EDISON

BioPharma Credit

Initiation of coverage

Leading lender in life sciences

Investment trusts

BioPharma Credit (BPCR) offers investors access to a diverse portfolio of secured debt instruments for life science companies based on BPCR's pool of investment opportunities. The ongoing specialisation and fragmentation of the drug discovery process is translating into an increased number of market players seeking additional funding backed by sales from approved products and/or royalty streams from out-licensed products. During its IPO in March 2017 and follow-on placings, the trust has so far raised gross proceeds of US$1,080m (of which US$339m is in seed assets) and already deployed US$690m in four large deals. It also has outstanding potential commitments of up to US$350m.

Month ending	Share price (%)	NAV (%)	NASDAQ Biotechnology (%)	FTSE All-Share (%)	Credit Suisse HY (%)	S&P Euro Lev Loan (%)
30/11/17	(3.1)	0.4	0.6	0.2	(1.7)	2.5
29/12/17	(0.1)	1.4	1.5	4.7	3.3	0.6
31/01/18	(1.2)	0.5	7.0	3.1	(0.6)	4.4
28/02/18	0.0	0.5	(5.3)	(6.3)	(3.2)	(2.0)
31/03/18	1.1	0.5	(1.2)	0.0	(0.4)	1.0

Source: Thomson Datastream. Note: All % on a total return basis in GBP.

Investment strategy: Focus on life sciences debt

BPCR is aiming at long-term returns mostly in the form of sustainable income distributions, with a targeted dividend yield of 7% and a net total NAV return of 8-9% per year in the medium term. The trust intends to achieve this mostly through investments in debt assets of life sciences companies mainly in the US, Europe and Japan, such as senior secured loans, royalty debt instruments and priority royalty tranches. BPCR is focusing on borrowers with approved drugs or medical devices which offer predictable cash flows and significant downside protection.

Market outlook: Favourable structural changes

BPCR's investment story is based on the expanding group of small to medium life sciences companies that own rights and royalties from life science products, coupled with a growing number of drugs (including niche/orphan drugs) entering clinical trials and being approved as a result of a supportive regulatory environment and increasing R&D costs of drug development. Also, there is an increasing number of companies commercialising products on their own. Although the current positive sentiment in equity markets may encourage companies to raise equity rather than debt and M&A activity in 2017 was relatively subdued, a positive M&A outlook for 2018 coupled with the ongoing structural changes of the life sciences industry should translate into new investment opportunities for BPCR.

Valuation: Offering a c 4% dividend yield

At 24 April 2018, BPCR's shares traded at a 2.6% premium to its last reported NAV (as at end March 2018). The shares currently offer a 4% trailing dividend yield, in line with the trust's target for the first financial year. On 29 March, BPCR paid a dividend of US$0.021, which includes a special dividend of US$0.011.

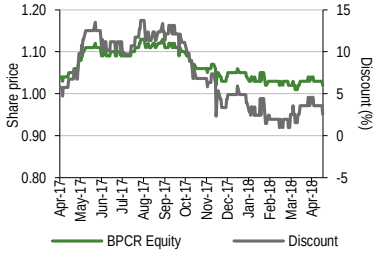
17 May 2018

Price	**US$1.02**
Market cap	**US$1,099.6m**
AUM*	**US$909.3m**
NAV**	99.46c
Premium/(discount) to NAV	2.6%
NAV***	99.46c
Premium/(discount) to NAV	2.6%

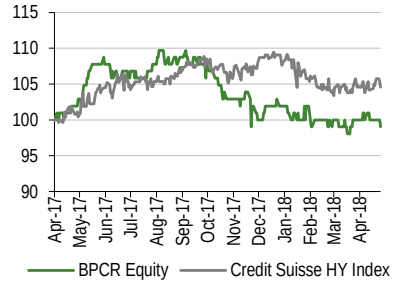
* Excluding C-shares issuance (gross proceeds US$163.8m)
**Excluding income. ***Including income. As at March 2018.

Yield	4.0%
Shares in issue	1,078m
Code	BPCR
Primary exchange	LSE
AIC sector	Specialist: Debt
Benchmark	N/A

Share price/discount performance



One-year performance vs index



52-week high/low	113.0c	100.0c
NAV** high/low	100.56c	98.04c

**Including income.

Gearing

Gross*	0.0%
Net*	0.0%

*As at 31 December 2017

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Exhibit 1: BioPharma Credit at a glance

Investment objective and fund background

BioPharma Credit was incorporated in October 2016 in the UK and aims at generating predictable income for shareholders over the long term through a diversified portfolio of loans and other instruments backed by royalties or other cash flows derived from sales of approved life sciences products. This includes senior secured notes, royalty debt instruments and priority royalty tranches. BPCR may also invest in unsecured debt (up to 35% of gross assets) as well as credit-linked notes. It can also have an equity exposure of up to 15% of gross assets.

