



International Biotechnology Trust plc

Investor Presentation

2016

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Agenda

Introduction and management team

Biotech sector

International Biotechnology Trust



Introduction

International Biotechnology Trust plc

Biotechnology
Sector focused



Managed by
specialist experts

International
Biotechnology
Trust plc



Award winning
closed end
fund



Investment and
Wealth Management
Awards 2015



NAV GBP 217M

Yield and capital
growth



Monday 12 | 09

International Biotechnology trust to
introduce 4% annual dividend

The £193m International Biotechnology trust (IBT) has proposed introducing an annual dividend payment equivalent to 4% of the company's NAV, to be paid out of capital reserves. It has also proposed amending its investment policy to allow the trust, which is managed by SV Life Sciences Managers, to invest in unquoted funds. The board believes both proposals, which are subject to shareholder approval at the trust's AGM on 29 September, will benefit shareholders as well as potential investors.

Adding value through active
management

Cumulative Return 31 August 2016	Return 1 YR	Return 2YR	Return 3YR
IBT Cum NAV (GBP)	-1.7%	45.3%	83.7%
NASDAQ Biotechnology Index (GBP)	-3.8%	29.0%	72.6%

Source: Bloomberg,

Diversified
portfolio



■ Large cap >USD 10BN 55% ■ Mid cap USD 1-10BN 25%

■ Small cap <USD 1BN 10% ■ Unquoted 10%



■ US 78% ■ Europe 22%

Note: Data to 31 August 2016



Management Team



Lead Investment Manager

Carl Harald Janson, CEFA, PhD, Medical Doctor

12 yrs healthcare investing, 7 yrs industry experience
Prior Carnegie Asset Management, Danske, H&Q, KD, Astra



Investment Manager

Kate Bingham, MBA

24 yrs healthcare investing experience
Biochemistry, Oxford and Harvard MBA



Investment Manager

Ailsa Craig, BSc

9 yrs healthcare investing, 3 yrs analyst
Prior Barings, Insight Investment



Analyst

Marek Poszepczynski, MSc

15 yrs industry experience, SOBI, KD, Pharmalink
Senior analyst healthcare Handelsbanken



Head of Investor Relations

Lucy Costa Duarte, BA Hons

12 years as an investment banker
Prior Citigroup and Schroders



Head of Finance and Compliance

Nick Coleman, ACA

17 years investment management
Prior Advent Venture Partners and KPMG



Finance and Operations Manager

Emma Tinsley, ACA, MSc

Joined in 2015
Prior KPMG



Assistant

Sarah Wright, BSc

Joined in 2014
Prior Marex Spectron Desk Assistant



SV Life Sciences

One of the world's leading dedicated life sciences investors

Founded 1993

Over **170 live venture** investments in Healthcare, Biotechnology and Medical Devices



External recognition, through winning the Dementia Discovery Fund in a highly competitive process

11PhD's, 7MD's, 13 MBA's
- Oncology, Molecular biology, Neuroscience, Neuropharmacology, Physiology, Biochemistry, Chemistry

International
Biotechnology
Trust plc

International Biotechnology Trust significant part of SV Life Sciences (SVLS), based in a busy London office. SVLS has advised or managed since 2001

Global reach
- Boston, San Francisco and London Offices



100% focused on life sciences

USD 2.4bn raised in seven venture funds

55 staff worldwide



Agenda

Introduction and management team

Biotech sector

International Biotechnology Trust



NASDAQ biotech index has outperformed the broader world equity market

NBI Index		97) Settings		Page 1/71 Comparative Returns		
Range	10/04/1996	-	09/30/2016	Period	Weekly	No. of Period
						1043 Week(s)
Security	Currency	Price Change	Total Return	Difference	Annual Eq	
1) NBI Index	USD	882.43%	882.43% *	637.76%	12.10%	
2) MXWO Index	USD	117.42%	244.66%		6.38%	
3)						

*No Dividends or Coupons



12.5% y/y
NASDAQ Biotech
Index
Over last 20 years

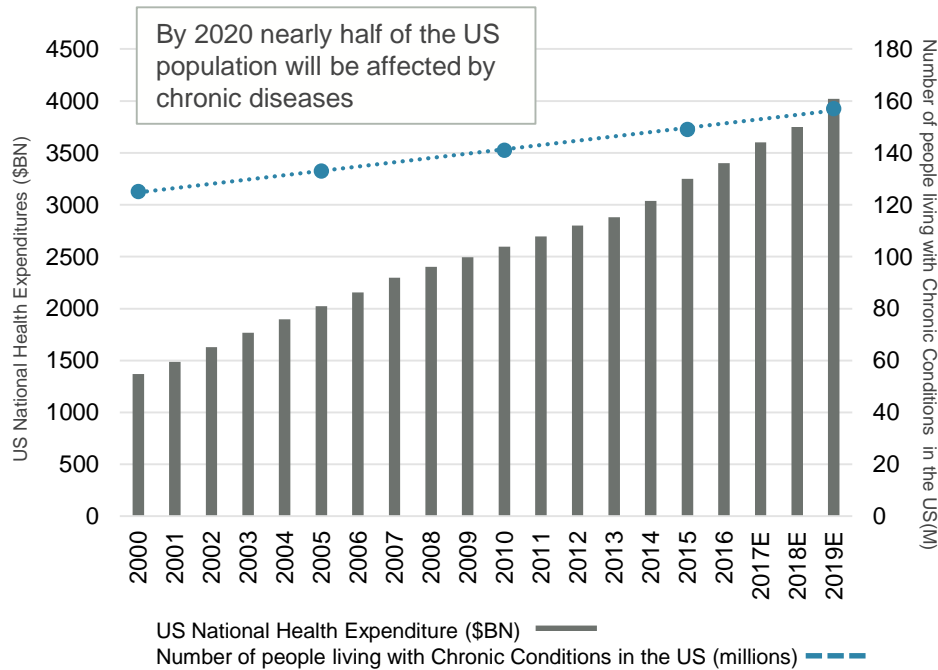
6.6% y/y
Morgan Stanley
World Equity Index
Over last 20 years

