

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART OUTSIDE THE UNITED KINGDOM

This document is issued by The Biotech Growth Trust PLC solely in order to make certain particular information available to investors in The Biotech Growth Trust PLC (the "Company") before they invest, in accordance with the requirements of the United Kingdom Financial Conduct Authority ("FCA") Handbook rules implementing the Alternative Investment Fund Managers Directive (2011/61/EU) ("AIFM Directive") in the United Kingdom. It is made available to investors in the Company by being made available at www.biotechgt.com.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

**THE BIOTECH GROWTH TRUST PLC
INVESTOR DISCLOSURE DOCUMENT
July 2019**

IMPORTANT INFORMATION

Regulatory status of the Company and its Alternative Investment Fund Manager ("AIFM")

The Biotech Growth Trust PLC is an "alternative investment fund" ("AIF") for the purposes of the AIFM Directive and the Company has appointed Frostrow Capital LLP ("Frostrow"), to act as its AIFM. Frostrow is authorised and regulated by the FCA as a "full scope UK AIFM" for the purposes of the AIFM Directive.

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules, the Disclosure and Transparency Rules, the UK Corporate Governance Code and the Companies Act 2006.

The Company is an investment trust and is incorporated as a public limited company in England and Wales. The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The operation of the Company is subject to its Articles of Association, the FCA Listing Rules, the FCA Disclosure and Transparency Rules, the UK Corporate Governance Code issued by the Financial Reporting Council (September 2012) and the UK Companies Act 2006.

The provisions of the Company's articles of association are binding on the Company and its shareholders. The articles of association set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by English law.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its AIFM, Frostrow and their Directors will not be responsible to persons other than the shareholders for their use of this document, nor will they be responsible to any person (including the shareholders) for any use which they may make of this document other than to inform a decision to invest in Ordinary Shares.

This document does not purport to provide complete details of the Company and potential investors should not solely rely upon this document when determining whether to make an investment.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.

No advice

The Company and its AIFM, Frostrow, and its Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, the AIFM or any of their subsidiaries, affiliates, officers, Directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in Ordinary Shares.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, the Republic of South Africa or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

THE COMPANY

Investment Objective and Policy

To seek 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. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

Investment Limitations

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions as follows:

The Company will not invest more than 10%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

The Company will not invest more than 15%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

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.

The Company 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 fund managed by the Company's portfolio manager, OrbiMed Capital LLC ("OrbiMed" or the "Portfolio Manager"), or any affiliates of such entity."

The Company may invest or commit for investment a maximum of US\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed, the Company's Portfolio Manager, or an affiliate thereof.

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.

In accordance with the requirements of the UK Listing Authority, any material change to the investment policy will only be made with the approval of shareholders by ordinary resolution.

Leverage

The AIFMD prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to contribute to gearing.

In accordance with the AIFM Directive the Board has set leverage limits of 130 per cent. under the gross method and 130 per cent. under the commitment method.

The Company's borrowing 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 Custodian and Prime Broker, J.P. Morgan Securities LLC.

The Company will ensure that any change to the maximum level of leverage which the AIFM and Portfolio Manager may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement is published in the Company's annual report and audited accounts, which can be found on the Company's website: www.biotechgt.com. In addition, the Company will notify shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via an RIS.

Investment Approach

The Company's Portfolio Manager is OrbiMed.

OrbiMed, based in New York, is an investment manager focused exclusively on the healthcare sector. OrbiMed's investment management activities were founded in 1989.

OrbiMed has invested the Company's assets in the worldwide biotechnology industry. Geographic allocation is in line with the geographic distribution of investment opportunities, with the majority of the Company's investments in companies based in North America.

OrbiMed takes a bottom-up approach to stock selection based on intensive proprietary research. Stock selection is based on rigorous financial analysis, exhaustive scientific review, frequent meetings with company management and consultations with physicians and other industry experts.

OrbiMed looks for strong management teams, healthy organic growth from current products and deep pipelines to fuel future growth.

Risk management is conducted via position size limits and geographic diversification. The Company maintains adequate portfolio liquidity by limiting the Company's ownership to 15% of an individual company's equity (at the time of investment) and by strictly limiting the Company's exposure to direct unquoted companies to 10% of the portfolio at the time of acquisition.

In accordance with the Listing Rules, the Company can only make a material change to its published investment policy with the approval of its shareholders.

Any change in investment strategy or investment policy which does not amount to a material change to our published investment policy may be made by the Company without shareholder approval. Frostrow may amend the information set out in this document from time to time.

