

The Biotech Growth Trust PLC



Portfolio Manager



Geoffrey Hsu

Information as at 31 January 2021

www.biotechgt.com

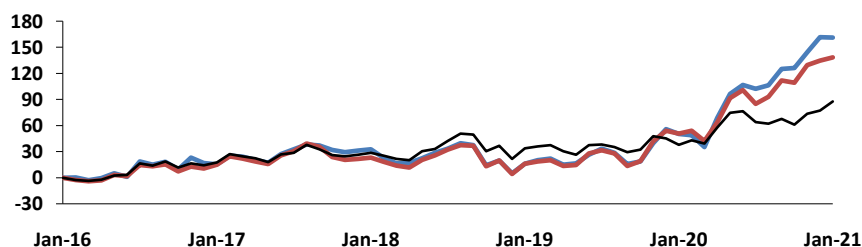
[@BiotechGT](https://twitter.com/BiotechGT)

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) +138.5%

Share Price (total return) +161.2%

Benchmark: NASDAQ Biotechnology Index (sterling adjusted) +87.6%

Source: Morningstar, Index - Bloomberg.

Commentary

In January, the NAV per share was up 1.6%, the share price was down 0.1% and the benchmark NASDAQ Biotechnology Index (sterling adjusted) was up 5.8%.

Both biotechnology and the broader markets had a strong start to 2021. Much of the performance in January however, was due to short squeezes orchestrated by retail investors using options trading en masse to artificially inflate the prices of select stocks with high short interest, such as GameStop and AMC Entertainment. The drastic and erratic trading in these and related stocks made January a particularly difficult month for institutional investors despite many of the major indices increasing during the month. While retail trading has become a clear driver of the market, we continue to believe fundamentals will ultimately prevail over short-term trading dynamics.

Following the Emergency Use Authorizations (EUs) for Pfizer/BioNTech and Moderna in the U.S., the rollout of the COVID-19 vaccines remains slow but steady, with newly-inaugurated President Joe Biden targeting 100 million doses administered in his first 100 days of office. In January, both Johnson & Johnson and Novavax released data from their respective Phase 3 trials of their own COVID-19 vaccines, with strong efficacy shown in both trials. We would expect potential EUs for both vaccines during the first quarter to further improve vaccine rollout and potentially shorten timelines to vaccinate the broader population. More recently, much attention has been paid to the spread of new variants of SARS-CoV-2, including the U.K. and South Africa variants, with the latter shown to be less susceptible to immunity from vaccines and antibody therapeutics. While our understanding of the SARS-CoV-2 virus continues to evolve over time, we currently expect periodic booster shots will be required to maintain protection against the virus and potential new variants. We note several companies have announced plans to develop a variant-specific vaccine.

Gracell, Arcturus and Burning Rock were the largest positive contributors to performance during the month. Gracell shares outperformed after the company's initial public offering. We see Gracell's technology as potentially disruptive in cell therapy. Shares of Arcturus were strong based on positive read-through from results from Johnson & Johnson's competitor COVID-19 vaccine. We expect Phase 2 data from Arcturus' vaccine to be released in the second quarter and continue to see a single-shot vaccine as a meaningful benefit over two-dose regimens currently available under EUA. Burning Rock shares appreciated despite no fundamental news.

Sarepta, PMV Therapeutics and Keros were the largest negative contributors to performance during the month. Sarepta shares were weak after the company announced disappointing results from its Phase 2 trial of SRP-9001, a gene therapy for Duchenne muscular dystrophy (DMD). While the trial showed a strong benefit of treatment in younger patients, it failed to show a treatment effect in older patients, which the company attributed to a substantial baseline imbalance in this population. We expect additional trials will be required to understand the role of SRP-9001 in DMD. Shares of PMV Therapeutics and Keros declined despite no fundamental news.

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 January 2021 (% of total investments)

Name	Total
Neurocrine Biosciences	4.1
Vertex Pharmaceuticals	3.9
Turning Point Therapeutics	3.8
Horizon Therapeutics	3.7
Alexion Pharmaceuticals	2.8
Curis	2.7
Biogen	2.5
Keros Therapeutics	2.5
Prelude Therapeutics	2.4
Amgen	2.4
Total	30.8

Geographical Breakdown as at 31 January 2021 (%)

North America	77.1%
China	12.1%
Continental Europe	7.4%
*Unquoteds	2.8%
United Kingdom	0.6%
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 2.8% unquoted investments, 1.5% is classified as North America, 1.0% as China, and 0.3% as Asia.

Source: All portfolio information sourced from Frostrow Capital LLP

Discrete Performance – Calendar Years (%)

Percentage Growth	2016	2017	2018	2019	2020	YTD
NAV	-7.6	9.9	-14.3	47.4	52.4	1.6
Share Price	-4.7	12.1	-19.9	48.5	67.7	-0.1
Benchmark	-6.5	10.5	-3.8	19.6	22.1	5.8

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jan 16- Jan 17	Jan 17- Jan 18	Jan 18- Jan 19	Jan 19- Jan 20	Jan 20- Jan 21
NAV	15.3	6.8	-5.7	29.9	58.2
Share Price	15.5	15.0	-12.5	29.4	73.7
Index	17.8	9.3	3.9	3.0	36.2

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 2025).

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

www.biotechgt.com

Fast Facts

As at 31 January 2021

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	41,024,769 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	77
Total Net Assets (£m)	£640.5m
Market Capitalisation (£m)	£645.7m
Dividend Policy	It is not anticipated that the Company will pay a dividend
Gearing (AIC basis)	4.0%
Leverage	
Gross & Commitment**	104.0%
Share Price (p)	1574.00
NAV (p)	1561.32
Premium / (Discount)	0.8%

*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

How to Contact Us

Frostrow Capital LLP
25 Southampton Buildings, London, WC2A 1AL
Tel.: 0203 0084910
Fax: 0203 0438889
Website: www.frostrow.com

Email: info@frostrow.com
Twitter: @BiotechGT

