



## Market Commentary

### Recommended Investment:

#### International Biotechnology Trust plc

International Biotechnology Trust is an investment trust listed on the London Stock Exchange (IBT.L) that aims to provide shareholders with long-term capital growth by investing in high-growth biotechnology companies.

The trust is managed by SV Health, a leading healthcare investment manager, which was founded in 1993 and has over \$2bn under management. The company has over 50 experienced investment professionals and healthcare industry veterans based in Boston and London.

The trust invests in a range of large, medium and small cap companies with the portfolio evenly split between 'early stage', 'revenue growth' and 'profitable' and operating predominantly in rare diseases, cancer, central nervous system & infectious diseases. Although >85% of the companies operate in the US & Canada, their end markets are global. Top holdings include Horizon, Immunomedics, Gilead & BioMarin.

There are currently unprecedented levels of innovation driving drug pipeline and approvals and the trust in investing in companies researching cell-based therapies (the transfer of live cells into a patient), gene therapies (offsetting the effect of a genetic mutation by inserting a healthy version of the gene) and gene editing (a type of genetic engineering in which a mutated gene is revised, removed or replaced).

Worldwide prescription drug sales are expected to grow at 7% per annum between 2020 and 2026. This is being driven by fundamental demographic trends, with a projected doubling this century of the share of the global population that is older than 65 years. Indeed, population dynamics have already resulted in an elevated level of novel drug FDA approvals in recent years.

The trust has an excellent performance record, rising 60% over the last five years and 370% over the last ten years.

Interestingly, the trust invests ~10% of its portfolio in unquoted companies, which reduces portfolio volatility. Of interest to income investors, the trust announced an enhanced income policy in 2016 where pays a dividend of 4% of NAV per annum out of capital reserves. This allows income investors to participate in this fascinating growth sector. **Buy.**