Recent developments

- 23 April 2018: BPCR entering a US$194m senior secured loan agreement with a commercial-stage, private, specialty pharma company.
- 13 April 2018: Results of initial placing and offer for subscription of C shares – US$164m of gross proceeds raised.
- 8 March 2018: FY17 results: investment income was US$33.2m, net revenue and capital return per ordinary share was 3.89c.
- 1 March 2018: interim dividend declaration was US$0.021 per share.
- 21 February 2018: NAV update: unaudited figure as at 31 January 2018 was 100.56c.

Forthcoming		Capital structure		Fund details	
AGM	N/A	Ongoing charges	1.2%	Group	BioPharma Credit
Interim results	N/A	Gearing	None	Manager	Pharmakon Advisors
Year end	31 December	Annual mgmt fee	1.0% of NAV	Address	110 East 59th Street 3300, New York, NY 10022
Dividend paid	Quarterly	Performance fee	10% of NAV		
Launch date	24 October 2016	Trust life	Indefinite	Phone	+1 (212) 883-1006
Continuation vote	See page 16	Loan facilities	None	Website	www.bpcruk.com

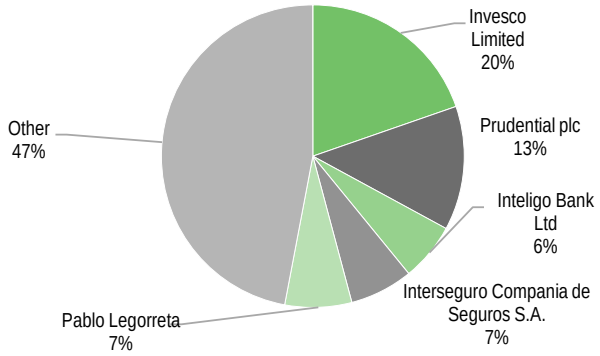
Dividend policy and history

BPCR will pay quarterly dividends in US dollars and maintain a payout ratio of at least 85%. The trust aims to deliver a 4% dividend yield in reference to the issue price (US$1.00 per share) in its first financial year following the admission and 7% thereafter. The trust paid two quarterly dividends on 31 October 2017 and 31 January 2018 of US$0.01 per share each. On 29 March 2018, BPCR paid an interim dividend from FY17 earnings at US$0.021 per share, of which US$0.01 represented an ordinary dividend and US$0.011 was a special dividend.

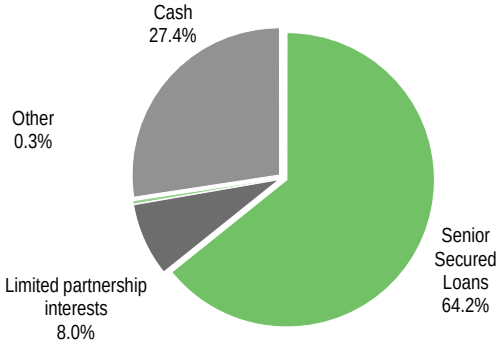
Share buyback policy and history

BPCR's board may perform share buybacks to limit the discount volatility and potentially provide additional source of liquidity at attractive price levels. In case the shares trade at an average discount over 5% (10%) during a three-month (six-month) rolling period, subject to meeting its target dividend the trust will use 50% (100%) of capital and income proceeds generated after this rolling period for buybacks at least until the shares start trading at an average discount of 1% or less to NAV over a two-week rolling period. BPCR is authorised to execute share repurchases up 14.99% of total shares in issue immediately after admission between the date of the resolution and the first AGM. The trust has not executed any buybacks yet.

Shareholder base (as at 4 May 2018)



Portfolio exposure by security type (as at 31 March 2018)



Top holdings (as at 31 March 2018)

			Portfolio weight (% net assets)	
Counterparty/borrower	Security type	Key underlying products	31 March 2018	31 March 2017*
Tesaro	Senior secured loan	Zejula, Varubi	24%	N/A
Novocure	Senior secured loan	Optune	16%	N/A
Lexicon	Senior secured loan	Xermelo, sotagliflozin	14%	N/A
RPS Note	Senior secured loan	21 blockbuster products, including Emtricitabine, Humira and DPP-IV	10%	25%
BioPharma III	Limited partnership interest	Optune, Nucynta, Gralise, Cambia, Zipsor, Ixiaro, Zio Patch, QSymia	8%	21%
Top 10	-	-	72%	46%

Source: BioPharma Credit, Edison Investment Research. Note: *N/A where not in March 2017 top 10. The portfolio composition as at 31 March 2018 does not reflect the completed C-shares issue, the Onglyza/Farxiga royalty transaction and the recent Sebela deal.

Fund profile

BPCR was incorporated in October 2016 and is domiciled in the UK. It completed its IPO in March 2017, issuing new shares in exchange for a portfolio of seed assets and additional cash contribution from investors (total gross proceeds of US$762m including a US$339m seed portfolio). It is now listed in the specialist funds segment of the LSE. In December 2017, BPCR completed a placement of ordinary shares, raising US$154m of gross proceeds, while in April 2018 it completed a C shares offering with US$163.8m of gross proceeds.

