

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu



Richard Klemm

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www.biotechgt.com

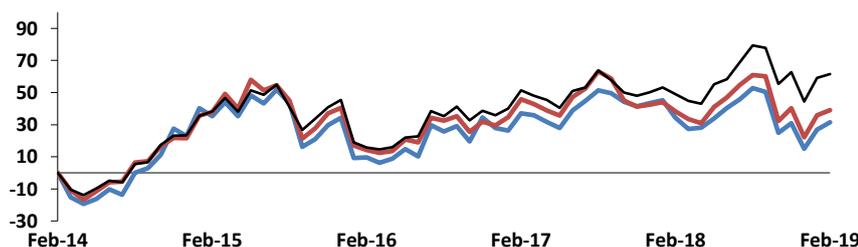


Investment Objective and Benchmark Index

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

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.



Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +61.6%

Net Asset Value per share (total return) +39.1%

Share Price (total return) +31.4%

Source: Morningstar, Index - Bloomberg.

Commentary

In February, the NAV per share was up 2.4%, the share price was up 3.4% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 1.6%.

After a record strong January, both biotechnology and the broader markets had more tempered performance in February. Macro policy headwinds on drug pricing/rebates and the supply chain continued during the month, leading healthcare to be a relative underperformer in February vs. the broader market. After the January pause, due to the US government shutdown, IPOs returned in February, with the Company participating in the IPO for Alector, a company focused on neurodegenerative diseases. Larger-scale acquisitions continued into February, with the acquisition of portfolio company Spark by Roche, and also the acquisition of Clementia by Ipsen. We continue to see strategic value in emerging biotechnology companies, particularly those with durable commercial franchises and expertise in emerging therapeutic modalities.

Spark, Argenx and Alexion were the top positive contributors to performance during the month. Shares in Spark appreciated after the announcement of the company's acquisition by Roche at a 122% premium. We see the Spark acquisition as a highly strategic move into the gene therapy space given the company's expertise in the field, particularly in gene therapy manufacturing, and we continue to see gene therapy as an attractive space for innovation. Shares in Argenx were strong after the announcement of a collaboration to develop a subcutaneous version of the company's lead drug efgartigimod, currently in a Phase 3 trial for myasthenia gravis. Alexion shares appreciated following strong financial performance and encouraging metrics on the early launch of the company's next-generation paroxysmal nocturnal hemoglobinuria treatment Ultomiris.

Neurocrine, Gilead and Celgene were the largest negative contributors to performance during the month. Shares of Neurocrine were weak after the company announced a collaboration with Voyager Therapeutics for their neurology gene therapy programs, which was associated with higher than expected expense guidance. We continue to view Neurocrine as a high-quality company with a strong commercial franchise and pipeline optionality. Gilead shares were weak following the failure of the Phase 3 STELLAR-4 trial of selonsertib in NASH. Investors increasingly view Gilead's pipeline opportunities as weak and expect business development will be necessary to return the company to growth. Shares in Celgene declined as investors and activists in Bristol-Myers Squibb publicly opposed the company's acquisition, announced in January. We believe the deal is likely to close in 3Q19 as guided.

Any opinions on individual stocks are those of the Company's Portfolio Manager and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by OrbiMed Capital LLC for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy.

Biographies

Geoffrey C. Hsu, CFA, is a General Partner of OrbiMed, having joined in 2002 as a biotechnology analyst. Prior to joining OrbiMed, he worked as an analyst in the healthcare investment banking group at Lehman Brothers. Geoff received his A.B. degree summa cum laude from Harvard University and holds an M.B.A. from Harvard Business School. Prior to business school, he spent two years studying medicine at Harvard Medical School.

Richard D. Klemm, Ph.D., CFA, is a Public Equity Partner at OrbiMed focused on biotechnology companies. He completed a Ph.D. from the Massachusetts Institute of Technology in molecular biology in 2000. Richard has published scientific articles in the fields of DNA replication and transcription. He received a B.A. from the University of California, Berkeley in 1994 with majors in molecular and cell biology and economics.

