

The Biotech Growth Trust PLC



Portfolio Manager



Richard Klemm

Geoffrey Hsu

Information as at 30 September 2018

www.biotechgt.com

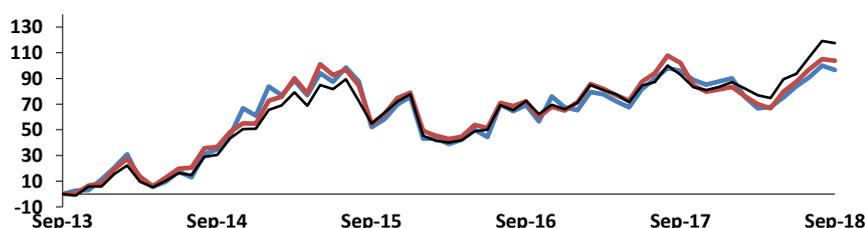
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Investment Objective and Benchmark Index

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) +117.4%

Net Asset Value per share (total return) +104.0%

Share Price (total return) +96.7%

Source: Morningstar, Index - Bloomberg.

Commentary

In September, the NAV per share was down 0.5%, the share price was down 1.7% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 0.8%.

Biotechnology was weak in September, with investors appearing to adopt a risk-off mentality moving into the Q3 earnings season and year end. Stock reactions to positive updates in emerging biotechnology were largely muted, while large cap companies have steadily continued to appreciate from their historic low valuations. The sector remains on pace for a record number of IPOs during 2018 after a brief lull over the summer months, with seven biotechnology IPOs launched in the month of September.

AVROBIO, GW Pharmaceuticals and Sarepta were the top positive contributors to performance during the month. AVRO shares appreciated due to investor anticipation of the release of additional data from the company's gene therapy program AVR-RD-01 for Fabry disease, which demonstrated encouraging early data in prior releases. Shares of GW outperformed following US DEA rescheduling of its epilepsy treatment Epidiolex to the lowest restriction classification, Schedule V; this was viewed by investors as a best-case scenario to enable future patient access. Shares of Sarepta were strong due to continued enthusiasm for the company's Duchenne muscular dystrophy gene therapy program and anticipation of additional data releases from the program at an upcoming medical conference.

CRISPR Therapeutics, Global Blood Therapeutics and Spectrum Pharmaceuticals were the largest negative contributors to performance during the month. CRISPR shares underperformed due to an unfavourable intellectual property patent ruling against the company's gene editing technology platform and increased perceived risk following a secondary offering ahead of first data from the company's beta thalassemia gene editing trial. Global Blood shares were weak during the month ahead of a planned regulatory update for the company's sickle cell disease treatment voxelotor. Investors continue to debate the approvability of voxelotor based on an unproven biomarker, rather than on a traditional vaso-occlusive crisis functional endpoint. Shares of Spectrum underperformed after the company updated data from its lung cancer drug poziotinib, showing lower response rates than originally reported in earlier data. We continue to believe poziotinib is approvable in patients with an exon 20 mutation in EGFR or HER2.

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Biographies

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.

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.

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 Capital LLC 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 September 2018 (% of total investments)

Name	Total
Celgene	8.6
Biogen	8.2
Vertex Pharmaceuticals	7.6
Alexion Pharmaceuticals	7.1
Illumina	6.4
Sarepta Therapeutics	5.9
Amgen	4.5
Gilead Sciences	4.0
Regeneron Pharmaceuticals	3.8
Deciphera Pharmaceuticals	3.0
Total	59.1

Sector Breakdown as at 30 September 2018 (%)

North America	86.7%
Continental Europe	10.1%
Other	2.3%
United Kingdom	0.5%
Unquoted	0.4%
Total	100.0%

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth 12 Month Return	2013	2014	2015	2016	2017	YTD
NAV	63.5	43.1	15.6	-7.6	9.9	12.3
Share Price	60.1	44.9	9.1	-4.7	12.1	4.8
Index	62.4	42.6	17.8	-6.5	10.5	18.5

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Sep 13- Sep 14	Sep 14- Sep 15	Sep 15- Sep 16	Sep 16- Sep 17	Sep 17- Sep 18
NAV	36.6	13.3	11.3	17.4	0.9
Share Price	34.7	12.9	11.3	15.9	0.4
Index	30.3	18.8	11.4	11.7	12.8

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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 2020).

This financial promotion is issued by Frostrow Capital LLP which is authorised and regulated by the Financial Conduct Authority ("FCA").

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Fast Facts

As at 30 September 2018

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	54,444,317 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	45
Total Net Assets (£m)	£487.8m
Market Capitalisation (£m)	£450.8m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	10.3%
Leverage**	
Gross & Commitment	110.3%
Share Price (p)	828.00
NAV (p)	895.87
(Discount) / Premium	(7.6%)

*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 Intermediaries Identification Number (GIIN)	U1MQ70.99999.SL.826
Bloomberg	BIOG LN
Epic	BIOG

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