Source: Bloomberg



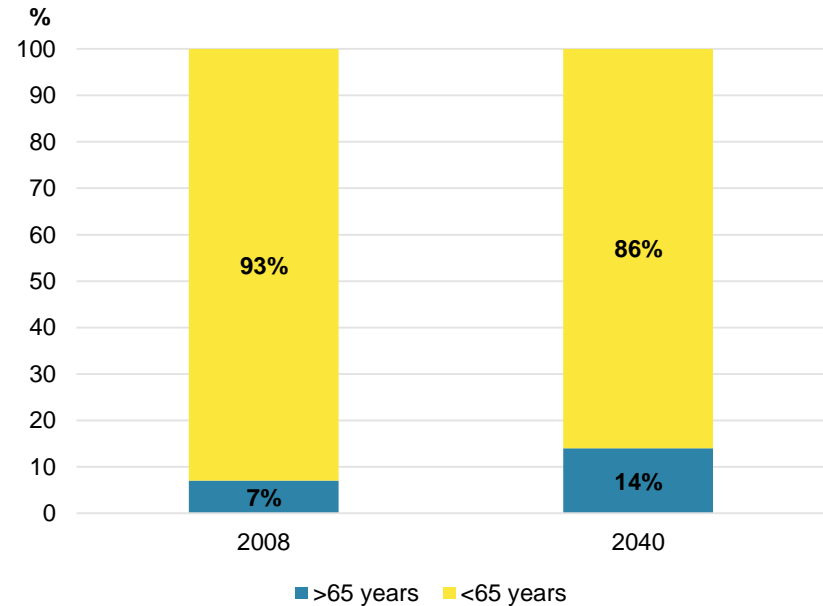
The ageing population is a powerful sector driver

Healthcare spending is increasing



Source: CMS, Robert Wood Johnson Foundation

The proportion of the WW population 65+ will double to c.14% by 2040 from c.7% in 2008