BPCR is building a portfolio consisting primarily of debt assets in the life sciences industry in the US, Europe and Japan, covering pharmaceuticals, bio-pharmaceuticals, medical devices and clinical diagnostics. This includes senior secured loans granted to life sciences companies, which are secured by all or some of the company's assets and may include royalty collateral as well as other IP and marketing rights; royalty debt instruments, where the borrower is an owner of royalty rights whose obligations are secured by royalty collateral; and priority royalty tranches, where BPCR obtains the right to receive all or a fixed percentage of future royalty streams from the sale of a defined set of commercial-stage drugs. Moreover, BPCR may invest in unsecured debt (up to 35% of gross assets) and credit-linked notes. It can also have an equity exposure of up to 15% of gross assets. Apart from the above-mentioned limits, there is no targeted portfolio structure by debt instrument type. However, given the pipeline of opportunities, senior secured loans are likely to constitute a significant part of BPCR's assets. Medical devices are generally harder to successfully commercialise due to difficulties with reimbursement and adoption. As a result, medical devices (such as Novocure's Optune) will likely represent less than 25% of the portfolio.

BPCR aims at generating long-term returns mostly in the form of sustainable income distributions, with a targeted medium-term dividend yield of 7% (in reference to the issue price of US$1.00 per share) and a net total NAV return of 8-9% per year. The coupon rate on senior secured loans within BPCR's current portfolio ranges from 9% to 12% and represents fixed coupons in most cases (except Tesaro). However, the company will strive to increase portfolio exposure to floating-rate debt. Potential upside to BPCR's return on individual investments may come from prepayments of senior secured loans, as the loan agreements often include a make-whole call provision covering two to three years of coupon payments and/or a prepayment fee of c 1-3% (the exact rate depends on the remaining time to maturity). BPCR aims at an average maturity of debt instruments at five years. However, borrowers from the life science industry often have the motivation to prepay the debt to refinance it on more attractive terms (extended maturity or lower interest), as exhibited by the recent Novocure transaction (see the current portfolio positioning section for further details). BPCR may sometimes seek opportunistic investments, similar to the transaction executed in Depomed's convertible bonds last year, described in the current portfolio positioning section.

The fund manager: Pharmakon Advisors

BPCR is managed by Pharmakon Advisors, which was established in 2009 and is run by Pedro Gonzalez de Cosio (co-founder and principal), Martin Friedman (principal) and Pablo Legorreta (co-founder and principal, who is also the founder and CEO of Royalty Pharma). Since inception, Pharmakon has invested US$2.5bn across five biopharma funds (including BPCR), whose historical and estimated performance is illustrated in Exhibit 2. BioPharma I was launched in June 2009 and made its final distribution to investors in April 2014, realising a gross IRR of c 15% (net IRR of 11.3%, cash-on-cash return of 1.3x). BioPharma II has also reached life-end, with a realised net IRR of 6.8% compared to the initial target of high single digits. The performance of this fund was somewhat below Pharmakon's target due to weaker than expected return on a capped royalty where the underlying drug's revenue growth was below expectations. BioPharma III and IV have

reached the end of their investment periods; BioPharma III has already started returning capital to investors. Importantly, Pharmakon has not experienced any defaults in its portfolio since it was established.

Exhibit 2: Pharmakon Advisors' track record (private funds performance as at end-2017)

	BioPharma I	BioPharma II	BioPharma III	BioPharma IV
Launch date	June 2009	March 2011	February 2013	December 2015
End of investment period	May 2010	March 2013	August 2015	December 2017
Invested amount (US$m)	263.7	343.0	463.0	512.0
Distributions to investors (US$m)	329.2	410.1	423.8	181.7
Net IRR	11.3%	6.8%	10.9%*	10.0%*

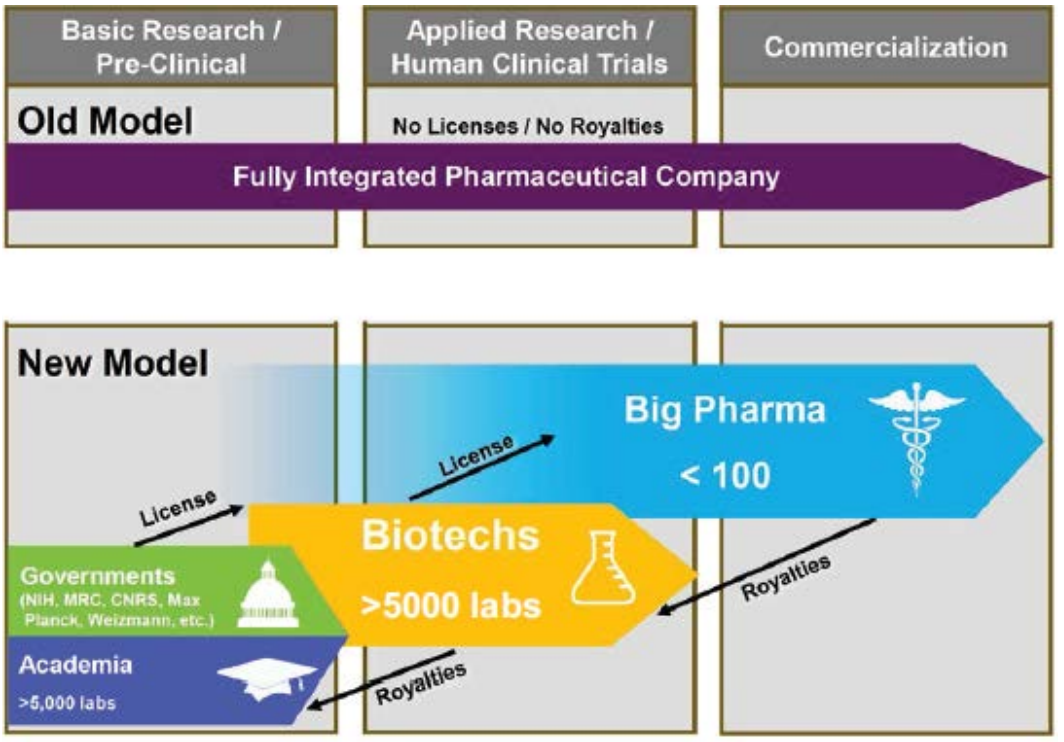
Source: BioPharma Credit FY17 release. Note: * Reflects historical performance through 31 December 2017 and returns estimated by Pharmakon thereafter.

