LWM FUND SPOTLIGHT
BIOTECH GROWTH TRUST

INVESTMENT OBJECTIVE
The Biotech Growth Trust seeks capital appreciation through investment in the worldwide biotechnology industry. 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. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

INCEPTION DATE	23rd June 1997
FUND FACTSHEET	https://markets.ft.com/data/investment-trust/tearsheet/summary?s=BIOG:LSE

MANAGEMENT	
Manager Name	**Start Date**
Geoffrey C Hau	

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
-9.79	7.09	-55.52	25.00	-26.61	78	77	26.75

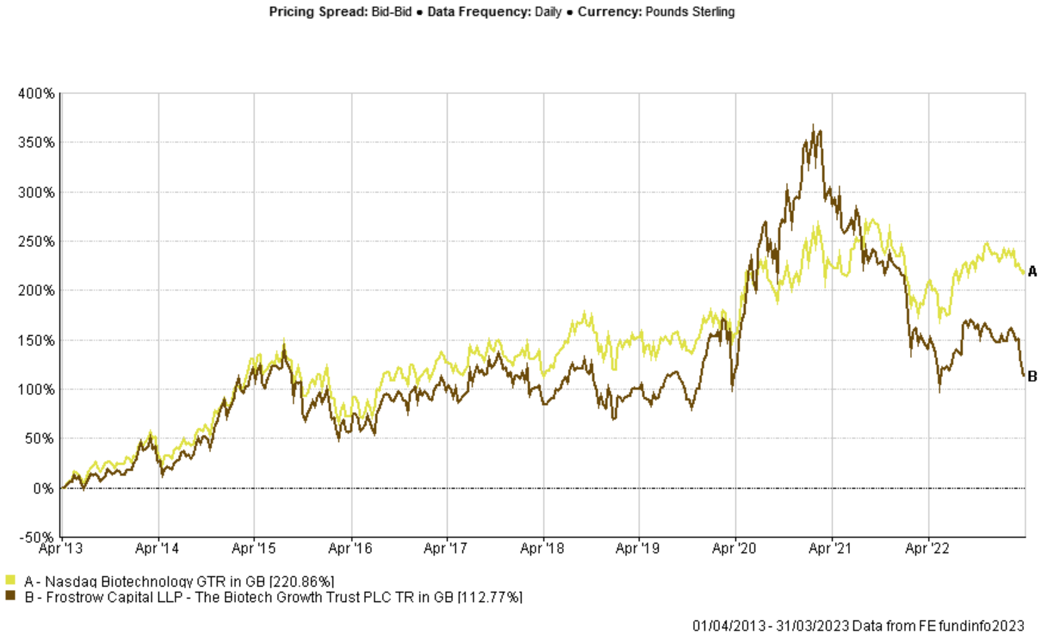
OTHER DATA

Benchmark	NASDAQ Biotechnology Index
Fund Size	£452 m
Fees	1.06%

BULL POINTS (PRO)	BEAR POINTS (CONS)
• Access to a diverse mix of biotech stocks including emerging markets. • Trust currently on a discount. • Stocks at relatively cheap valuations offering upside potential. • Managed by OrbiMed Capital, a global healthcare specialist.	• Performance is mixed. • Specialist sector. • Current focus on small cap and has exposure to unlisted stocks.

FUND PERFORMANCE

Performance from 1st April 2013 – 31st March 2023.

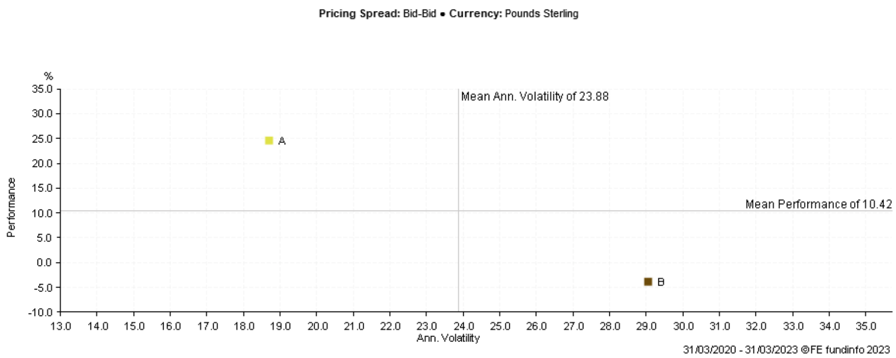


Pricing Spread: Bid-Bid • Currency: Pounds Sterling

Customise Columns	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Frostrow Capital LLP The Biotech Growth Trust PLC TR in GB	-18.57	-22.05	-24.62	67.66	48.50	-19.87	12.06	-4.73	9.14	44.87	60.14
Index Nasdaq Biotechnology GTR in GB	-3.93	1.20	0.94	22.52	20.28	-4.76	12.93	-6.18	18.24	42.77	62.89

Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

VOLATILITY / RISK SCORE



Key	Name	Performance	Annualised Volatility
A	Nasdaq Biotechnology GTR in GB	24.64	18.70
B	Frostrow Capital LLP - The Biotech Growth Trust PLC TR in GB	-3.81	29.05

REGION WEIGHTINGS

Geographical Breakdown as at 28 February 2023 (%) †

North America	79.1%
Unquoted ‡	8.8%
Continental Europe	6.0%
China (quoted)	4.8%
United Kingdom	1.3%
Total	**100.0%**

HOLDINGS

Ten Largest Holdings as at 28 February 2023 (% of total investments)

Name	Total
Biogen	5.4
Sarepta Therapeutics	5.2
BioMarin Pharmaceutical	4.9
Keros Therapeutics	4.3
Ionis Pharmaceuticals	3.9
Yisheng	3.8
Syndax Pharmaceuticals	3.8
Mersana Therapeutics	3.5
Xenon Pharmaceuticals	3.4
XtalPi	3.3
Total	**41.5**

LWM FUND ANALYSIS

This strategy provides investors with a fast-growing part of the market. The challenge for any investor is whether they are prepared to see this is a long-term investment and can ride out the volatility associated with this.