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM

Frostrow Capital LLP.

The AIFM has delegated its portfolio management function to OrbiMed through a tripartite agreement between the AIF, the AIFM and the Portfolio Manager. The AIFM does not consider that any conflicts of interest arise from the delegation of its portfolio management function to OrbiMed.

Fees

A periodic fee is payable by the Company to Frostrow (as AIFM), equal to 0.30 per cent. per annum of the market capitalisation of the Company (calculated in accordance with the agreement between the Company and the AIFM). The AIFM is also entitled to an annual fixed fee of £60,000 per annum.

The Portfolio Manager

OrbiMed

Fees

An annual fee is payable by the Company to OrbiMed, of 0.65 per cent. per annum of the Company's net asset value.

Performance Fees

Dependent on the level of long-term outperformance of the Company, the AIFM and Portfolio Manager are entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's net asset value ('NAV') performance has outperformed the NASDAQ Biotechnology Index (sterling adjusted), the Company's benchmark index.

The fee is calculated quarterly by comparing the cumulative performance of the Company's NAV with the cumulative performance of the benchmark since the commencement of the performance fee arrangement on 30 June 2005. The performance fee amounts to 16.5% of any outperformance over the benchmark, the Portfolio Manager ('OrbiMed') receiving 15% and the AIFM ('Frostrow') receiving 1.5% respectively. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards.

In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:

- (i) The cumulative outperformance of the portfolio over the benchmark as at the quarter end date; and
- (ii) The cumulative outperformance of the portfolio over the benchmark as at the corresponding quarter end date in the previous year.

In addition, 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.

The proportion of the Company's assets invested in OrbiMed Asia Partners L.P. is excluded from the Portfolio Manager's performance fee calculation.

The Depositary

J.P. Morgan Europe Limited

The services provided by J.P. Morgan Europe Limited as depositary for the Company include:

- a) safe-keeping of the assets of the Company that can be held in custody (including book entry securities);
- b) record-keeping of assets that cannot be held in custody in which case the Depositary must verify their ownership;
- c) ensure that the Company's cash flows are properly monitored, and in particular ensure that all payments made by or on behalf of investors upon the issue or buy-back of shares in the Company have been received and that all cash of the Company has been booked in cash accounts that the Depositary can monitor and reconcile;

- d) ensure that any issue or buy-back of the Company's shares are carried out in accordance with English law and the Articles of Association;
- e) ensure that the value of the Shares of the Company is calculated in accordance with English law, the Articles of Association and the valuation procedures;
- f) carry out the instructions of the AIFM and the Board of the Company, unless they conflict with English law;
- g) ensure that in transactions involving a Company's assets any consideration is remitted to the Company within the usual time limits; and
- h) ensure that the Company's income is applied in accordance with English law and the Articles of Association.

In relation to the duties of the Depositary regarding custody as referred to at paragraph (a) above, in respect of financial instruments which can be held in custody, (except to the extent that the Depositary has contractually transferred liability to a delegate in accordance with AIFMD) the Depositary is liable to the Company or the shareholders for any loss of such financial instruments held by the Depositary or any delegate.

In relation to all the other duties of the Depositary as referred to at paragraphs (b) - (h), the Depositary is liable to the Company or the shareholders for all other losses suffered by it or them as a result of negligent or intentional failure to properly fulfil such obligations.

The custody of the Company's assets has been delegated to J.P. Morgan Securities LLC the Company's Custodian and Prime Broker in accordance with AIFMD rules The Custodian and Prime Broker has further been authorised by the Depositary to delegate custody of the Company's assets to its sub-custodians in accordance with the AIFMD rules.

Liability of the Depositary and the Custodian and Prime Broker

The Depositary has entered into an arrangement to contractually discharge itself of liability for the loss of financial instruments in accordance with Article 21(13) of the AIFMD with the Custodian and Prime Broker and the Company and in accordance with Article 21(14) of the AIFMD with the Company.

Fees

The Depositary receives 1.75 basis points (0.0175%) up to £150,000,000 of the value of assets held by the Depositary, 1.50 basis points (0.015%) from £150,000,000 to £300,000,000, 1.00 basis point (0.01%) from £300,000,000 to £500,000,000, and 0.5 basis points (0.005%) of the value of assets held by the Depositary or a minimum of £40,000 per annum. The fees for the delegated custody component of the Depositary's role are dependent on the value of assets under management and the number and nature of transactions undertaken by the Company.

