Current assets</b>				
Other receivables		8,643	7,118	2,532
		8,643	7,118	2,532
<b>Total assets</b>		599,760	376,786	401,189
<b>Current liabilities</b>				
Other payables		25,400	10,484	2,879
Loan facility		24,386	26,442	32,737
		49,786	36,926	35,616
<b>Net assets</b>		549,974	339,860	365,573
<b>Equity attributable to equity holders</b>				
Ordinary share capital		9,922	11,434	9,802
Share premium account		49,077	43,021	43,021
Capital redemption reserve		12,997	11,365	12,997
Capital reserve		478,328	274,607	300,099
Revenue reserve		(350)	(567)	(346)
<b>Total equity</b>		549,974	339,860	365,573
<b>Net asset value per share</b>	5	1,385.8p	743.1p	932.4p

# CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	(Unaudited) Six months ended 30 September 2020 £'000	(Unaudited) Six months ended 30 September 2019 £'000	(Audited) Year ended 31 March 2020 £'000
<b>Operating activities</b>			
Profit/(loss) before taxation	178,293	(22,321)	61,095
Add back interest expense	122	317	580
(Gains)/losses on investments held at fair value through profit & loss	(197,215)	18,897	(67,624)
Exchange (gains)/losses on currency balances	(1,973)	1,697	2,982
Increase in other receivables	(33)	(18)	(17)
Increase/(decrease) in other payables	18,952	(112)	(5)
<b>Net cash outflow from operating activities before interest payable and taxation</b>	<b>(1,854)</b>	<b>(1,540)</b>	<b>(2,989)</b>
Interest expense	(122)	(317)	(580)
Tax paid	(68)	(97)	(196)
<b>Net cash outflow from operating activities</b>	<b>(2,044)</b>	<b>(1,954)</b>	<b>(3,765)</b>
<b>Investing activities</b>			
Purchases of investments	(260,320)	(222,483)	(491,471)
Sales of investments and derivatives	262,566	258,671	582,401
<b>Net cash inflow from investing activities</b>	<b>2,246</b>	<b>36,188</b>	<b>90,930</b>
<b>Financing activities</b>			
Repurchase of shares for cancellation	–	(48,138)	(106,079)
Issue of new shares	6,176	–	–
(Repayment)/drawdown from the loan facility	(6,378)	13,904	18,914
<b>Net cash outflow from financing activities</b>	<b>(202)</b>	<b>(34,234)</b>	<b>(87,165)</b>

## CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	(Unaudited) Six months ended 30 September 2020 £'000	(Unaudited) Six months ended 30 September 2019 £'000	(Audited) Year ended 31 March 2020 £'000
Balance as at 31 March 2020	32,737	10,841	10,841
Net cash flow	(6,378)	13,904	18,914
Exchange (gains)/losses on currency balances	(1,973)	1,697	2,982
	24,386	26,442	32,737

# NOTES TO THE FINANCIAL STATEMENTS

## 1.A) GENERAL INFORMATION

The Biotech Growth Trust PLC is a company incorporated and registered in England and Wales. The Company operates as an investment trust company within the meaning of Section 833 of the Companies Act 2006 and has made a successful application under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for investment trust status to apply to all accounting periods commencing on 1 April 2012.

## 1.B) BASIS OF PREPARATION

The Company's half year condensed financial statements for the six months ended 30 September 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the financial information required for the full annual financial statements and have been prepared using accounting policies adopted in the audited financial statements for the year ended 31 March 2020 with the exception of, the change made to the allocation of expenses and finance costs, with effect from 1 April 2020 the AIFM, Portfolio Management fees and finance costs, 95% of those fees were charged to Capital and 5% charged to Revenue. Prior to 1 April 2020, 100% of such fees and costs were charged to Capital.

Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

## 1.C) SEGMENTAL REPORTING

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 investment business.

In line with IFRS 8, a disclosure by geographical segment has been provided in note 10 on page 22 of this report.

## 1.D) GOING CONCERN

The Directors believe that it is appropriate to adopt the going concern basis in preparing the accounts as the assets of the Company consists mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. The next continuation vote of the Company will be held at the Annual General Meeting in 2025, and further opportunities to vote on the continuation of the Company will be given to shareholders every five years thereafter.