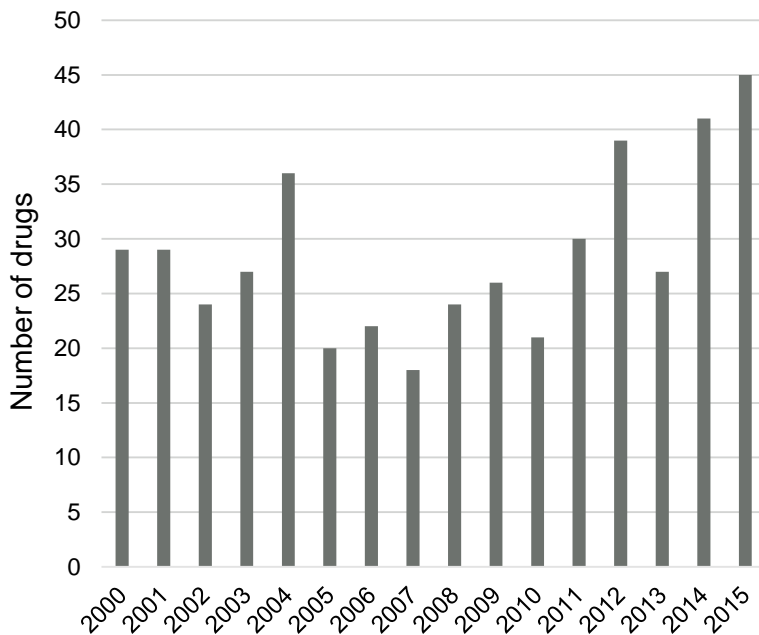


Source: US Census Bureau



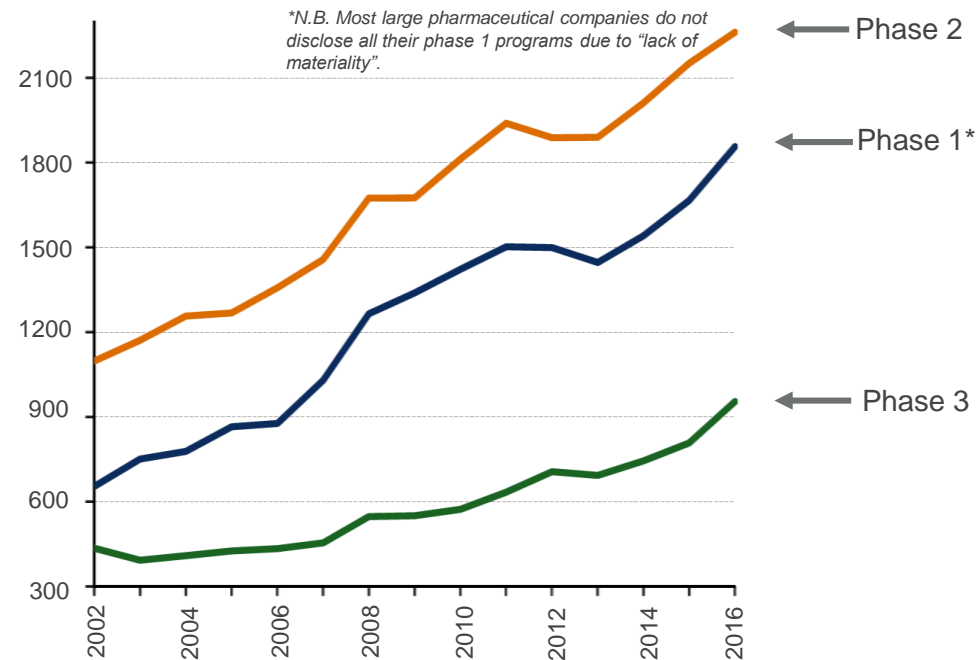
Productivity is improving

FDA Product Approvals 2000-2015



Source: Food and Drug Administration (FDA)

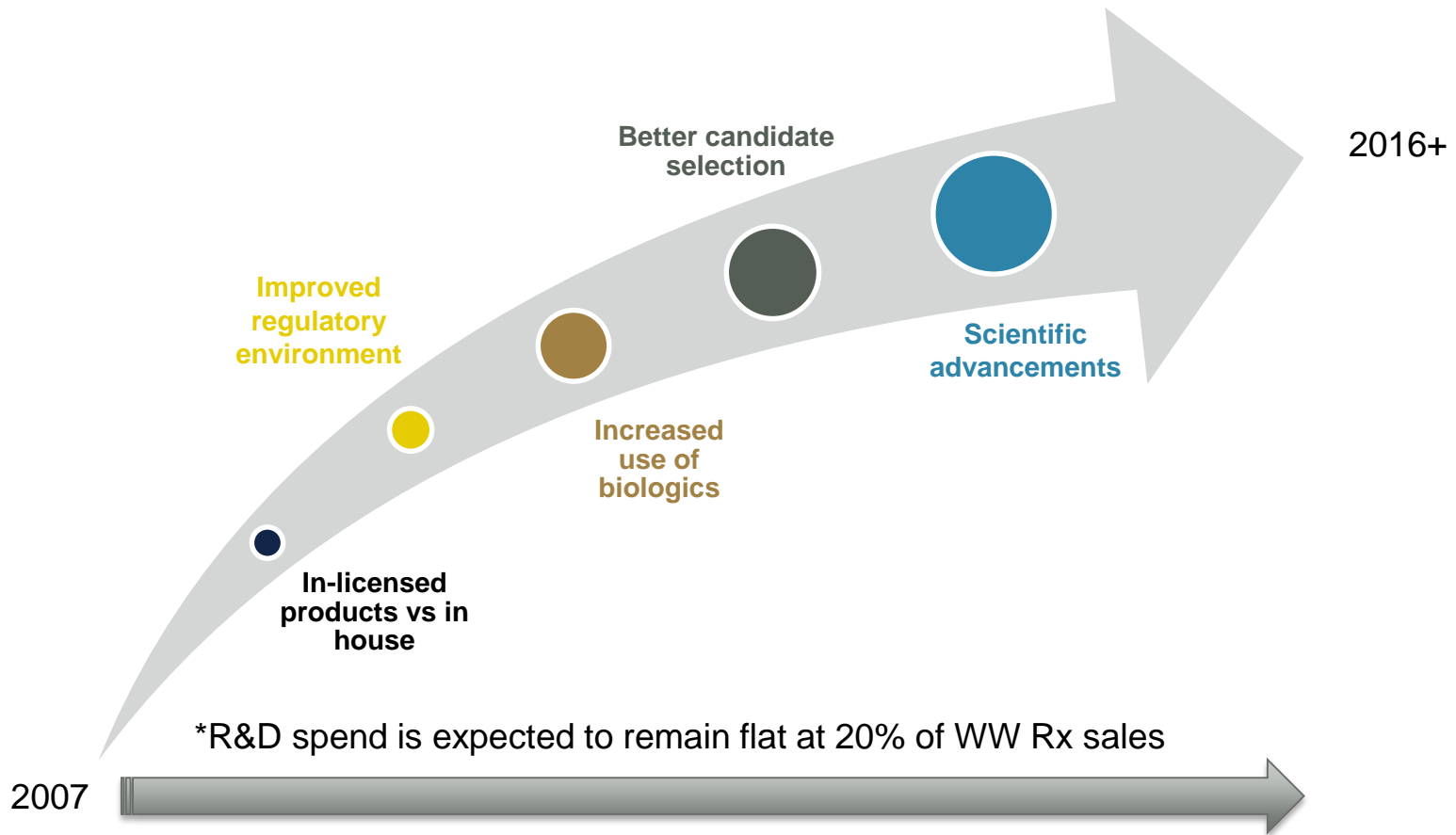
Worldwide Active R&D Projects in Development by Stage



Source: Pharmaceutical Research and Manufacturers of America (PhRMA), Pharmaprojects, Bank of America Merrill Lynch Global Research



What is driving this improvement?