BPCR's seed asset portfolio includes a 46% limited partnership in BioPharma III Holdings. Acquisition of interests in other biopharma funds is unlikely. However, BPCR may pursue co-investing opportunities with other funds managed by Pharmakon Advisors, similar to the recent transactions with Lexicon and Tesaro, where BPCR invested alongside BioPharma IV. BioPharma IV 's investment period was completed at the end of 2017 and there are no funds managed by Pharmakon Advisors (other than BioPharma Credit) that are in the portfolio ramp-up phase. However, it is quite likely that similar funds will be launched in the future, as some of the US investors who are interested in these investment opportunities cannot participate in the BPCR offer (as it is a UK-listed vehicle). Deals involving other funds managed by Pharmakon may be subject to conflicts of interest as they would be considered related party transactions. However, even though Pharmakon is normally not required to (and generally will not) submit individual investment decisions for the approval of BPCR's board, each transaction where conflict of interest might arise has to be pre-approved by the board. Moreover, it has been agreed that BPCR will be entitled to participate in at least 50% of Pharmakon's investment opportunities by value (with the exception of deals up to US$75m arising until 8 June 2018).

Broader market outlook

Ongoing specialisation and fragmentation in the life sciences industry that is transitioning from a fully integrated pharmaceutical company model results in new revenue-generating companies. Coupled with significant capital needs associated with R&D spending (US$158bn by the private sector in 2017 according to EvaluatePharma) with no large dedicated lenders or specialised debt markets, this has translated into new debt investment opportunities. As new life sciences products are approved, more companies become creditworthy by having their own products, or generating royalties (as products are being out-licensed to larger pharmaceutical companies); they are BPCR's preferred collateral. Finally, the recent trend of Big Pharma players selling non-core products to smaller companies also creates new lending opportunities.

Exhibit 3: Specialisation and fragmentation of drug discovery



Source: BioPharma Credit's issue prospectus

Increasing R&D spend in the life sciences industry and a more favourable global regulatory environment translate into a growing number of drugs entering clinical trials and receiving regulatory approval. From 2005 to 2015, the number of R&D programmes in clinical trials in the US grew by 10.8% CAGR. Development costs (US$4.0bn of average R&D spend per new molecular entity since 2006, according to EvaluatePharma) have put pressure on industry participants to adapt their business models and seek partners to reduce risk.

Importantly, the regulatory environment has become more favourable as the FDA has provided a more transparent path to approval, particularly with the breakthrough therapy designation in 2012, which allows for the accelerated development and approval of drugs treating serious or life-threatening diseases. Interestingly since 2011, FDA approval times have reduced from c 20 months to approximately 12 months.

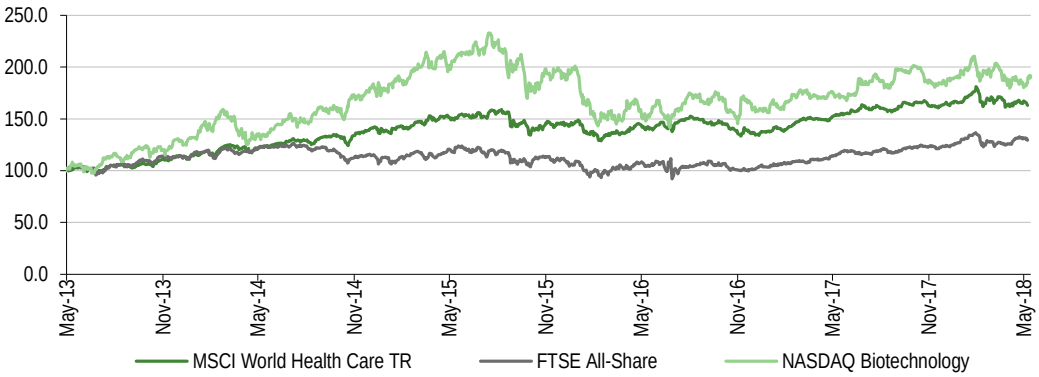
Another important trend supporting the pharmaceutical and biotech sector is the growing importance of orphan drugs, which are quite often the leading, or only, products addressing a respective illness, thus they face little or no competition and are largely shielded from pricing pressures. As these are marketed to a narrow group of specialist physicians, they can be commercialised by small biotech companies. They often face a funding gap in the early stages of commercialisation as banks lack the specialist knowledge required to invest and the product's cash flows lack the predictability to benefit from 'vanilla' bank loans.