## 2. INCOME

	(Unaudited) Six months ended 30 September 2020 £'000	(Unaudited) Six months ended 30 September 2019 £'000	(Audited) Year ended 31 March 2020 £'000
<b>Investment income</b>			
Overseas dividend income	453	649	1,313
Fixed interest income	37	–	–
Total income	490	649	1,313

## 3. AIFM, PORTFOLIO MANAGEMENT AND PERFORMANCE FEES

	Total (Unaudited) Six months ended 30 September 2020 £'000			Total (Unaudited) Six months ended 30 September 2019 £'000			Total (Audited) Year ended 31 March 2020 £'000		
	Revenue £'000	Capital £'000	£'000	Revenue £'000	Capital £'000	£'000	Revenue £'000	Capital £'000	£'000
AIFM fee	39	732	771	–	528	528	–	1,086	1,086
Portfolio management fee	86	1,637	1,723	–	1,224	1,224	–	2,543	2,543
Performance fee charge for the period/year*	–	18,534	18,534	–	–	–	–	–	–
	125	20,903	21,028	–	1,752	1,752	–	3,629	3,629

\*During the six months ended 30 September 2020, due to strong outperformance against the Benchmark and in accordance with the performance fee arrangements described on page 34 of the Company's 2020 Annual Report, a provision of £18,534,000 was made in the financial statements (six months ended 30 September 2019: £nil, March 2020: £nil).

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. There were no performance fees payable as at 30 September 2020 (30 September 2019: £nil, 31 March 2020 £nil). The maximum amount that could become payable by 30 September 2021, assuming outperformance is maintained is £18,534,000.

Also during the period under review and in line with the revised accounting policy, the AIFM and Portfolio Management fees were allocated 5% to Revenue and 95% to Capital. For further details see note 1 on page 17 of this report.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 4. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

	(Unaudited) Six months ended 30 September 2020 £'000	(Unaudited) Six months ended 30 September 2019 £'000	(Audited) Year ended 31 March 2020 £'000
The earnings/(loss) per share is based on the following figures:			
Net revenue (loss)/gain	(4)	245	466
Net capital gain/(loss)	178,229	(22,663)	60,433
Net total gain/(loss)	178,225	(22,418)	60,899
Weighted average number of shares in issue during the period/year	39,373,690	48,085,930	45,157,104
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Revenue earnings per share	–	0.5	1.0
Capital earnings/(loss) per share	452.7	(47.1)	133.9
Total earnings/(loss) per share	452.7	(46.6)	134.9

## 5. NET ASSET VALUE PER SHARE

The Net Asset Value per share is based on the net assets attributable to equity shareholders of £549,974,000 (30 September 2019: £339,860,000; 31 March 2020: £365,573,000) and on 39,687,269 shares (30 September 2019: 45,735,075; 31 March 2020: 39,207,269) being the number of shares in issue at the period end.

## 6. TRANSACTION COSTS

Purchase and sale transaction costs for the six months ended 30 September 2020 amounted to £530,000 (six months ended 30 September 2019: £546,000; year ended 31 March 2020: £1,060,000), broken down as follows: purchase transactions for the six months ended 30 September 2020 amounted to £259,000 (six months ended 30 September 2019: £320,000; year ended 31 March 2020: £548,000). Sale transactions amounted to £271,000 (six months ended 30 September 2019: £226,000; year ended 31 March 2020: £512,000). These costs comprise mainly commission.

## 7. INVESTMENTS

IFRS 13 requires the Company to classify fair value measurements using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three 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)

At 30 September 2020 the investment in OrbiMed Asia Partners LP Fund (the LP Fund), Galecto, HBM and Yisheng Biopharma have been classified as level 3. The LP Fund is valued quarterly by OrbiMed Advisors LLC and is audited annually by KPMG LLP. As the 30 September 2020 valuation is not yet available, the LP Fund has been valued at its net asset value as at 30 June 2020 (see level 3 reconciliation on page 21). It is believed that the value of the LP Fund as at 30 September 2020 will not be materially different.