Source: *Pharmaprojects; HBM Healthcare Investments 2013 report*



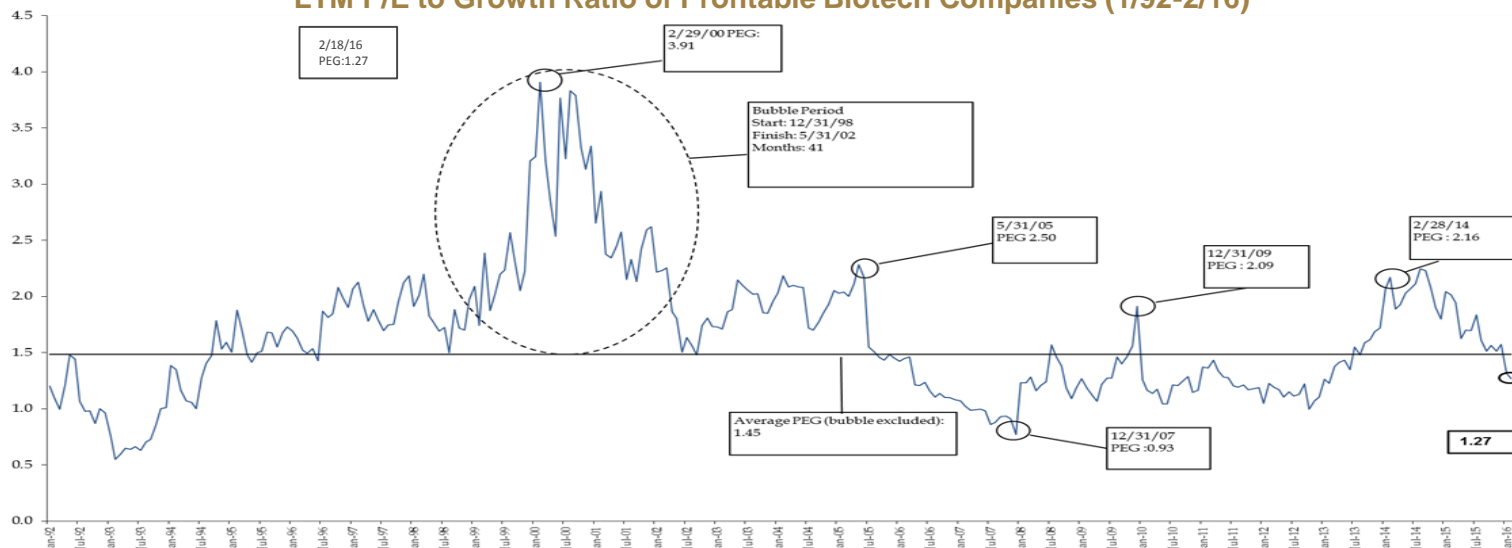
Valuation Biotech P/E and PEG

9 November 2016	MCap (GBP)M	2016-2019 EPS CAGR (%)	2016 P/E (x)	2017 P/E (x)	2018 P/E (x)	2019 P/E (x)
Alexion	22,963	27.4	27.3	22.1	17.1	13.2
Amgen	87,716	5.8	12.7	11.7	11.2	10.7
Biogen	56,042	7.1	15.8	15.3	14.1	12.9
Celgene	74,955	21.2	20.4	17.0	13.9	11.4
Gilead	83,251	-2.2	6.8	7.2	7.5	7.3
Regeneron	35,538	25.1	36.1	29.5	22.9	18.4
Vertex	18,552	96.4	121.1	41.7	22.2	16.0
Mean	51,145	25.8	34.3	20.6	15.5	12.9

S&P 500		12.8	18.2	15.9	14.2
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Source: Bloomberg / Institutional Brokers' Estimate System (IBES)

LTM P/E to Growth Ratio of Profitable Biotech Companies (1/92-2/16)



Source: **Stifel** Note: July 2016 calculation; The 31/7/16 stock price divided by the LTM of EPS. Then divide that number by the compounded annual growth rate of ...

$$\left(\frac{2017 \text{ FactSet consensus EPS}}{2014 \text{ EPS}} \right)^{(1/3)} - 1 \times 100$$
 That is used for each company and then average each companies' PEG. AMGN (since 1992), BIIB (since 1999), CELG (since 2005), GILD (since 2004), ALXN (since 2011). BGEN (from 1993-2003), CHIR (from 1992-2005), DNA (from 1994-2009), GENZ (from 1992-2010), IMNX (from 2000-2001), MEDI (from 1999-2005), ACOR (only 2012).