There is no large dedicated lender or specialised debt market for life sciences companies. Consequently, the main alternative (and thus competition) to funding provided by BPCR is the convertible bonds and equity markets. Standard bank lending, as well as specialised healthcare/biotech funds, may constitute additional competition. However, banks have limited expertise in the evaluation of royalty collateral and are thus often constrained with respect to lending volume (ie, provide less debt capital than BPCR, if at all). Moreover, in most cases, the prospective borrowers want to avoid dilution that makes funding through equity and convertibles issues a less preferred option (unless valuation levels in equity markets are favourable). Given the

above, BPCR is well positioned to be one of the preferred lenders in the sector. There are few potential debt funding sources, especially with respect to large transactions, such as BPCR's recent Tesaro deal. In the mid-sized range (eg, transactions similar to Novocure or Lexicon), BPCR estimates there are five or six specialist lenders that are potential competitors.

The availability of attractive lending opportunities for BPCR is partially determined by the equity valuation levels of biotech companies. The higher the market multiples, the more willing companies are to raise new equity and the more limited the pool of potential transactions for BPCR. Conditions on stock markets have remained favourable, with the NASDAQ Biotechnology TR index rising by 21.6% in 2017(and by 0.9% in 2018 year to date). The current LTM P/E ratio for the index (based on profitable companies only) stands at c 16.7x compared to 18.1x as at end 2017 and 17.7x as at end 2016 (based on Bloomberg data). Nevertheless, equity and convertible debt issue remained broadly stable so far, with equity issues by life science companies reaching US$58.1bn in 2017 (vs US$61.0bn in 2016) and life sciences convertible bonds issues amounting to US$5.5bn compared with US$4.8bn in 2016 (according to BPCR's calculations). Despite the buoyant sentiment on the equity market, BPCR was able to invest over US$1.0bn (including future commitments and tranches which were not yet drawn) over the last year.

Exhibit 4: Biotech and healthcare market performance



Source: Thomson Datastream, Edison Investment Research

Increased M&A activity in the sector provides BPCR with more lending opportunities. In 2017, total M&A deal value in the global pharma and life sciences industry declined 23% (according to PwC), mainly driven by low activity levels in H217. However, supressed Q417 demand coupled with high cash reserves and the finalisation of US tax reform should translate into stronger activity in the sector in 2018. Repatriation of foreign earnings at discounted rates together with a lower general corporate tax rate may stimulate the M&A market. PwC expects the pharmaceutical and biotech sub-sectors to show particularly high activity levels on the back of potential transformational deals and bolt-on acquisitions executed by larger players.

In terms of the regulatory environment, the industry has seen a quicker and more transparent FDA approval process over the last few years. Conversely, the healthcare industry may be affected by recent tax reform, which sets a limit for tax-deductible interest expense at 30% of a company's EBITDA (until 2021) or EBIT (from 2022 onwards). The new interest deductibility rules will be especially burdensome for highly indebted, sub-investment grade companies. Thus, it may also affect BPCR's investment universe, as it consists predominantly of sub-investment grade companies. However, many of BPCR's borrowers have not reached their breakeven point at the EBIT(DA) level yet (eg Lexicon, Tesaro, Novocure), so they are not benefitting from a tax shield on interest expense anyway. Once these companies start generating operating profits, their earnings and cash flow may be negatively influenced by the new rules. Still, if they are able to quickly ramp-up sales and earnings, this may be largely offset by the lower corporate tax rate (down from 35% to 21%).

Asset allocation

Investment process: Leveraging sector expertise

BPCR's investment strategy relies on ongoing screening of a large number (>200) of potential opportunities. Individual investment selection is based on detailed analysis of the underlying royalty collateral, including the clinical utility of the product, competitive landscape, IP situation, pricing, reimbursement (insurance and Medicaid/Medicare coverage), marketer's strength, as well as the opportunity's safety record, physician adoption and sales history. In performing this analysis, Pharmakon Advisors relies in part on Royalty Pharma's internal analyst team (seven analysts with a medical degree or background in biochemistry, biology and material sciences) based on the shared services agreement it has signed with Royalty Pharma. Importantly, in some instances, it may benefit from Royalty Pharma's solid understanding of the underlying asset. This is developed while investing in the royalty interest at an earlier stage than BPCR. Pharmakon will conduct primary market research and may also use third-party market research. The future sales potential of respective drugs is evaluated based on direct discussions with external experts and leading physicians. Moreover, the investment manager may rely on market research in the form of physician studies to examine safety, familiarity, usage and acceptance of respective products by practising doctors. Finally, outside counsel may be leveraged to evaluate IP rights and the patent estate of the royalty collateral.