If the value of the LP Fund was to increase or decrease by 10%, while other variables had remained constant, the return and net assets attributable to shareholders for the period ended 30 September 2020 would have increased/decreased by £239,000 (2019: £332,000). If during the same period, the values of Galecto, HBM and Yisheng Biopharma were to increase or decrease by 10%, the return and net assets attributable to shareholders would have increased or decreased by £2,088,000 (2019: £nil).

Forte Warrants have been classified as level 2 at period end. If the value of the warrants were to increase or decrease by 10%, the return and net assets attributable to shareholders would have increased or decreased by £1,694,000 (2019: £nil).

The table below sets out fair value measurements of financial assets in accordance with IFRS13 fair value hierarchy system:

### (UNAUDITED) SIX MONTHS ENDED 30 SEPTEMBER 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	550,908	–	13,690	564,598
Bond	–	–	7,193	7,193
Warrants	–	16,939	–	16,939
Partnership interest in LP Fund	–	–	2,387	2,387
<b>Total</b>	<b>550,908</b>	<b>16,939</b>	<b>23,270</b>	<b>591,117</b>

### (UNAUDITED) SIX MONTHS ENDED 30 SEPTEMBER 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	366,345	-	-	366,345
Partnership interest in LP Fund	-	-	3,323	3,323
<b>Total</b>	<b>366,345</b>	<b>-</b>	<b>3,323</b>	<b>369,668</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## (AUDITED) YEAR ENDED 31 MARCH 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	381,751	–	14,529	396,280
Partnership interest in LP Fund	–	–	2,377	2,377
<b>Total</b>	<b>381,751</b>	<b>–</b>	<b>16,906</b>	<b>398,657</b>

## LEVEL 3 RECONCILIATION

Please see below a reconciliation disclosing the changes during the six months for the financial assets and liabilities designated at fair value through profit or loss classified as being Level 3.

	(Unaudited) Six months ended 30 September 2020 £'000	(Unaudited) Six months ended 30 September 2019 £'000	(Audited) Year ended 31 March 2020 £'000
Assets as at beginning of period	16,906	3,039	3,039
Purchase of unquoted investments	17,937	–	10,174
Return of capital	–	–	(442)
Net movement in investment holding gains during the period/year	(1,399)	284	4,135
Transfer from level 3 to level 1	(10,174)	–	–
<b>Assets as at 30 September/31 March</b>	<b>23,270</b>	<b>3,323</b>	<b>16,906</b>

## 8. PRINCIPAL RISKS PROFILE

The principal risks which the Company faces from its financial instruments are:

- i) market price risk, including currency risk, interest rate risk and other price risk;
- ii) liquidity risk; and
- iii) credit risk

**Market price risk** – is the risk that 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.

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

**Credit risk** – This is the risk of the failure of the counterparty to a transaction to discharge its obligations under that transaction which could result in the Company suffering a loss. (see note 11 on page 22).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Further details of the Company's management of these risks can be found in note 13 of the Company's 2020 Annual Report.

There have been no changes to the management of or the exposure to these risks since the date of the Annual Report.

### 9. RELATED PARTY TRANSACTIONS

There have been no changes to the related party arrangements or transactions as reported in the Annual Report for the year ended 31 March 2020.

### 10. SEGMENTAL REPORTING

#### GEOGRAPHICAL SEGMENTS

	(Unaudited) Six months ended 30 September 2020 Value of Investments £'000	(Unaudited) Six months ended 30 September 2019 Value of Investments £'000	(Audited) Year ended 31 March 2020 Value of Investments £'000
North America	501,000	315,866	350,800
Asia	66,360	29,994	13,840
Europe	23,757	23,808	34,017
<b>Total</b>	<b>591,117</b>	<b>369,668</b>	<b>398,657</b>

### 11. CREDIT RISK

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 30 September 2020, the maximum value of assets available for rehypothecation was £34.2 million being 140% of the loan balance (£24.4 million) (30 September 2019: £26.4 million), (31 March 200: £32.7 million).

\* See glossary on pages 25 and 26.

### 12. COMPARATIVE INFORMATION

The financial information contained in this half year report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2020 and 2019 has not been audited by the auditors.

The information for the year ended 31 March 2020 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2020 have been filed with the Registrar of the Companies. The report of the auditors on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006.