If we consider the performance below, we can see over ten years it has not been a smooth ride. The fund delivered four periods where it was up over 40% but over the last three years it has been down significantly.

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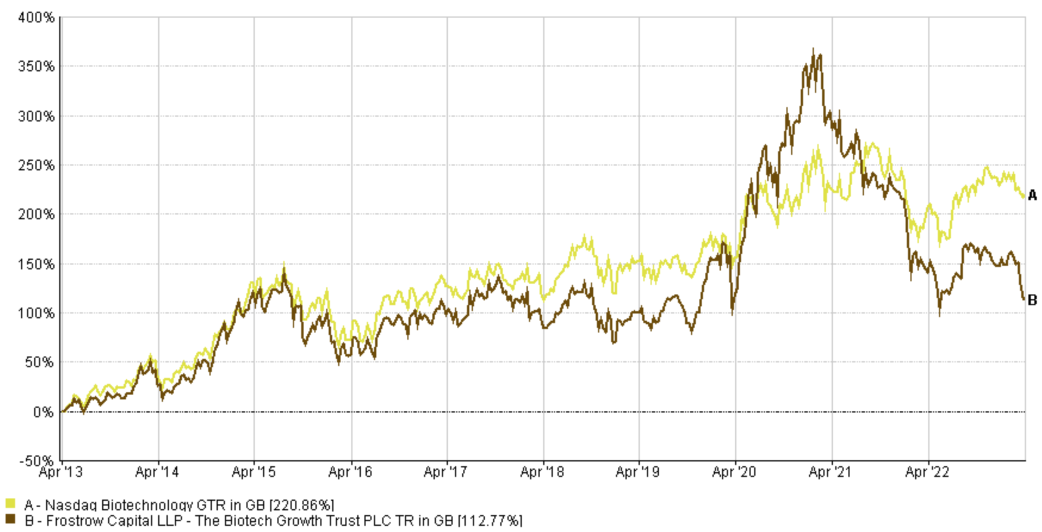
It is has however returned over 100% for investors during this period.

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



01/04/2013 - 31/03/2023 Data from FE fundinfo2023

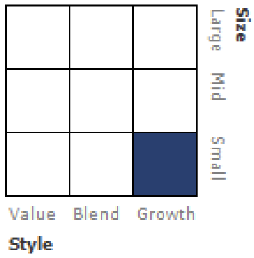
In part, some of the underperformance can likely be attributed to the focus on the smaller cap names. Also looking at the valuations, these remain elevated compared to the index. The average company has good sales growth but is not profitable. So this is operating in an environment where money supply is being squeezed.

The Biotech Growth Trust PLC BIOG

Category: Sector Equity Biotechnology

Morningstar Style Box®

Equity Style



Size

Share Class Size (mil)	- (-)
Fund Size (mil)	- (-)

Mkt Cap % — 31/12/2022

	Fund	Cat
Giant	0.00	5.23
Large	13.84	26.94
Medium	22.43	27.58
Small	23.60	34.51
Micro	40.13	5.74

Valuations and Growth Rates — 31/12/2022

	Fund	Category
Price / Earnings	29.12	17.07
Price/Book	3.34	3.41
Price/Sales	2.42	4.07
Price/Cash Flow	15.62	13.72
Dividend-Yield Factor	0.00	0.40
Long-Term Projected Earnings Growth	16.68	12.73
Historical Earnings Growth	-11.58	-0.49
Sales Growth	22.38	13.59
Cash-Flow Growth	-4.34	3.39
Book-Value Growth	7.38	11.40

The team think the worst is over and we are in a golden era of innovation, with the number of pipeline drugs significantly increasing over the past 5 years. Most of that innovation is coming from the smaller emerging biotech companies where this fund is positioned.

The fund has exposure across anti-body conjugates, gene therapy / gene editing, cell therapy, multispecific antibodies / t-cell engagers, oligonucleotide therapeutics and liquid biopsy.

Not only are these smaller companies the innovators, they are also the targets for big pharma who are finding themselves facing a "patent cliff". As they lose their exclusivity on drugs they need to find a way to plug this and therefore acquiring these innovative companies is a way to do this.

So, not only does the manager feel that the sector is cheap at a time of some of the greatest innovation, but also that they are attractively positioned to be taken over by some of the large names. There are therefore two natural drivers of returns.

Our concern remains around the performance and volatility, especially compared to the index. It doesn't feel that investors are being rewarded for that level of volatility. However, if the worst is over, and if investors want access to the market, then perhaps this is one to consider.

This however, is only one part of the market and can be volatile. Investors may consider a broader approach. Clearly the team behind this have the skill set and they have delivered in the past. Perhaps the last three years has not suited their style and if their thesis is correct then this is trading at a significant discount and therefore opportunities lie. At the same time it is worth considering that the index has significantly outperformed with lower levels of volatility and this may be an alternative way to access this part of the market.

The source of information in this note has been provided by OrbiMed Capital and is correct as of April 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.