

The Biotech Growth Trust PLC



Investment Manager



Richard Klemm

Geoffrey Hsu

www.biotechgt.com

Information as at 31 October 2011

Investment Objective and Benchmark Index

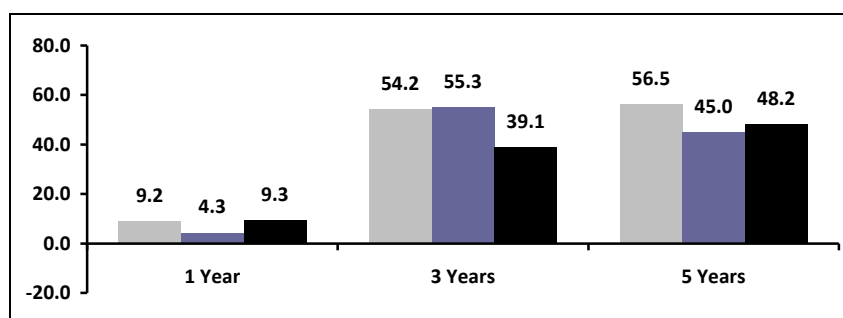
The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry, principally by investing in emerging biotechnology companies. Performance is measured against its benchmark index, the NASDAQ Biotechnology Index (sterling adjusted).

Cumulative Performance (%)

Trust: The Biotech Growth Trust PLC – NAV

Trust: The Biotech Growth Trust PLC – Share Price

Index: NASDAQ Biotechnology Index (sterling adjusted)



Discrete Performance – Calendar Years (%)

Percentage Growth	2006	2007	2008	2009	2010	YTD
NAV	-6.9	-0.6	18.2	12.8	16.8	4.8
Share Price	-6.8	-3.6	12.7	19.8	15.5	0.4
Index	-11.3	3.2	18.9	4.4	19.1	1.7

Source: Morningstar, mid-mid (share price), quoted in sterling. Past performance is not a guide to future performance.

Commentary

In October the Trust's NAV was up 1.5%, the share price was down 2.0% and the benchmark NASDAQ Biotechnology Index was up 2.1%.

Biotech stocks continued to be volatile due to macro concerns. During 2011, M&A activity has been relatively light in the sector. The acquisition of Anadys may be the beginning of a resurgence of acquisition activity, as the valuations of many of the promising emerging biotech companies are attractive. Anadys and Gilead were the top positive contributors. Anadys agreed to be acquired by Roche at a 256% premium to the prior close. The acquisition will allow Roche to combine Anadys' non-nucleotide HCV polymerase inhibitor with two of Roche's own HCV inhibitors which could produce an all-oral regimen capable of treating HCV.

Gilead reported third quarter financial results that were slightly above consensus. Pharmasset was a negative contributor due to positive competitive data announced by Abbott for a combination HCV regimen. We believe Pharmasset is well positioned with its compounds, and positive data announced for the Study of Liver Diseases reinforced the strong profile of its lead drug.

Biographies

Richard D. Klemm, Ph.D., CFA, joined OrbiMed in 2000 as a public biotechnology company analyst. He completed a Ph.D. from the Massachusetts Institute of Technology in molecular biology in 2000. Dr. Klemm 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 public biotechnology analyst. Prior to joining OrbiMed, he worked as a financial analyst in the healthcare investment banking group at Lehman Brothers. Mr. Hsu 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.

Investment Manager Profile

Investment management services are provided by OrbiMed Capital LLC (OrbiMed). OrbiMed is owned by seven principals, including Samuel D. Isaly, who have between them over fifty years experience of valuing companies in the pharmaceutical, biotechnology and healthcare sectors. The US-based company employs over 40 experienced investment professionals who carry out extensive research, which involves company visits and developing an understanding of commercial prospects and development programmes for individual drugs. The company database covers some 600 international pharmaceutical and biotechnology companies, two thirds of which are actively researched. OrbiMed Capital LLC is registered as an investment adviser under the U.S. Securities and Exchange Commission.

Investment Policy

The Company's policy is to invest in emerging biotechnology companies generally with a market cap of less than US\$3bn that have undergone an IPO but are, as yet, unprofitable. They will typically be focussed on drug research and development, with their valuations driven by profitable developments, clinical trial results and partnerships. Up to US\$15m may be invested in private equity funds managed by OrbiMed Capital LLC. The Company's investment advisory team has extensive scientific, medical, financial and operational expertise with a disciplined analytical process. They employ a bottom-up stock selection process driven by intensive proprietary research.

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%.

The Biotech Growth Trust PLC

Ten Largest Holdings at 31 October 2011(% of total investments)

Name	Total
Gilead Sciences	9.9
Pharmasset	8.4
Pharmacyclics	4.8
Onyx Pharmaceuticals	4.6
Affymetrix	4.2
Alexion Pharmaceuticals	4.2
Amgen	4.2
Life Technologies	3.9
Ariad Pharmaceuticals	3.4
Incyte Genomics	3.3
Total	50.9

Sector Breakdown as at 31 October 2011 (%)

North America	87.2%
Continental Europe	7.9%
Far East	2.6%
Unquoted	1.3%
Israel	1.0%
Total	100.0%

Source: All portfolio information sourced from Frostrow Capital LLP

Share Price Total Return on £100 (£) as at 31 October 2011

1 year	104.3
3 years	155.3
5 years	145.0

Source: Morningstar. Past performance is not a guide to future performance.

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Oct 06- Oct 07	Oct 07- Oct 08	Oct 08- Oct 09	Oct 09- Oct 10	Oct 10- Oct 11
NAV	1.2	0.3	10.1	28.4	9.2
Share Price	-2.4	-4.4	17.8	26.4	4.3
Index	0.5	6.0	1.2	25.8	9.3

Source: Morningstar, mid-mid (share price), quoted in sterling. Past performance is not a guide to future performance.

Awards

**Winner: Specialist Category
Investment Week, Investment Trust of the Year Awards 2008**

Important Information

The Biotech Growth Trust PLC (the "Company") is a UK investment trust listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. 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 not get back the original amount invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Shares in the biotechnology sector can prove volatile and above average price movements can be expected. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. 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. Investment Trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. This is set by the market makers and varies from share to share. This spread typically averages 1-2% each way on the mid-market price (the price halfway between the bid and offer prices), and can fluctuate and at times be higher than average. Net Asset Value per share is calculated in accordance with the guidelines of the Association of Investment Companies in that income received by the Company in the period since the last annual accounts is excluded. Total net assets are stated inclusive of income received. Any opinions on individual stocks are those of the Company's Investment Manager and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by OrbiMed Capital LLC for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy.

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Fast Facts

As at 31 October 2011

Launch Date	June 1997
Annual Management Fee (payable by the Trust)	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
Continuation Vote	At AGM in 2015; every 5 years
Year / interim end	31 March / 30 September
Capital Structure	63,870,537 Ordinary Shares of 25p

Trust Characteristics

Number of Holdings	41
Net Assets (£m)	£118.7m
Dividend Policy	It is not anticipated that the Trust will pay a dividend
Gearing (AIC basis)	100
Share Price (p)	170.00
NAV (p)	185.83
(Discount) / Premium	(8.5%)

Codes

Sedol	0038551
ISIN	GB0000385517
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

Grant Challis
Tel.: 0203 0084912
grant.challis@frostrow.com

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