Pharmakon Advisors also examines the structure of royalty investments. It pays particular attention to the expected yield and duration, quality (ie, strength and enforceability) of collateral, coverage ratios (calculated as commercial licence value to the amount of debt outstanding), priority of payments, as well as cash flow projections and their impact on expected maturity and duration.

In the case of senior secured loans and unsecured debt, apart from examining the products marketed by the borrower, the fund manager also evaluates its credit profile and how the potential investment is structured. In terms of the borrower's credit metrics, it takes into consideration expected product margins, coverage ratios (projected free cash flow to total debt and/or EV to debt), access to equity markets to raise fresh capital, quality of the management team, production capacity, as well as overall capital structure and other existing liabilities. The analysis of the investment structure is largely concentrated on the expected yield and duration, quality of collateral, covenants, call protections, structural yield enhancement (eg, additional coupons linked to sales) as well as access to liquidity in the case of listed stocks.

BPCR seeks investments with predictable cash flows and significant downside protection. Importantly, when evaluating new investment opportunities, BPCR is solely focused on approved products, thus avoiding the risks associated with drug development and clinical trials. If the borrower, in addition to approved drugs, also has products in late-stage clinical trials, these are not assumed to reach the market, hence giving BPCR a safety margin. To further minimise the risk, BPCR may include revenue and profitability covenants to loan agreements or provide debt funding in tranches depending on product sales ramp-up (see the recent Lexicon deal described in the next section). Following investment, BPCR monitors its assets regularly and remains in contact with the borrower's management. Moreover, the investment manager and BPCR's board hold quarterly meetings to discuss the level of exposure to market risk at a portfolio level.

Current portfolio positioning

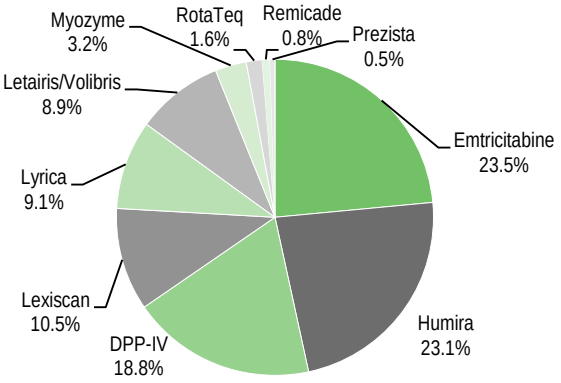
Part of the company's portfolio (c 18% as at end March 2018) consists of the following seed assets acquired in conjunction with the IPO:

- **BioPharma III Holdings (limited partnership interest)** represents a portfolio which, as at end-March 2018, consisted predominantly of three senior secured loans and one capped

royalty (see Exhibit 6). BioPharma III has a defined investment period that concluded on 24 August 2015, thus the entity is no longer permitted to acquire new assets. Also, there is no outstanding commitment to provide additional funding to any of the existing borrowers. BPCR's current share in BioPharma III is 46%.

- **RPS BioPharma Investments (senior secured loan)**: the note is secured by 10 royalty interests, which are used by 21 pharmaceutical products. In the issue prospectus published last year, BPCR indicated that the top three royalty interests represented over 65% of the total projected royalty payments to be received by RPS. The Emtricitabine and Humira franchises are the largest contributors, with a combined 46.6% of the overall expected royalty streams (see Exhibit 5). Key terms of the RPS note include maturity upon the earlier of: repayment of the outstanding aggregate principal and interest accrued on such amounts; or 30 June 2026. However, the RPS note is likely to be fully repaid in 2019, according to BPCR.

Exhibit 5: RPS note – royalty interest structure (as per projected royalty streams)



Source: BioPharma Credit's issue prospectus

Both RPS and BioPharma III are considered related entities of BPCR due to a principal of the investment manager having significant influence over each entity. BioPharma III is an investment vehicle managed by Pharmakon Advisors, whereas RPS is managed by an affiliate of Pharmakon.

BPCR's portfolio structure at end March 2018 is presented in Exhibit 6. It does not reflect the Onglyza/Farxiga royalty transaction, which is discussed later in the report. Another deal that is not incorporated is the US$194m, five-year senior secured loan agreement announced on 1 May with Sebela BBT Holdings, a subsidiary of Sebela Pharmaceuticals, which is a commercial-stage, private, specialty pharmaceutical company. The company has pro forma annual sales of c US$250m in dermatology, gastroenterology and women's health and is a marketer of multiple patent-protected specialty drugs. Importantly, the loan will have a high single-digit floating coupon and will be amortized starting after Q318. Sebela's leverage is below 4x EBITDA.

The portfolio structure is also not updated for the C shares issue completed in April this year. Finally, BPCR purchased 2.5% senior unsecured convertible notes issued by Depomed with a face value of US$23.5m in September and October 2017, and subsequently sold its entire position before the end of 2017, generating a net gain of US$2.5m and an IRR of 154%.