In accordance with the AIFM Rules, the AIFM will inform investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability. The AIFM will also inform investors without delay of any changes with respect to depositary liability.

The Custodian and Prime Broker

J.P. Morgan Securities LLC

The services provided by J.P. Morgan Securities LLC as Custodian and Prime Broker to the Company include:

- a) safe-keeping of the assets of the Company that can be held in custody (including book entry securities);

b) the processing of transactions on behalf of the Company and

c) the provision to the Company of a loan facility which is repayable on demand. Up to 140% of the value of the outstanding loan can be taken as collateral by the Custodian and Prime Broker. Such assets may be used by the Custodian and Prime Broker and such use may include their being loaned, sold, rehypothecated or transferred by the Custodian and Prime Broker.

The AIFM does not consider that any conflicts of interest arise from the appointment of the Custodian and Prime Broker.

The Custodian and Prime Broker is liable for the loss of Financial Instruments, the custody of which has been delegated to it by the Depositary.

The Auditor

Ernst & Young LLP.

Provides audit-related services to the Company.

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss as well as confirming that the Company accounts have been prepared in accordance with the Company's Articles of Association. The Auditor is also required to report by exception if there are certain matters on which they are not satisfied, including if adequate accounting records have not been kept by the Company or it has not received all the information and explanations required in order to carry out the audit.

Fees

Details of the fees paid to the Auditor can be found the Company's latest Annual Report and Accounts published on the Company's website which can be accessed at www.biotechgt.com.

The Registrar

Link Asset Services

The Registrar maintains the Company's register of members.

Fees

Details of the fees paid to the Registrar can be found the Company's latest Annual Report and Accounts published on the Company's website which can be accessed at www.biotechgt.com.

Other fees, charges and expenses

Additional fees payable by the Company to those set out above include; legal fees, broker commissions, directors' fees, professional services fees and expected expenses. Details can be found the Company's latest Annual Report and Accounts published on the Company's website which can be accessed at www.biotechgt.com.

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Ordinary Shares.

<p>SHAREHOLDER INFORMATION</p>

<p>Annual Reports and Accounts</p>

<p>Copies of the Company's latest annual and half year reports may be accessed on the Company's website: www.biotechgt.com.</p>
--

<p>Publication of Net Asset Values</p>

<p>The latest unaudited Net Asset Value per Ordinary Share of the Company may be accessed on the Company's website: www.biotechgt.com</p>
--

<p>Valuation Policy</p>

<p>The Company's portfolio of assets will be valued on each Dealing Day (a day on which the London Stock Exchange and banks in England and Wales are normally open for business). All instructions to issue or cancel Ordinary Shares given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).</p>
--

<p>The valuation will be based on the following:</p>
--

- | |
|--|
| <p>(a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.</p> |
| <p>(b) All transferable securities will be valued at fair value:</p> <ul style="list-style-type: none"> (i) fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted; and (ii) unquoted investments are valued by the Directors using primary valuation techniques such as discounted multiple of revenue. |
| <p>(c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price (see below).</p> |
| <p>(d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.</p> |
| <p>(e) Added to the valuation will be:</p> <ul style="list-style-type: none"> (i) any accrued and anticipated tax repayments of the Company; (ii) any money due to the Company because of Ordinary Shares issued prior to the relevant Dealing Day; (iii) income due and attributed to the Company but not received; and (iv) any other credit of the Company due to be received by the Company. |

<p>Amounts which are de minimis may be omitted from the valuation.</p>
--

- | |
|---|
| <p>(f) Deducted from the valuation will be:</p> <ul style="list-style-type: none"> (i) any anticipated tax liabilities of the Company; (ii) any money due to be paid out by the Company because of Ordinary Shares bought back by the Company prior to the valuation; (iii) the principal amount and any accrued but unpaid interest on any borrowings; and (iv) any other liabilities of the Company, with periodic items accruing on a daily basis. |
|---|

<p>Amounts which are de minimis may be omitted from the valuation.</p>
--

<p>Where the Company trades in investments where prices are not available on an exchange, quotations from brokers are utilised as follows:</p>
--

- (i) where possible at least two quotations will be obtained; and
- (ii) the quotations should come from active participants in the market

Where only one quotation can be obtained the valuation will be considered in conjunction with other market-based observations such as comparable sources.

Valuations of Net Asset Value per Ordinary Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a Regulatory Information Service.

Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts and monthly factsheets, which are available on the Company's website: www.biotechgt.com.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

Purchases and sales of Ordinary Shares by investors

The Company's shares are admitted to the premium segment of the Official List of the FCA and to trading on the premium segment of the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.