# INTERIM MANAGEMENT REPORT

## PRINCIPAL RISKS AND UNCERTAINTIES

A review of the half year, including reference to the risks and uncertainties that existed during the period and the outlook for the Company can be found in the Chairman's Statement beginning on page 1 and in the Portfolio Manager's Review beginning on page 4. The principal risks faced by the Company fall into the following broad categories: objective and strategy; volatility and the level of discount/premium; portfolio performance; Investment Management key person risk; operational and regulatory (including cyber risk); market price risk; liquidity risk; shareholder profile; currency risk; the risk associated with the Company's loan facility; and credit risk. Information on each of these areas is given in the Strategic Report/ Business Review within the Annual Report and Accounts for the year ended 31 March 2020. In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

The Board notes that equity markets experienced substantial volatility during the period due to uncertainties linked to the Covid-19 pandemic. The Directors have considered the impact of the continued uncertainty on the Company's financial position and, based on the information available to them at the date of this report, have concluded that no adjustments are required to the accounts as at 30 September 2020. The Board is also aware that the UK's exit from the European Union has introduced elements of political and economic uncertainty. Developments continue to be closely monitored by the Board.

## RELATED PARTY TRANSACTIONS

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

## GOING CONCERN

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties relating to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly financial report. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

## DIRECTORS' RESPONSIBILITIES

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the Half Year Report have been prepared in accordance with applicable International Accounting Standards, (IAS) 34; and
- (ii) the interim management report includes a true and fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place

in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Half Year Report has not been audited by the Company's auditors.

This Half Year 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 and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Half Year Report was approved by the Board on 13 November 2020 and the above responsibility statement was signed on its behalf by:

**Andrew Joy**  
Chairman

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

## AIFMD

The Alternative Investment Fund Managers Directive (the "Directive") is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts).

## DISCOUNT OR PREMIUM<sup>^</sup>

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 30 September 2020 pence	As at 31 March 2020 pence
Share Price	3	1,356.0	814.0
Net Asset value per share (see note 5 on page 19 for further information)	3	1,385.8	932.4
Discount of share price to net asset value per share	3	2.2%	12.7%

## GEARING<sup>^</sup>

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

	Pages	As at 30 September 2020 pence	As at 31 March 2020 pence
Prior Charges	15	24,386	32,737
Net Current Liabilities (excluding prior changes)	-	16,757	347
		41,143	33,084
Net Assets	15	549,974	365,573
Gearing	3	7.5%	9.0%

## NET ASSET VALUE (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, minus 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.

## ONGOING CHARGES<sup>^</sup>

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	As at 30 September 2020 pence	As at 31 March 2020 pence
AIFM and Portfolio Management fees*	–	5,066	3,629
Operating Expenses*	–	542	651
Total expenses*	–	5,608	4,280
Average Assets for the period/year	–	484,905	389,364
Ongoing charges	3	1.1%	1.1%

\* Estimated expenses for the year ending 31 March 2021 based on assets as at 30 September 2020.

## REHYPOTHECATION

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

<sup>^</sup> 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 products 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	<a href="http://www.youinvest.co.uk/">www.youinvest.co.uk/</a>
Barclays Stockbrokers	<a href="http://www.smartinvestor.barclays.co.uk/">www.smartinvestor.barclays.co.uk/</a>
Bestinvest	<a href="http://www.bestinvest.co.uk/">www.bestinvest.co.uk/</a>
Charles Stanley Direct	<a href="http://www.charles-stanley-direct.co.uk/">www.charles-stanley-direct.co.uk/</a>
Club Finance	<a href="http://www.clubfinance.co.uk/">www.clubfinance.co.uk/</a>
Fidelity	<a href="http://www.fidelity.co.uk/">www.fidelity.co.uk/</a>
Halifax Share Dealing	<a href="http://www.halifax.co.uk/Sharedealing/">www.halifax.co.uk/Sharedealing/</a>
Hargreaves Lansdown	<a href="http://www.hl.co.uk/">www.hl.co.uk/</a>
HSBC	<a href="http://investments.hsbc.co.uk/">investments.hsbc.co.uk/</a>
iDealing	<a href="http://www.idealing.com/">www.idealing.com/</a>
Interactive Investor	<a href="http://www.iii.co.uk/">www.iii.co.uk/</a>
IWEB	<a href="http://www.iweb-sharedealing.co.uk/share-dealing-home.asp">www.iweb-sharedealing.co.uk/share-dealing-home.asp</a>
Saga Share Direct	<a href="http://www.sagasharedirect.co.uk/">www.sagasharedirect.co.uk/</a>
Selftrade	<a href="http://www.selftrade.co.uk/">www.selftrade.co.uk/</a>
The Share Centre	<a href="http://www.share.com/">www.share.com/</a>
Saxo Capital Markets	<a href="http://uk.saxomarkets.com/">uk.saxomarkets.com/</a>
Stocktrade	<a href="http://www.stocktrade.co.uk">www.stocktrade.co.uk</a>