Valuation large cap Biotech vs S&P500 P/E

Biotech P/E multiple less than S&P 500 for the first time in a decade

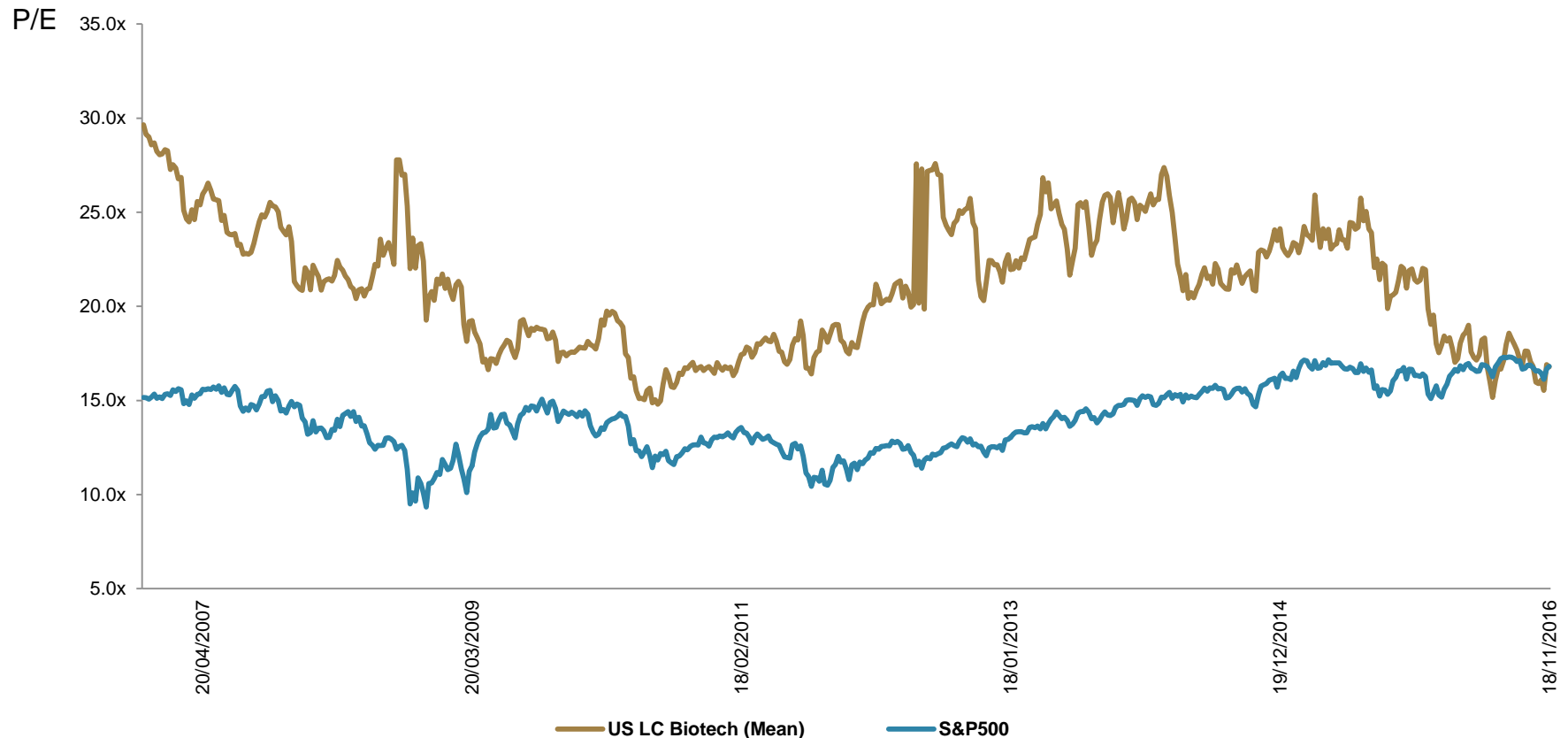


Chart for US Large cap biotech vs S&P 500

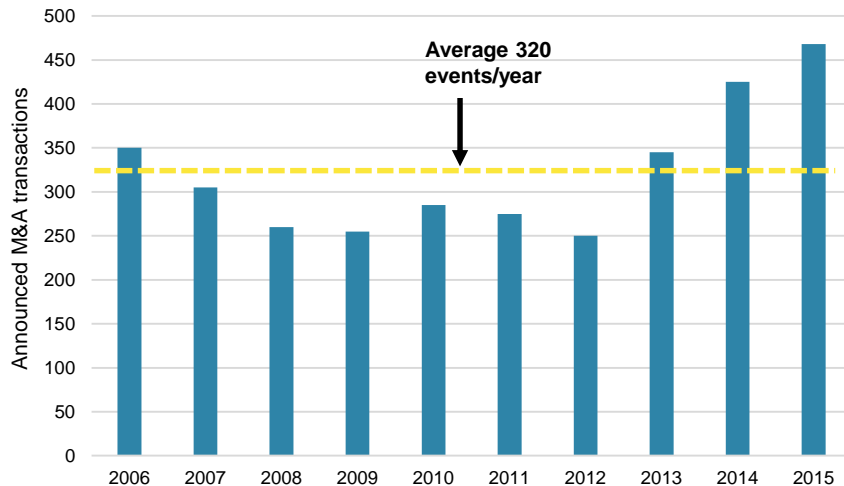
Include: GILD AMGN CELG BIIB + GENZ DNA IMNX MEDI CHIR before acquisition

