

BB Biotech

Trading update

A key milestone with significance for the sector

BB Biotech (BION) invests in innovative, rapidly expanding biotech companies. BION's portfolio company Wave Life Sciences (Wave) recently announced a significant milestone in the field of genetic medicine: the first successful therapeutic RNA editing in humans. This news lifted Wave's share price by c 60%. It follows recent positive developments in three of BION's largest holdings, Alnylam, Intra-Cellular Therapies and Agios, which all saw substantial improvements in their longer-term revenue prospects after positive Phase III readouts. Wave's news adds to the recent positive momentum in BION's NAV, which rose by 5.2% in the year ended 30 September 2024, after several years of annual declines, although this return lagged the Nasdaq Biotech Index's 12.3% rise. Yet the company's share price declined by 8.1% over this period and the share price discount to NAV is currently over 15%, in stark contrast to an average NAV premium of c 10% over the past 10 years. With interest rates falling and the outlook for the biotech sector potentially brightening accordingly, as we argued in our August 2024 update, this may represent an opportunity for investors to acquire access to the exciting opportunities offered by this industry at what may be an uncommonly wide discount.

Wave is a US-based clinical-stage biotechnology company that designs and develops ribonucleic acid (RNA) medicines through its discovery and drug development platform, PRISM. This platform combines multiple modalities, chemistry innovation and deep knowledge of human genetics, with the intention of delivering and commercialising scientific breakthroughs that treat both rare and prevalent disorders.

The announcement of [Wave's successful completion of the first therapeutic RNA editing](#) in humans is part of the RestorAATion-2 clinical trial, which is focusing on treating Alpha-1 antitrypsin deficiency (AATD), a genetic disorder that can lead to severe lung and liver disease. The trial involved WVE-006, a novel therapeutic designed to edit RNA to restore the production of a specific protein that is lacking in patients with AATD. This therapeutic approach could transform treatment for AATD patients, who currently have limited options. There are an estimated 200,000 people living with AATD in the US and Europe, who may benefit.

Of even greater significance, the study showcases the broader potential of RNA editing technology, which could pave the way for new therapies targeting a range of genetic diseases. Wave plans to further investigate the long-term effects of WVE-006 and explore its potential across other genetic disorders. The company, which is listed on the Nasdaq, will also discuss further development with the US Food and Drug Administration (FDA).

GlaxoSmithKline (GSK) has the exclusive licence to commercialise WVE-006, and Wave is eligible to receive milestone payments of up to US\$525m, as well as tiered royalties on net sales.

BION's holding in Wave represented 0.7% of BION's portfolio at end Q224, but the 60% share price gain triggered by news of Wave's success means that its portfolio weighting has increased by approximately 120% since end Q224.

See our [August 2024 update](#) for more information on BION.

Investment trusts Biotechnology equities

21 October 2024

Price	CHF37.10
Market cap	CHF2,055.3m
AUM	CHF2,437.6m
NAV/share*	44.0p
Discount to NAV*	15.7%
*At 17 October 2024.	
Shares in issue	55.4m
Yield	5.0%
Code/SIN	BION/CH0038389992
Primary exchange	SIX
AIC sector	N/A

Fund objective

BB Biotech, a Swiss-based investment company, targets long-term capital growth from biotechnology companies developing and marketing innovative drugs. At least 90% of the portfolio is held in listed companies, primarily those that already have products on the market or promising drug candidates in advanced stages of development. BION is benchmarked against the Nasdaq Biotech Index (in CHF) but is managed on a bottom-up basis, with a focused c 20–35 stock portfolio.

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