New Ordinary Shares may be issued only at a premium to Net Asset Value, at the Board's discretion. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

All communications in connection with the purchase of Ordinary Shares will be in English. A foreign judgement obtained in an EU member state may be recognised and enforced in England pursuant to Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. A judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004 may also be recognised and enforced in England.

Fair treatment of investors

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the AIFM Rules relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of shareholders are not placed above the interests of any other group of shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and shareholders;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of shareholders; and
- recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. In addition, as its shares are admitted to the Official List, the Company is required to comply with, among other things, the FCA's Listing Rules, the Prospective Directive, the Disclosure and Transparency Rules, the Market Abuse Regulation and the Takeover Code, all of which operate to ensure a fair treatment of investors.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

As at the date of this document, no investor has obtained preferential treatment or the right to obtain preferential treatment.

The Company's shares rank *Pari Passu*.

RISK FACTORS

Existing and prospective investors should consider carefully the following risk factors. If any of the risks described below were to occur, it could have a material effect on the Company's business or financial condition or the results of its operations. Additional risks not currently known to the Company, or that the Company currently believes are not material, may also adversely affect its business, its financial condition and the results of its operations. The value of the Company's shares could go down due to any of these risk factors, and investors could lose part or all of their investment.

1. Objective and Strategy

The Company becomes unattractive to investors.

The Board reviews regularly the Company's investment objective and investment guidelines in the light of investor sentiment monitoring closely whether the Company should continue in its present form. The Board also considers the size of the Company to ensure that it is at an optimum level. The Board, through the AIFM and the Portfolio Manager, holds regular discussions with major shareholders. A continuation vote is held at the Annual General Meeting every five years; the next such vote will be held in 2020. Each month the Board receives a report which monitors the investments held in the portfolio compared against the benchmark index and the investment guidelines. Additional reports and presentations are regularly presented to investors by the Company's AIFM, Portfolio Manager.

2. Level of discount/premium

The risk of the Company's share price not being representative of its underlying net assets.

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share issuance and buy-backs, if considered appropriate. The Board has an active discount management policy in place, buying back the Company's shares to hold in treasury or for cancellation if the market price is at a discount greater than 6% to the net asset value per share. The making and timing of any share issuance or buy-backs is at the absolute discretion of the Board.

Shareholders should note, however, that it remains possible for the share price discount to the net asset value per share to be greater than 6% on any one day. This is due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as healthcare is another factor over which the Board has no control.

3. Portfolio Performance

Investment performance may not be meeting shareholder requirements.

The Board reviews regularly investment performance against the benchmark and against the Company's peer group. The Board also receives regular reports that show an analysis of performance compared to other relevant indices. The Portfolio Manager provides an explanation of significant stock selection decisions and an overall rationale for the make-up of the portfolio. The Portfolio Manager discusses current and potential investment holdings with the Board on a regular basis.

4. Portfolio Management Key Person Risk

The risk that the individual(s) responsible for managing the Company's portfolio may leave their employment or may be prevented from undertaking their duties.

The Board manage this risk by:

Appointing the Portfolio Manager, who operate a team environment such that the loss of any individual should not impact on service levels;

Receiving reports from the Portfolio Manager at each Board meeting, such report includes any significant changes in the make-up of the team supporting the Company;

Meeting the wider team, outside the designated lead manager, at the Portfolio Manager's offices and encouraging the participation of the wider OrbiMed team in investor updates; and

Delegating to the Management Engagement Committee, responsibility to perform an annual review of service received from the Portfolio Manager, including, inter alia, the team supporting the lead manager and succession planning.

5. Operational and Regulatory

A breach of Sections 1158 and 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains, whilst a serious breach of other regulatory rules (including those associated with the AIFMD) may lead to suspension from the Stock Exchange or to a qualified Audit Report. Other control failures, either by the AIFM, the Portfolio Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

All transactions and income and expenditure forecasts are reviewed by the Board at each Board Meeting. The Board considers regularly all major risks, the measures in place to control them and the possibility of any other risks that could arise. The Board also ensures that satisfactory assurances are received from service providers. The Audit Committee has reviewed the cyber security policies for the Company's principal service providers. The Compliance Officer of the AIFM and Portfolio Manager produce regular reports for review at the Company's Audit and Management Engagement Committee meetings and are available to attend such meetings in person if required.

6. Market Price Risks

Uncertainty about future prices of financial instruments held.