Exhibit 6: Portfolio composition as at end March 2018

Counterparty/ Borrower	Asset	Underlying products	Fair value (US$m)	Expected maturity	Coupon/royalties	Fees and other	% of net assets
BioPharma III	Limited partnership interest	-	73.1	-	-	-	8%
Depomed	Senior secured loan	Nucynta, Gralise, Cambia, Zipsor,	N/A	April 2022	10.75% (fixed)	2.25% up-front funding fee	N/A
Valneva	Senior secured loan	Ixiaro	N/A	2018	9.5% coupon plus 2.0-2.6% royalty of Valneva's share of Ixiaro/Jespect sales	-	N/A
iRhythm	Senior secured loan	Zio Patch	N/A	2021	N/A	Amortisation: interest-only for the first four years; straight-line for the last two years	N/A
Vivus	Capped royalty	Qsymia	N/A	April 2018	25% of quarterly sales of Qsymia (subject to quarterly caps)	-	N/A
RPS	Senior secured loan	21 products	87.5	2019	12% (fixed)	-	10%
Lexicon	Senior secured loan	Xermelo, sotagliflozin	124.5 (first tranche)	2022; Make-whole: 3 years	9% (fixed)	Amortisation: principal amount five years post-funding date; prepayment: 2%/1% before fourth or fifth anniversary of tranche A	14%
Tesaro	Senior secured loan	Zejula, Varubi	222.0 (first tranche)	December 2024; Make-whole: two years	Libor + 8.0% (tranche A), Libor + 7.5% (tranche B); Libor is subject to a floor of 1% and certain caps	Funding fee: 2% on each tranche Amortisation: two-year interest only then 3% quarterly; prepayment: 3%/2%/1% before second/third/fourth anniversary of tranche A	24%
Novocure	Senior secured loan	Optune	150.0	2023	9% (fixed)		16%
Other	-	-	3.0	-	-		-
Cash	-	-	249.2	-	-		27%
Total net assets	-	-	909.3	-	-		100%

Source: BioPharma Credit, Edison Investment Research

Depomed

Within the current BioPharma III portfolio, the most important asset in terms of sales potential is **Nucynta** (tapentadol), an opioid-based drug for severe pain, available in both immediate and extended release (ER) forms. Depomed, which has a proprietary technology to optimise oral drug discovery, acquired the US Nucynta franchise from Johnson & Johnson in 2015 but, as part of restructuring in December 2017, sublicensed it to the pain management specialist Collegium Pharmaceutical for exclusive US marketing. The agreement consisted of a US$10m upfront payment, plus a minimum annual licence fee to Depomed of US$135m plus double-digit royalties on net sales above US$233m per year for the first four years. Subsequently, Collegium will pay double-digit royalties on all net sales. We note that Collegium can terminate the deal after 12 months with a 12-month notice period and a payment of US$25m.

Sales of US Nucynta were US$240m in 2017 (US$281m in 2016) and clearly face challenging headwinds in the US opioid market, with stringent regulations to reduce abuse leading to modest market growth forecasts of around 3% pa to 2025 (Transparency Market Research). In addition, short-term supply issues due to Hurricanes Irma and Maria have affected Nucynta ER sales, although these were already resolved in March 2018. Despite this, we believe Collegium is well positioned to stabilise the brand and market the Nucynta franchise from mid-February 2018 with its existing retail and hospital field forces to 10,000 pain specialists. Focusing on 'responsible pain management', it markets Xtampza ER (oral oxycodone for severe pain) and the Nucynta products should have salesforce synergies with and broaden its pain portfolio across a wide range of pain conditions.

Depomed also has a neurology portfolio consisting of three remaining products (**Gralise, Cambia** and **Zipsor**), which have been marketed since 2009-11. These are formulations of generic molecules offering delivery or therapeutic advantages and Depomed has recently expanded its neurology salesforce to focus on this franchise and potentially add neurology-based product acquisitions. Combined sales in 2017 were US$126m and company guidance is for stable sales in 2018.

As of March 2018, US$267m of generated cash has been used to partially pay down the US$575m senior secured loan with the current amount outstanding at US$308m. In our opinion, the combined sales/royalty income from Nucynta and the continuing neurology franchise more than covers the interest and principal payments associated with Depomed's remaining loan. Depomed intends to refinance the loan in H218.

Valneva, iRhythm and Vivus

Other products underpinning the investments in BioPharma III include Ixiario (marketed by Valneva), a Japanese encephalitis (JE) vaccine launched in 2009 for travel and military use. It is the only approved JE vaccine in the US. Sales in 2017 were US$73m, and in November 2017 Valneva signed a one-year contract with the US Department of Defense for US$39.6m to supply Ixiaro.

iRhythm markets the heart monitor device Zio Patch, which backs a senior secured loan. The US$1.6bn ambulatory cardiac monitoring US market is being driven by an aging population and need by payers for outpatient monitoring to reduce costs. Although there are competing portable devices available (eg, Nuvant from Medtronic), Zio Patch appears to have gained traction with Medicare and other key payers. The main advantage of Zio Patch appears to be its convenient design versus the conventional Holter monitor and high data yield for comparatively low cost. Sales in 2017 were US$99m and forecast to grow at c 30% per year to 2020.

