

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu



Richard Klemm

Information as at 30 April 2019

www.biotechgt.com

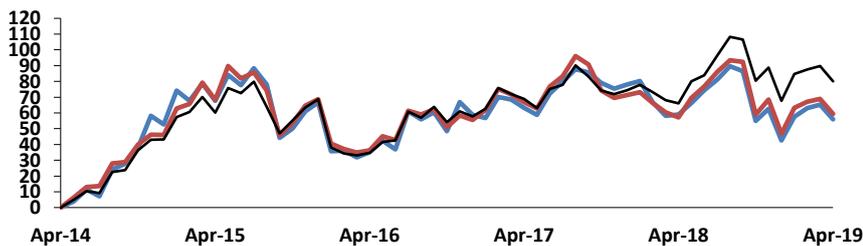
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Investment Objective and Benchmark Index

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) +80.0%

Net Asset Value per share (total return) +59.6%

Share Price (total return) +55.9%

Source: Morningstar, Index - Bloomberg.

Commentary

In April, the NAV per share was down 5.6%, the share price was down 5.7% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 5.2%.

Healthcare and biotechnology were relative underperformers compared to the broader market in April. Headwinds for the sector this month included continued investor focus on drug pricing, rebate reform and "Medicare for All" proposals from several leading Democratic presidential candidates. Medicare for All in its most extreme form is a single-payor government run healthcare system, but we believe the prospects for the passage of such a bill are highly unlikely for the following reasons: 1) Joe Biden, former Vice President in the Obama administration, is the leading candidate for the Democratic nomination. He is a centrist Democrat who is much more likely to make incremental changes to Obamacare rather than pursue Medicare for All. 2) Passage of Medicare for All would require the Democrats to sweep the Presidency, the House, and the Senate in 2020, which is highly unlikely. We believe Trump will be difficult to unseat given his natural incumbency advantage (most first-term Presidents win a second term). While we believe the Democrats will likely retain control of the House in 2020, we do not believe they will be able to gain control of the Republican-controlled Senate. A split Congress makes any transformative legislative changes improbable. 3) Medicare for All would require a large increase in taxes, which we think represents another significant political barrier. 4) Medicare for All faces significant opposition from hospitals, physician groups, insurance companies, the drug industry, and importantly, many centrist Democrats. 5) Private sector healthcare employs many U.S. citizens. A wholesale shift to government-run healthcare would cost many jobs, another politically unpalatable outcome. As has been true in the past, we believe political headlines from election year rhetoric represents more "noise" than real risk to the sector. We think the healthcare sector should generally recover as these overhangs dissipate.

MeiraGTx, CanSino Biologics and Turning Point Therapeutics were the top positive contributors to performance during the month. MeiraGTx shares outperformed as the company announced their intent to treat additional pediatric patients in their AAV-CNGB3 achromatopsia gene therapy Phase 1/2 trial, which investors believe implies signs of efficacy in initial patients. We see MeiraGTx as a leader in gene therapy given their expertise in manufacturing, wide array of clinical-stage programs and external validation from the recent Janssen collaboration. Shares of CanSino continued to be strong following their March IPO in Hong Kong. CanSino is an emerging vaccine company in China serving the private pay market. The Company also participated in the IPO of Turning Point Therapeutics in April, with shares increasing 93% during the month. We believe initial data from the company's ROS1 inhibitor repotretinib in non-small cell lung cancer are impressive and see the company as a leading oncology targeted therapy company.

Neurocrine, Vertex and Regeneron were the largest negative contributors to performance during the month. Shares of Neurocrine declined after the exclusion of its tardive dyskinesia drug Ingrezza from the formulary of a major pharmacy benefits manager, Express Scripts. While a negative headline, the exclusion affects a small percentage of patients on Ingrezza, and commercial growth of the franchise continues to be impressive. Vertex shares were weak as investors await an NDA filing for the company's triple combination treatment regimen for cystic fibrosis, delayed from 2Q19 until 3Q19. We believe Vertex continues to be one of the best quality large-cap biotech companies, with solid commercial execution and a growing pipeline to maintain future growth. Regeneron shares underperformed as investors perceived its business to be more vulnerable to drug pricing reform in the event that the government sought to lower Medicare drug prices. Additionally, investors deemed the company's large collaboration deal announced with Alnylam as expensive, given the early stage of the pipeline products.

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 30 April 2019 (% of total investments)

Name	Total
Vertex Pharmaceuticals	9.8
Alexion Pharmaceuticals	5.9
Neurocrine Biosciences	5.8
Sarepta Therapeutics	5.5
Gilead Sciences	5.1
Amgen	4.3
Deciphera Pharmaceuticals	4.2
Biogen	4.0
Illumina	3.8
Exelixis	3.6
Total	52.0

Geographical Breakdown as at 30 April 2019 (%)

North America	84.8%
Other	7.8%
Continental Europe	4.9%
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.

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	8.6
Share Price	44.9	9.1	-4.7	12.1	-19.9	9.3
Index	42.6	17.8	-6.5	10.5	-3.8	7.3

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Apr 14- Apr 15	Apr 15- Apr 16	Apr 16- Apr 17	Apr 17- Apr 18	Apr 18- Apr 19
NAV	68.2	-18.9	22.6	-5.8	1.4
Share Price	67.8	-19.5	20.9	-2.6	-2.0
Index	60.2	-15.9	25.4	-1.7	8.4

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).

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Fast Facts

As at 30 April 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 <u>plus</u> 0.30% of market cap. <u>plus</u> £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	50,013,928 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	46
Total Net Assets (£m)	£371.7m
Market Capitalisation (£m)	£346.1m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	4.8%
Leverage**	
Gross & Commitment	104.8%
Share Price (p)	692.00
NAV (p)	743.11
(Discount) / Premium	(6.9%)

*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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