

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu



Richard Klemm

Information as at 31 May 2019

www.biotechgt.com

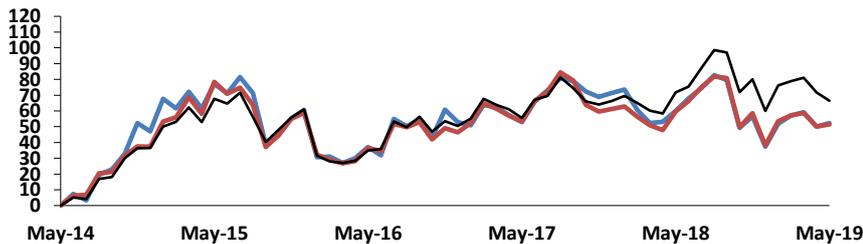
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Investment Objective and Benchmark Index

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) +66.5%

Share Price (total return) +52.3%

Net Asset Value per share (total return) +51.7%

Source: Morningstar, Index - Bloomberg.

Commentary

In May, the NAV per share was up 1.0%, the share price was up 1.5% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 3.0%.

Following a strong first quarter, healthcare and biotechnology were weak in May, in tandem with weakness in the general markets. As political headlines continue drug pricing and rebate reform, we continue to see broad legislation such as Medicare for All as unlikely to be implemented in the near-term. We regard rebate reform (i.e. transferring drug discounts from payors to the consumer at the point of sale) as the most likely drug pricing policy to be implemented in 2020. This measure is supported by the drug industry, as it will lower out-of-pocket costs for consumers, and will not negatively impact biotech. Political focus on generic drug price fixing and opioid sales practices also dominated headlines during the month and weighed on sentiment for the healthcare sector overall, though these issues do not directly pertain to biotech. We continue to believe political rhetoric on drug pricing will not ultimately lead to any substantive changes that will negatively affect the biotech sector.

Neurocrine, Athenex and MeiraGTx were the top positive contributors to performance during the month. Neurocrine shares were strong as the stock rebounded from a seasonally weak first quarter earnings report and investor speculation continued regarding the company's attractiveness as an acquisition target. Athenex shares outperformed following a private placement, in which the Company participated. We continue to view their upcoming Phase 3 trial of Oraxol (oral paclitaxel) in metastatic breast cancer as likely to succeed, which should lead to further stock appreciation. Shares of MeiraGTx continued to be strong following release of initial top-line data from the company's first inherited retinal disease gene therapy program in RPE65 deficiency, showing improvements in visual function and mobility in both pediatric and adult patients. We see this initial data as de-risking for the company's broader inherited retinal disease gene therapy platform, with initial data in additional indications anticipated later in 2019.

Alexion, Puma and Regeneron were the largest negative contributors to performance during the month. Alexion shares were weak after a strong start to 2019 with many investors taking profits. We continue to see Alexion as one of the highest quality large biotech companies driven by strong underlying commercial performance and a maturing pipeline. Puma shares underperformed as sales of the company's breast cancer treatment Nerlynx fell below expectations and led investors to question the outlook for the product and path to profitability for the company. Shares in Regeneron declined due to disappointing earnings driven by high expenses; additionally, investors continue to question the competitive outlook for the company's key products, including macular degeneration treatment Eylea and atopic dermatitis treatment Dupixent. While investor sentiment has not improved on large cap biotech names like Alexion and Regeneron, we continue to believe many of the perceived risks are already overly discounted in share prices.

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.

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10 Largest Holdings at 31 May 2019 (% of total investments)

Name	Total
Vertex Pharmaceuticals	10.0
Neurocrine Biosciences	7.1
Sarepta Therapeutics	5.6
Gilead Sciences	5.1
Alexion Pharmaceuticals	5.1
Deciphera Pharmaceuticals	4.3
Amgen	4.2
Exelixis	3.9
Biogen	3.9
MeiraGTX	3.9
Total	53.1

Geographical Breakdown as at 31 May 2019 (%)

North America	85.9%
Other	6.6%
Continental Europe	5.0%
United Kingdom	1.7%
*Unquoted	0.8%
Total	100.0%

* No more than 10% of gross assets will be invested in direct unquoted investments at the time of acquisition. The Company may also invest or commit for investment a maximum of US\$15m, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by the Company's Portfolio Manager or an affiliate thereof.

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	9.7
Share Price	44.9	9.1	-4.7	12.1	-19.9	10.9
Index	42.6	17.8	-6.5	10.5	-3.8	4.1

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	May 14- May 15	May 15- May 16	May 16- May 17	May 17- May 18	May 18- May 19
NAV	78.4	-23.5	12.4	4.0	-5.0
Share Price	77.2	-22.6	11.6	4.6	-4.9
Index	67.6	-19.5	15.2	10.5	-3.0

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.

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 in 2020).

www.biotechgt.com

Fast Facts

As at 31 May 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	48,978,299 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	44
Total Net Assets (£m)	£367.6m
Market Capitalisation (£m)	£343.8m
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)	702.00
NAV (p)	750.58
(Discount) / Premium	(6.5%)

*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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