Source: EvercoreISI



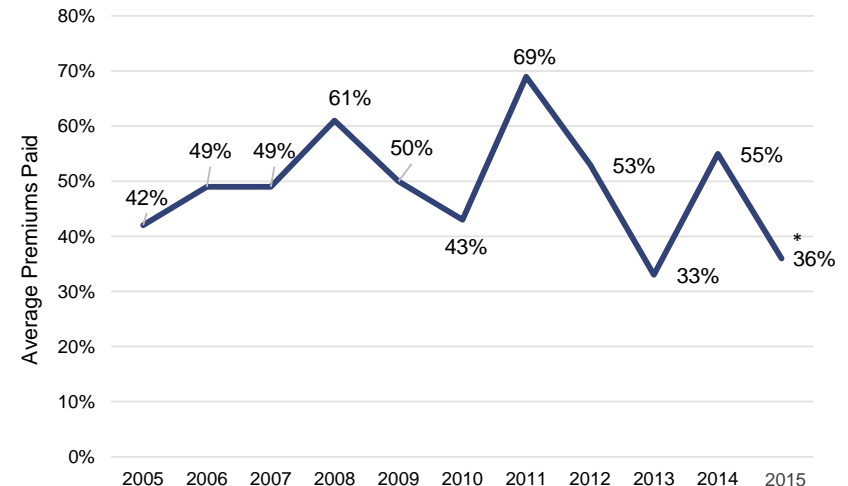
M&A a hallmark of the biotech sector

Volume of announced life sciences industry-wide M&A events by year



Source: 'Life Sciences Dealmaking 2015' Thomson Reuters

Premiums for listed U.S and European Biopharma Companies



Source: HBM Pharma/Biotech M&A Report 2016
*US Deals, no data for European

Over the past three years, 10 companies in International Biotechnology Trust's portfolio have been acquired

- Pharmacyclics (AbbVie \$21BN), Medivation (Pfizer \$14BN), Synergeva (Alexion \$8.4BN), Intermune (Roche \$8.3BN), Receptos (Celgene \$7.2BN), Dyax (Shire \$5.9BN), Questcor (Mallinkrodt \$5.6BN), Anacor (Pfizer \$5.2BN), ZS Pharma (AstraZeneca \$2.7BN), Chelsea Therapeutics (Lundbeck \$658M)



Drug pricing

Pricing pressure is here to stay

- Payer consolidation will continue to enhance insurance company negotiation power but this is not a new phenomenon.

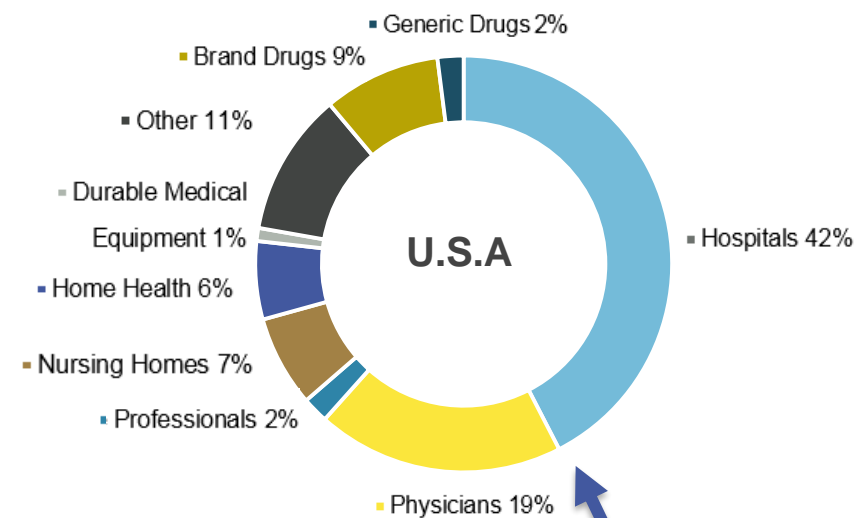
Therapeutic drugs make up approx. 10% of healthcare costs

- Hospitals and Services are a huge burden on the system and need to be addressed first.
- New Republican party's plan is to aim to reduce costs within the Medicare/Medicaid system through Paul Ryan's 'A Better Way' published in June 2016.
- Innovative drugs aim to keep patients out of the hospital thereby reducing cost burden.

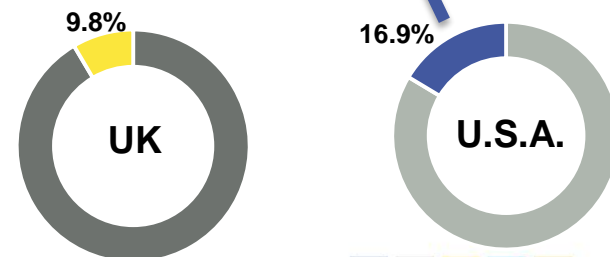
Society benefits from generic drugs once the patent has expired

- True innovation with significant clinical benefit should be relatively immune to pricing pressure.
- Intellectual property rights are highly unlikely to be removed or reduced materially as it is 'unconstitutional'.

Estimated Distribution of U.S. Federal Spending on Healthcare 2015-2024



% of GDP Spent on Healthcare in UK and US



Agenda

Introduction and management team

Biotech sector

International Biotechnology Trust



Performance and Awards

International Biotechnology Trust (IBT) has outperformed vs our benchmark in rising and falling markets

Cumulative Return to 31 August 2016	1m (%)	3m (%)	6m (%)	12m (%)	2yr (%)	3yr (%)
IBT Share Price (GBP)	-6.1	10.6	17.1	-9.8*	58.2	84.9
IBT Cum NAV per share (GBP)	-2.7	10.7	19.4	-1.7*	45.3	83.7
NASDAQ Biotechnology Index (GBP)	-2.3	11.1	17.2	-3.8	29.0	72.6
S&P 500 (GBP)	0.8	15.0	20.3	31.4	42.7	66.8
FTSE All-Share (GBP)	1.9	9.0	13.2	11.8*	9.1	20.4
FTSE 100 (GBP)	1.7	10.1	14.1	13.0*	7.3	18.2

