

International Biotechnology Trust (IBT)

13/05/2025

Results analysis from Kepler Trust Intelligence

International Biotechnology Trust (IBT) has reported strong results for the half-year ending 28/02/2025. Its positive NAV total return of 2.9% came during a negative period for its reference index, the Nasdaq Biotechnology Index, which ended it down 3.0%.

Ailsa Craig and Marek Poszepczynski, co-managers of the trust since March 2021, have delivered a NAV total return of 14.7% to the period end, well ahead of the reference index' 2.9% return.

The quoted portfolio (92.4% of the total investments) performed even better during the half-year, up 4.3%. The successful identification of M&A targets was a major driver of returns, with the takeout of IBT's then largest-holding Intra-Cellular Therapies by Johnson & Johnson being the most meaningful of these.

Since the period end, uncertainty about US policy on tariffs and drug approvals have hit biotechs. Ailsa and Marek argue the dislocation is unlikely to persist for long given the strength of the sector on a fundamental basis, and they continue to look for opportunities in the smaller companies in their space.

Kepler View

These are impressive results which continue Ailsa and Marek's strong performance since taking over the portfolio, during which period they have outperformed in a variety of environments, and in both rising and falling markets. We think this resilience reflects in part the basket approach the managers take to therapeutic areas, which avoids too much dependence on single stock picks in an area in which returns are driven by developing medical science and uncertain trial results.

Another factor has been the successful identification of likely M&A candidates. M&A is always an important driver of returns in the biotech sector, but the managers argue that upcoming patent expiries mean the need for large-cap pharma to find revenue-generating new ideas is especially acute. Some evidence can be seen in the acquisitions by Johnson & Johnson of Intra-Cellular Therapeutics and by Immedica of Marinus Pharmaceuticals during the period as well as Merck's agreement to acquire Springworks, another International Biotechnology Trust (IBT) holding, post period-end. Promising medical research, patent expiries and easing funding costs are all structural factors which would seem to support the growth of M&A as a trend, and IBT's tilt to the smaller end of the biotech market should increase the chances of it benefitting.

In our view, the current uncertainty is creating a valuation opportunity in what should remain an attractive growth market. Ailsa and Marek report valuations in the smaller companies in their universe are at historically low levels, while IBT's shares can be bought at a discount of around 9% at the time of writing. Wherever policy settles, we think biotechnology is likely to prove a source of attractive returns to investors, particularly as and when interest rates decline. We think IBT offers access to an exciting growth market well supported by sector fundamentals, a sector that is cheap thanks to policy uncertainty, but which should be a prime beneficiary of a lower interest rate environment. And IBT offers active management under a team who have demonstrated their ability to add value through varied and difficult environments.

[CLICK HERE TO READ THE FULL REPORT](#)

Visit [Kepler Trust Intelligence](#) for more high quality independent investment trust research.

Important information

This report has been issued by Kepler Partners LLP. **The analyst who has prepared this report is aware that Kepler Partners LLP has a relationship with the company covered in this report and/or a conflict of interest which may impair the objectivity of the research.**

Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you invested when you decide to sell your investments. It is strongly recommended that if you are a private investor independent financial advice should be taken before making any investment or financial decision.

Kepler Partners is not authorised to make recommendations to retail clients. This report has been issued by Kepler Partners LLP, is based on factual information only, is solely for information purposes only and any views contained in it must not be construed as investment or tax advice or a recommendation to buy, sell or take any action in relation to any investment.

The information provided on this website is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Kepler Partners LLP to any registration requirement within such jurisdiction or country. In particular, this website is exclusively for non-US Persons. Persons who access this information are required to inform themselves and to comply with any such restrictions.

The information contained in this website is not intended to constitute, and should not be construed as, investment advice. No representation or warranty, express or implied, is given by any person as to the accuracy or completeness of the information and no responsibility or liability is accepted for the accuracy or sufficiency of any of the information, for any errors, omissions or misstatements, negligent or otherwise. Any views and opinions, whilst given in good faith, are subject to change without notice.

This is not an official confirmation of terms and is not a recommendation, offer or solicitation to buy or sell or take any action in relation to any investment mentioned herein. Any prices or quotations contained herein are indicative only.

Kepler Partners LLP (including its partners, employees and representatives) or a connected person may have positions in or options on the securities detailed in this report, and may buy, sell or offer to purchase or sell such securities from time to time, but will at all times be subject to restrictions imposed by the firm's internal rules. A copy of the firm's Conflict of Interest policy is available on request.

[PLEASE SEE ALSO OUR TERMS AND CONDITIONS](#)

Kepler Partners LLP is authorised and regulated by the Financial Conduct Authority (FRN 480590), registered in England and Wales at 70 Conduit Street, London W1S 2GF with registered number OC334771.

This information is provided by Reach, the non-regulatory press release distribution service of RNS, part of the London Stock Exchange. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@lseg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

NRAGZGMKFFGGKZM