The Portfolio Manager has responsibility for selecting investments in accordance with the Company's investment objective and seeks to ensure that investment in individual stocks falls within acceptable risk levels. Compliance with the limits and guidelines contained in the Company's investment policy is monitored daily by Frostrow and OrbiMed and reported to the Board monthly.

7. Liquidity Risk

Ability to meet funding requirements when they arise. The Portfolio Manager has constructed the portfolio so that funds can be raised at short notice if required. Please see the Company's latest annual report for further information on the make-up of the portfolio.

8. Shareholder Profile

The AIFM provides a shareholder analysis at every Board Meeting so that the Board can give consideration as to any action required; this is in addition to regular reporting by the Company's Stockbroker. The Board has implemented an active discount management policy.

9. Currency Risk

Movements in exchange rates could adversely affect the performance of the portfolio.

A significant proportion of the Company's assets is, and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's position with regard to currency fluctuations which is that it does not currently hedge against currency exposure.

10. Loan Facility

The provider of the Company's loan facility may no longer be prepared to lend to the Company.

The Board, the AIFM and the Portfolio Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion.

The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by J.P. Morgan Securities LLC (see Credit Risk below).

11. Credit Risk

The Company is exposed to credit risk arising from the use of counterparties. If a counterparty were to fail, the Company could be adversely affected through either a delay in settlement or a loss of assets.

The most significant counterparty the Company is exposed to is J.P. Morgan Securities LLC (the Company's Custodian and Prime Broker) which is responsible for the safekeeping of the Company's assets and provides the loan facility to the Company. As part of the arrangements with J.P. Morgan Securities LLC they may take assets, up to 140% of the value of the drawn loan facility, as collateral. Such assets taken as collateral by J.P. Morgan Securities LLC may be used, loaned, sold, rehypothecated or transferred. Any of the Company's assets taken as collateral are not covered by the custody arrangements provided by J.P. Morgan Securities LLC.

J.P. Morgan Securities LLC is a registered broker-dealer and is accordingly subject to limits on rehypothecation, in particular limitations set out in U.S. Securities and Exchange Commission Rule 15c3-3. In the event of J.P. Morgan Securities LLC's insolvency, the Company may be unable to recover in full assets held by the J.P. Morgan Securities LLC as Custodian or held as collateral.

This risk is managed through the selection of a financially strong counterparty, through limitations on the use of gearing and through reliance on a robust regulatory regime (SEC). In addition, the Board regularly monitors the credit rating of J.P. Morgan Securities LLC.

J.P. Morgan Securities LLC is also subject to regular monitoring by J.P. Morgan Europe Limited, the Company's Depositary, and the Board receives regular reports from J.P. Morgan Europe Limited.

Further information on the financial instruments and risk, as required by IFRS 7, can be found in note 13 to the financial statements within the Company's latest annual report.

Impact of Brexit

The Board has considered whether Brexit poses a discrete risk to the Company. At the date of this report, there was still considerable uncertainty around both the process and the effects of Brexit and therefore the analysis at this stage is necessarily general.

As the Company is priced in sterling and the Company's portfolio companies are priced in foreign currencies sharp movements in exchange rates can affect the net asset value.

Furthermore, whilst the Company's current shareholders are predominantly UK based, sharp or unexpected changes in investor sentiment, or tax or regulatory changes, could lead to short term selling pressure on the Company's shares which potentially could lead to the share price discount widening.

Overall, however, the Board believes that over the longer term, Brexit is unlikely to affect the Company's business model or whether the Company's shares trade at a premium or discount to the net asset value per share. The Board will continue to monitor developments as they occur.

RISK MANAGEMENT

Risk profile

In accordance with the AIFM Rules, the AIFM will ensure that the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks in relation to the Company's portfolio is published in the Company's annual report and audited accounts, which can be found on the Company's website www.biotechqt.com.

Risk management systems

The AIFM has established risk management systems in order to manage key risks. Further details regarding the risk management process is available from the AIFM, on request.

Liquidity risk management

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. shareholders have no right to redeem their Ordinary Shares from the Company but may trade their Ordinary Shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Ordinary Shares.

Further details regarding the liquidity management is available from the AIFM, on request.

In accordance with the AIFM Rules, the AIFM will ensure that the following information in relation to the Company's portfolio is published in the Company's annual report and audited accounts, which can be found on the Company's website www.biotechqt.com:

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company; and
- the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks.

Professional negligence liability risks

The AIFM maintains professional indemnity insurance at the level required under the AIFM Rules in order to cover potential liability risks arising from professional negligence.