### LINK GROUP – SHARE DEALING SERVICE

A quick and easy share dealing service is available to existing shareholders through the Company's

## HOW TO INVEST CONTINUED

Registrar, Link Group, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your dividend confirmation or share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service please contact:

[www.linksharedeal.com](http://www.linksharedeal.com) (online dealing)

Telephone: 0371 664 0445 (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 8.00 am – 4.30 pm, Monday to Friday excluding public holidays in England and Wales).

## RISK WARNINGS

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, all of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

# COMPANY INFORMATION

## DIRECTORS

Andrew Joy (Chairman)

Steve Bates (Chairman of the Management Engagement Committee)

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

Julia Le Blan (Chair of the Audit Committee)

Geoff Hsu

The Rt Hon Lord Willetts

## REGISTERED OFFICE

One Wood Street  
London EC2V 7WS

## WEBSITE

[www.biotechgt.com](http://www.biotechgt.com)

## COMPANY REGISTRATION NUMBER

3376377 (Registered in England and Wales)

The Company is an investment company as defined under Section 833 of the Companies Act 2006. The Company was incorporated in England and Wales 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](mailto:info@frostrow.com)

Website: [www.frostrow.com](http://www.frostrow.com)

Authorised and regulated by the Financial Conduct Authority.

## PORTFOLIO MANAGER

OrbiMed Capital LLC  
601 Lexington Avenue, 54th Floor  
New York NY10022 USA

Telephone: +1 212 739 6400

Website: [www.orbimed.com](http://www.orbimed.com)

Registered under the U.S. Securities and Exchange Commission.

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 LLP using the stated e-mail address.

## INDEPENDENT AUDITOR

BDO LLP  
55 Baker Street  
London W1U 7EU

## 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

If you have any queries in relation to your shareholding please contact:

Link Group  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

email: [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk)

telephone +44 (0)371 664 0300

Website: [www.linkgroup.eu](http://www.linkgroup.eu)

## SHAREHOLDER PORTAL

You can register online to view your holdings using the Share Portal, a service offered by Link Group at [www.signalshares.com](http://www.signalshares.com).

The Share Portal is an online service enabling you to quickly and easily access and maintain your shareholding online

– reducing the need for paperwork and providing 24 hour access to your shareholding details.

Through the Share Portal you may:

- Cast your proxy vote online;
- View your holding balance and get an indicative valuation;
- View movements on your holding;
- Update your address;
- Register and change bank mandate instructions so that dividends can be paid directly to your bank account;
- Elect to receive shareholder communications electronically; and
- Access a wide range of shareholder information including the ability to download shareholder forms.

## STOCK BROKER

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge  
25 Dow Gate Hill  
London EC4R 2GA

## SOLICITORS

Charles Russell Speechlys  
5 Fleet Place  
London EC4M 7RD

# FINANCIAL CALENDAR

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

## IDENTIFICATION CODES

<b>Shares:</b>	
SEDOL:	0038551
ISIN:	GB0000385517
BLOOMBERG:	BIOG LN
EPIC:	BIOG
<b>Global Intermediary Identification Number (GIIN)</b>	U1 MQ70.99999.SL.826
<b>Legal Entity Identifier (LEI)</b>	549300Z41EP32MI2DN29







25 SOUTHAMPTON BUILDINGS  
LONDON WC2A 1AL

[www.biotechgt.com](http://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 Asset Services, 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.

**aic**

**A member of the Association of Investment Companies**