

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu

Information as at 31 October 2020

www.biotechgt.com

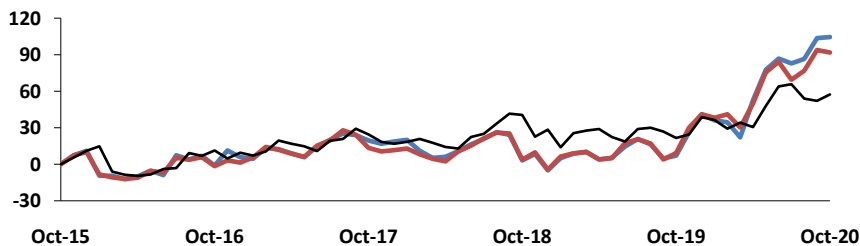
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Investment Objective and Benchmark Index

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.



Net Asset Value per share (total return) +91.9%

Share Price (total return) +104.5%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +43.4%

Source: Morningstar, Index - Bloomberg.

Commentary

In October, the NAV per share was down 1.1%, the share price was up 0.4% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was down 4.0%.

Biotechnology underperformed the weak broader markets in October. Much of the pullback in the markets was attributed to continuing concerns over the drastic rise in global COVID-19 cases, as well as de-risking ahead of the U.S. Presidential election in November despite largely strong Q3 earnings reports. While many territories appeared to have controlled the spread of COVID-19 over the summer, re-opening activities across several U.S. states and European countries have largely been stalled or reversed after a dramatic increase in cases during the autumn. Given the clear complexities of re-opening, we continue to see large-scale vaccination as key for a return to normalcy and continue to expect Phase 3 data from multiple vaccine candidates in the near-term to justify emergency use authorization prior to year-end.

In October, investors remained focused on the U.S. Presidential election, with former Vice President Joe Biden maintaining his lead in the polls over incumbent President Donald Trump. Investor concerns centered around a potential Democratic sweep of Congress in addition to the Presidency, leading to some fears over the potential for healthcare reform with the new administration. We continue to see aggressive drug pricing legislation as unlikely to be implemented in the near term, and reiterate our view that many of these concerns are already reflected in current share prices, as healthcare continues to trade at discounted valuations versus the S&P 500. Given stalled negotiations in Congress, it remains highly unlikely an additional COVID-19 stimulus package will be passed in the near-term.

Keros Therapeutics, Burning Rock and Mirati Therapeutics were the top positive contributors to performance during the month. Keros shares were strong due to strong sales of Bristol Myers Squibb's anemia drug Rebzozyl, a drug in the same class as Keros' lead compound. Burning Rock shares appreciated in anticipation of 3Q earnings. Mirati shares were strong in anticipation of Phase 1/2 data for their KRAS inhibitor MRTX849 at the EORTC-NCI-AACR conference.

Vertex, Forte Biosciences and Biogen were the largest negative contributors to performance during the month. Vertex shares were weak following the discontinuation of the Phase 1/2 VX-814 program in alpha-1 antitrypsin deficiency, which investors considered the company's most promising pipeline asset. At current levels, we believe very little pipeline value is reflected in Vertex shares, and see the company's commercial execution in cystic fibrosis as very strong. Forte Biosciences shares underperformed as investors raised financing concerns. Shares of Biogen declined as investors de-risked in advance of the November FDA Advisory Committee meeting for aducanumab in Alzheimer's Disease. Investor skepticism grew into the panel, given the mixed clinical data produced to date from the aducanumab trials.

Biography

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 80 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 OrbiMed or any affiliate. 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 / Premium 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 the ex income NAV per share at which the shares trade to no more than 6%. Shares bought back will be cancelled. In order to help prevent the share price trading at a significant premium to the NAV per share, the Company has the authority to issue new shares at a 1% premium to the cum income NAV per share.

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 31 October 2020 (% of total investments)

Name	Total
Alexion Pharmaceuticals	5.1
Horizon Therapeutics	4.6
Neurocrine Biosciences	4.4
Biogen	3.6
Turning Point Therapeutics	3.6
Burning Rock Biotech	3.5
Forte Biosciences *	3.3
Keros Therapeutics	3.0
Vertex Pharmaceuticals	2.8
Acceleron Pharma	2.7
Total	36.6

*includes warrants

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Fast Facts

As at 31 October 2020

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	2025 AGM and every 5th AGM thereafter
Year / Half Year	31 March / 30 September
Capital Structure	40,099,769 Ordinary Shares of 25p

Geographical Breakdown as at 31 October 2020 (%)

North America	77.0%
China	8.5%
Continental Europe	7.8%
*Unquoteds	6.2%
United Kingdom	0.5%
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 OrbiMed or an affiliate thereof. Of the 6.2% unquoted investments, 4.0% is classified as North America, 1.8% as China, and 0.4% as Asia.

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth	2015	2016	2017	2018	2019	YTD
NAV	15.6	-7.6	9.9	-14.3	47.4	35.9
Share Price	9.1	-4.7	12.1	-19.9	48.5	44.9
Benchmark	17.8	-6.5	10.5	-3.8	19.6	10.9

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Oct 15- Oct 16	Oct 16- Oct 17	Oct 17- Oct 18	Oct 18- Oct 19	Oct 19- Oct 20
NAV	-1.5	15.3	-8.7	5.3	75.7
Share Price	-1.1	20.6	-13.5	3.8	90.8
Index	-0.6	13.0	3.6	1.4	21.6

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 2025).

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

Trust Characteristics

Number of Holdings	77
Total Net Assets (£m)	£549.5m
Market Capitalisation (£m)	£546.2m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	8.2%
Leverage	
Gross & Commitment**	108.2%
Share Price (p)	1362.00
NAV (p)	1370.33
(Discount) / Premium	(0.6%)

*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 Intermediary Identification Number (GIIN)	U1MQ70.99999.SL.826
Bloomberg	BIOG LN
EPIC	BIOG

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