Source: Bloomberg *to 28 August 2015, as market closed on 31 August 2015

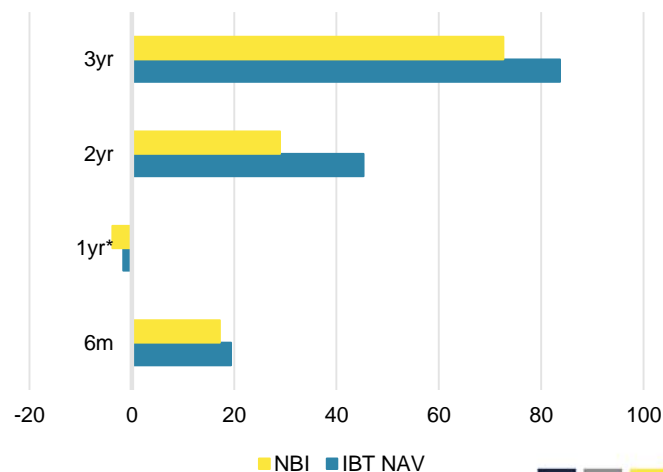
2015 Best Tech Fund Manager



Best Specialist Fund



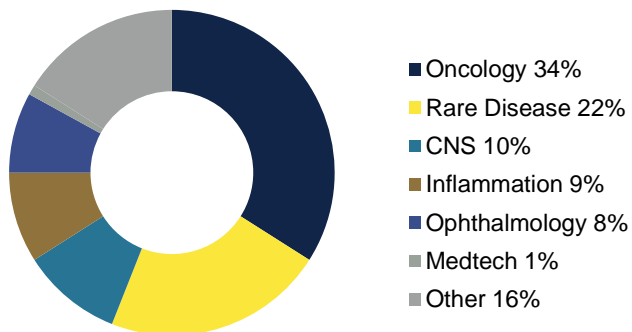
Most Significant Contribution
Kate Bingham