Portfolio Manager Profile

Portfolio management services are provided by OrbiMed Capital LLC (OrbiMed). OrbiMed is owned by six principals, including Geoff Hsu. The U.S.-based firm employs over 90 experienced investment professionals who between them have extensive scientific, medical, financial and operational expertise. They employ a bottom-up stock selection process driven by intensive proprietary research, which involves company visits and developing an understanding of commercial prospects and development programmes for individual drugs. The firm covers some 600 international pharmaceutical and biotechnology companies, two thirds of which are actively researched. OrbiMed is registered as an investment adviser under the U.S. Securities and Exchange Commission (SEC). SEC registration does not imply a certain level of skill or training.

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. It will not invest more than 10% of the value of its gross assets in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Portfolio Manager or any affiliates of such entity. Up to US\$15m, after the deduction of proceeds of disposal and other returns of capital, may be invested in private equity funds managed by OrbiMed or an affiliate. The Company's borrowing policy is that borrowings will not exceed 20% of the Company's net assets. The Company may be unable to invest directly in certain countries. In these circumstances, the Company may gain exposure to companies in such countries by investing indirectly through swaps. Where the Company invests in swaps, exposure to underlying assets will not exceed 5% of the gross assets of the Company at the time of entering into the contract.

Discount 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.

The Biotech Growth Trust PLC conducts its affairs so that its shares can be recommended by independent financial advisers ("IFAs") to retail private investors. The shares are excluded from the Financial Conduct Authority's ("FCA's") restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

The Biotech Growth Trust PLC

10 Largest Holdings at 28 February 2019 (% of total investments)

Name	Total
Biogen	11.2
Vertex Pharmaceuticals	9.0
Regeneron Pharmaceuticals	6.7
Alexion Pharmaceuticals	6.0
Sarepta Therapeutics	6.0
Celgene	5.1
Gilead Sciences	5.0
Neurocrine Biosciences	4.6
Illumina	4.5
Amgen	4.0
Total	62.1

Geographical Breakdown as at 28 February 2019 (%)

North America	90.1%
Continental Europe	5.3%
Other	2.1%
United Kingdom	1.9%
Unquoted	0.6%
Total	100.0%

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth 12 Month Return	2014	2015	2016	2017	2018	YTD
NAV	43.1	15.6	-7.6	9.9	-14.3	13.8
Share Price	44.9	9.1	-4.7	12.1	-19.9	14.4
Index	42.6	17.8	-6.5	10.5	-3.8	11.9

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Feb 14- Feb 15	Feb 15- Feb 16	Feb 16- Feb 17	Feb 17- Feb 18	Feb 18- Feb 19
NAV	37.9	-17.3	28.1	-5.2	0.5
Share Price	35.2	-18.9	25.0	-2.0	-2.2
Index	38.3	-16.4	30.9	-1.5	8.4

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

Risk Warnings

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

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

Important Information

The Biotech Growth Trust PLC is a public limited company whose shares are premium listed on the LSE and is registered with HMRC as an investment trust. The Company has an indeterminate life, although shareholders consider and vote on the continuation of the Company every five years (the next such vote will be held will be held in 2020).

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Fast Facts

As at 28 February 2019

Launch Date	June 1997
AIC Sector	Biotechnology & Healthcare
	Date of Appointment of OrbiMed 19 May 2005
Annual Management Fee (payable by the Company)	0.65% of net assets plus 0.30% of market cap. plus £60,000
Performance fee	See Annual Report for details
Ongoing charges*	1.1%
Continuation Vote	At AGM in 2020; every 5 years
Year / Half Year	31 March / 30 September
Capital Structure	52,923,586 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	41
Total Net Assets (£m)	£411.8m
Market Capitalisation (£m)	£383.2m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	5.6%

Leverage**

Gross & Commitment	105.6%
Share Price (p)	724.00
NAV (p)	778.13
(Discount) / Premium	(7.0%)

*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.

Codes

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

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