

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu



Richard Klemm

Information as at 30 June 2019

www.biotechgt.com

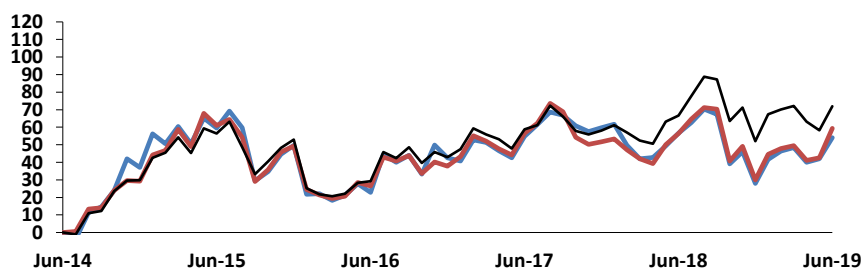
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Investment Objective and Benchmark Index

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) +71.9%

Net Asset Value per share (total return) +59.7%

Share Price (total return) +54.1%

Source: Morningstar, Index - Bloomberg.

Commentary

In June, the NAV per share was up 11.9%, the share price was up 8.6% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 8.6%.

Biotechnology and the broader markets were strong in June after a period of weakness in May. During the month, the U.S. Federal Reserve left rates unchanged, but its statement was interpreted as increasing the odds of rate cuts in the future. Political headlines dominated macro news flow during June, particularly around continued threats of a U.S./China trade war, tariffs and the first U.S. Democratic Party Presidential debates at month end. While healthcare remains a topic of focus for many Democratic candidates, we continue to see actionable policy changes such as "Medicare for All" or international reference pricing as unlikely.

New biotechnology IPOs continued through June, with the Company participating in the IPO of Stoke Therapeutics, an early-stage RNA modification company, as well as the IPO of Adaptive Biotechnologies, a next-generation sequencing company. Shares of Stoke and Adaptive have appreciated 50% and 85% since their respective IPOs. June also saw an uptick in M&A activity, notably with the acquisition of targeted oncology drug developer Array by Pfizer, and the mega-merger of pharmaceutical companies AbbVie and Allergan. While many large cap biopharma companies remain at historic lows, we continue to view targeted oncology and gene therapy as the most exciting growth areas for potential acquirors.

Sarepta, Athenex and Vertex were the top positive contributors to performance during the month. Sarepta shares were strong as a competitor in the Duchenne muscular dystrophy (DMD) gene therapy field showed underwhelming data compared to initial data from Sarepta's SRP-9001. We continue to view SRP-9001 as the best-in-class gene therapy for DMD, and see promise in Sarepta's extensive gene therapy pipeline. Athenex shares outperformed as a key bear argument against the company's oral chemotherapy approach, suggesting their dosing strategy could lead to subpar response rates in cancer, was disproven. We continue to view their upcoming Phase 3 trial of Oraxol (oral paclitaxel) in metastatic breast cancer as likely to succeed. Vertex shares appreciated after the company announced expanded efforts to develop gene editing candidates in neuromuscular diseases. While Vertex's commercial portfolio of cystic fibrosis treatments has been the primary focus of investors, attention has shifted to the company's earlier-stage pipeline, where we see programs in gene editing and alpha-1 antitrypsin deficiency as particularly promising.

Genfit, Dynavax and Menlo were the largest negative contributors to performance during the month. Genfit shares were weak after a competitor product with a similar mechanism of action to the company's elafibranor, failed to show a robust clinical effect in a Phase 2 trial in nonalcoholic steatohepatitis (NASH). Following the publication of this data, investors grew more skeptical that elafibranor could show positive data in its upcoming Phase 3 study. Dynavax shares underperformed as the company announced a corporate restructuring and the de-prioritization of its oncology pipeline product, SD-101, to focus on the commercial execution for its hepatitis B vaccine Hepelisav. We remain positive on the commercial prospects for Hepelisav. Shares of Menlo declined as investors expect the company to finance in the near-term. We continue to expect positive results from the Phase 2 and 3 trials of serlopitant in pruritis, expected in 2020.

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 June 2019 (% of total investments)

Name	Total
Vertex Pharmaceuticals	9.9
Sarepta Therapeutics	6.6
Neurocrine Biosciences	6.3
Alexion Pharmaceuticals	5.2
Gilead Sciences	5.0
Athenex	4.8
MeiraGTx	4.2
Illumina	4.1
Amgen	4.1
Deciphera Pharmaceuticals	3.8
Total	54.0

Geographical Breakdown as at 30 June 2019 (%)

North America	83.9%
Other	8.9%
Continental Europe	4.8%
United Kingdom	1.7%
*Unquoted	0.7%
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	22.7
Share Price	44.9	9.1	-4.7	12.1	-19.9	20.4
Index	42.6	17.8	-6.5	10.5	-3.8	13.1

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jun 14- Jun 15	Jun 15- Jun 16	Jun 16- Jun 17	Jun 17- Jun 18	Jun 18- Jun 19
NAV	61.0	-21.4	24.1	-0.1	1.9
Share Price	59.6	-23.0	25.9	1.2	-1.6
Index	56.5	-17.4	22.9	4.9	3.2

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 June 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	48,194,507 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	47
Total Net Assets (£m)	£404.6m
Market Capitalisation (£m)	£367.2m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	6.2%
Leverage**	
Gross & Commitment	106.2%
Share Price (p)	762.00
NAV (p)	839.53
(Discount) / Premium	(9.2%)

*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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