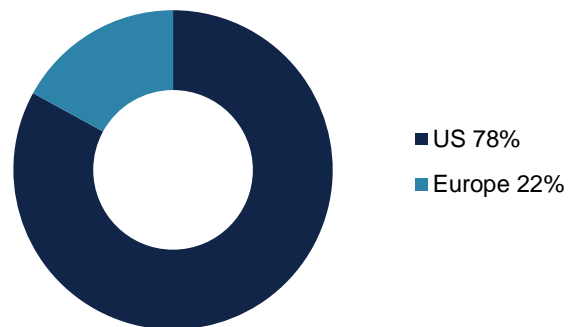
Portfolio breakdown

31 August 2016, NAV GBP 217M

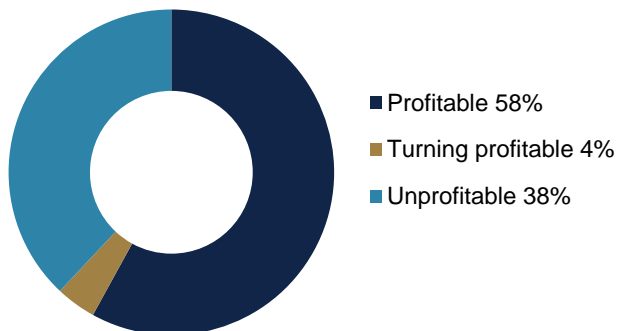
Therapeutic areas



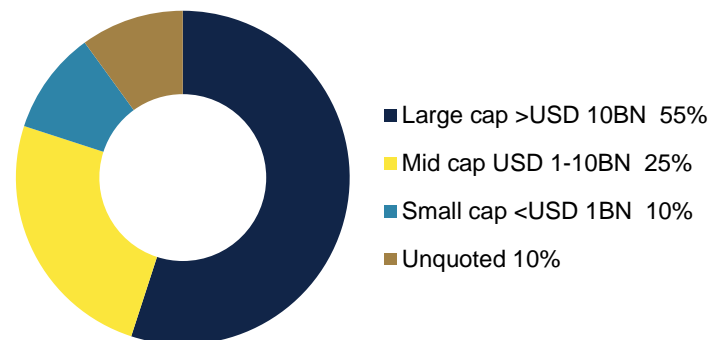
Geography



Profitability Status



Market cap



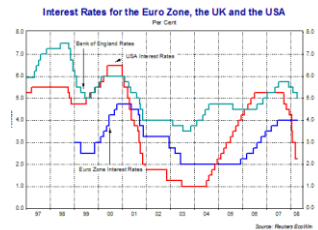
Investment process



Sell Discipline



Macro trends



Medical Conferences



DCF Valuation M&A



Risk Mitigation

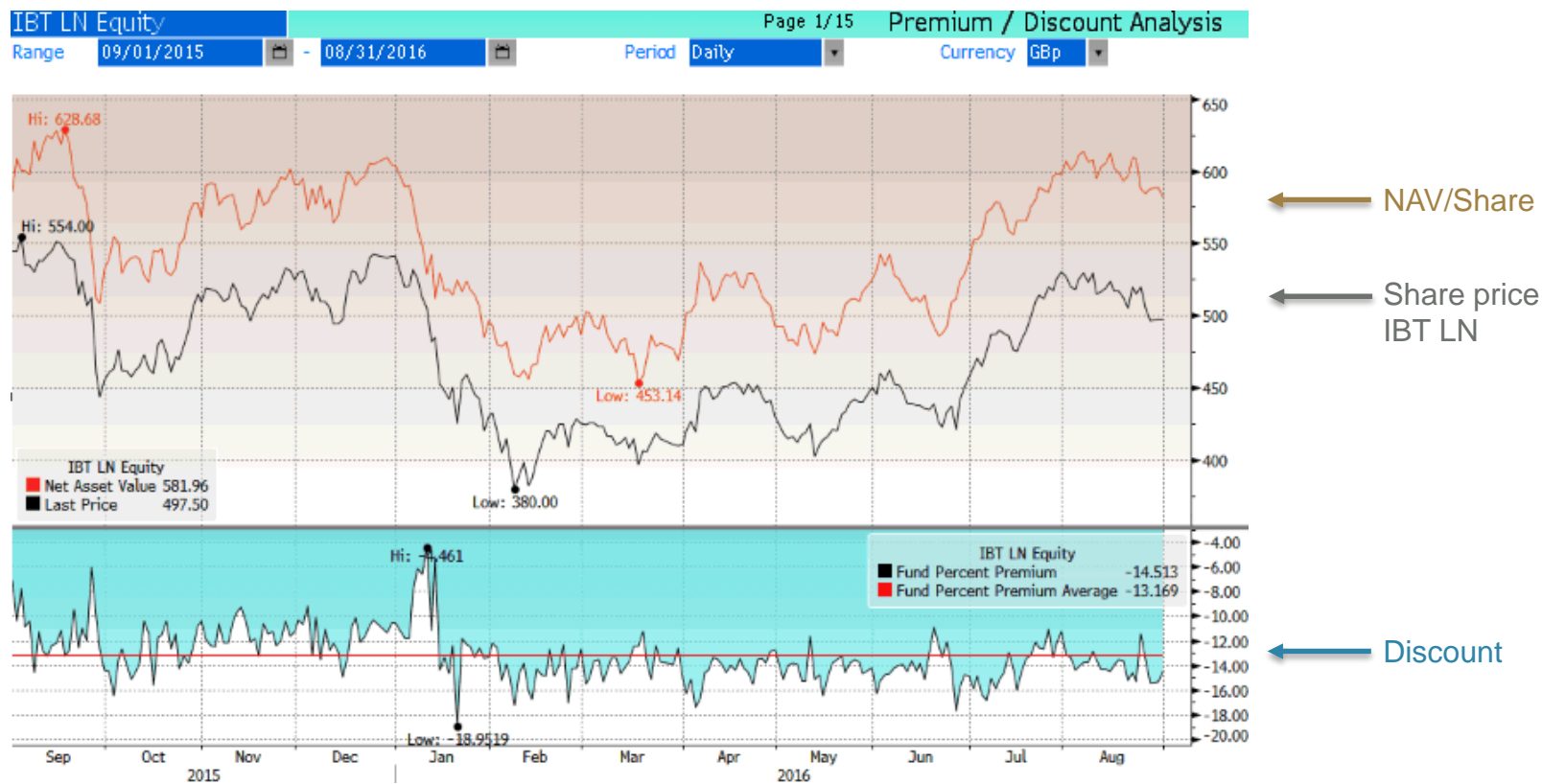


News Flow Management

Company	News Item	Date	Impact	Phase
Company A	Phase 1 results	2010-01-15	Positive	Phase 1
Company B	Phase 2 results	2010-02-20	Neutral	Phase 2
Company C	Phase 3 results	2010-03-25	Negative	Phase 3
Company D	Phase 4 results	2010-04-30	Positive	Phase 4



Share price, NAV and discount to 31 August 2016



Source: Bloomberg



Top ten holdings at 31 August 2016

Company name	% NAV	Market Cap GBP (BN)	Rationale	Therapeutic Area
Biogen	7.7	51.0	Defensive Growth	Inflammation
Celgene	7.0	63.0	Earnings Growth	Oncology
Regeneron	6.3	31.0	Earnings Growth	Ophthalmology
Incyte	5.2	12.0	Earnings Growth / M&A	Oncology
Alexion	4.7	21.0	Earnings Growth	Rare Disease
Actelion	4.6	14.0	Strong new launch	Respiratory
Amgen	3.8	97.0	Defensive Growth	Oncology
Vertex	3.6	18.0	Earnings Growth / M&A	Rare Disease
Biomarin	3.3	12.0	Earnings Growth / M&A	Rare Disease
Exelixis	3.1	2.7	Strong new launch / M&A	Oncology
Total	49.3			



Recent Developments

International Biotechnology Trust responds innovatively to market conditions

- Offering investors both capital growth and yield
 - International Biotechnology Trust has responded to the current low yield environment by offering a dividend
 - A sustainable and predictable yield of 4% of NAV per annum
 - Met out of capital reserves, allowing International Biotechnology Trust to continue to seek high growth investments
- Investing in unquoted funds
 - Competition for access to investments in unquoted biotechnology has risen
 - To ensure access to the best opportunities, International Biotechnology Trust can now invest through unquoted funds
 - This will also mean greater liquidity in unquoted portfolio

All changes were approved at General Meeting on 29 September 2016



Summary

Biotech sector has strong fundamentals but is currently undervalued

Top performing trust in sector, outperforming in rising and falling markets

Access to full spectrum of quoted and unquoted biotech companies

Unusual combination of growth and yield