Vivus paid a capped royalty associated with Qsymia, a combination drug for weight loss management in obese adults. However, it was already repaid by end-April this year.

RPS note

The RPS portfolio includes royalties on pharmaceuticals used in the treatment of autoimmune disorders, HIV/AIDS, neurological disorders and diabetes, and on other products. Many of them have been or are 'blockbusters' and in 2015, total sales of these products were c US$50bn. The three largest components of the RPS portfolio are royalties from:

- The emtricitabine franchise (Atripla, Truvada, Emtriva, Complera, Stribild, Genvoya, Descovy and Odefsey), 23.5% of total projected royalty payments.
- Humira, 23.1% of projected royalties.
- DPP-IV franchise (Januvia/Janumet, Galvus/Eucreas, Onglyza/Komboglyze, and Nesina), 18.8% of projected royalties.

The emtricitabine franchise faces ongoing challenges in the form of price pressure as the manufacturer Gilead is called to improve access to these HIV drugs, as well as generic threats to the earlier combinations (Atripla, Truvada and Emtriva). As a way of protecting the franchise, the company is therefore promoting the uptake of the newer combinations (Genvoya, Descovy and Odefsey) and is developing Bictegravir/F/TAF (which contains emtricitabine) in Phase III.

The best-selling drug globally, AbbVie's Humira, which posted sales in 2017 of over US$18bn, faces the potential threat of FDA-approved biosimilars from companies such as Amgen, Samsung and Boehringer Ingelheim. However, protracted legal wrangling over the 100+ patent estate have kept biosimilars off the market so far, with Amgen agreeing not to launch until October 2018 in Europe and January 2023 in the US.

Although the DPP-IV inhibitor class of diabetes drugs suffered with safety questions a few years ago, and still face competition from the sodium-glucose co-transporter 2 (SGLT2) class, Merck's Januvia/Janumet remains a key component of diabetes treatment and posted US$5.9bn in sales in 2017. This is a class likely to experience price pressure from payers.

Tesaro loan: Zejula and Varubi

On 21 November 2017, BPCR entered into a US$500m loan agreement with Tesaro to be funded in two tranches: tranche A, US$300m (of which US$222m is attributable to BPCR) and tranche B, US$200m (US$148m provided by BPCR, prior to December 2018). The first tranche has a floating interest rate at Libor +8%, while the second has a rate of Libor +7.5%, with both being subject to floors and caps.

In the case of Tesaro, the underlying products for the loan are Zejula (niraparib), a PARP inhibitor to treat recurrent ovarian cancer, and Varubi (rolapitant), an antiemetic agent to treat cancer nausea. Zejula was approved in the US in March 2017 and in the EU in November 2017. Sales in 2017 were US$109m, with Q417 sales at US$43m (translating into a run rate of c US$170m). Tesaro's guidance for 2018 and 2020/21 stands at US$255-275m and US$700-800m, respectively. However, we remain slightly more cautious and would look to watch uptake through 2018-19. Zejula will face significant competition in the PARP inhibitor class from Clovis Oncology's Rubraca and particularly AstraZeneca's Lynparza, as AstraZeneca seeks to expand the Lynparza label into maintenance treatment BRCA-negative breast cancers and BRCA (a tumour-suppressor gene) mutated mainly breast cancers.

In contrast, Varubi (rolapitant) had sales of only US$12m in 2017 following its launch in 2016, and safety concerns affecting the IV form (anaphylaxis) have led to a suspension of marketing. The oral form of Varubi faces competition from generic forms of Merck's Emend (prepitant). According to the company, strategic alternatives will be sought and the product may be out-licensed.

Importantly, the first tranche of the Tesaro loan has already been drawn and constituted c 24% of BPCR's net assets as at end-March 2018. The trust has recently completed the placement of its C shares, raising US$163.8m of gross proceeds, which translates into an increase in net assets to c US$1.1bn. If the second tranche of the Tesaro loan is drawn as well, BPCR will need to raise an additional US$160m or sell a portion of the Tesaro loan to remain beneath the 30% threshold after funding tranche B.

Lexicon loan: Xermelo and sotagliflozin

In the case of the recently granted loan to Lexicon, the underlying products are Xermelo (telotristat) and sotagliflozin. The former was recently approved for the treatment of carcinoid syndrome diarrhoea, in February 2017 in the US and September 2017 in Europe. Ipsen has licensed marketing rights in all territories apart from the US and Japan, where Lexicon retains rights. Following launch, US sales were US$15m in 2017 and expected to grow to over US$200m by 2022 (Evaluate consensus estimates).

Sotagliflozin is an oral, dual SGLT1/SGLT2 inhibitor in Phase III clinical trials for type 1 and type 2 diabetes. Lexicon has licensed the product to Sanofi worldwide for US$300m upfront, up to US$430m for development and regulatory milestones and up to US$990m for sales milestones. Sanofi filed for US registration on 26 March 2018. Although this is a highly competitive class (with JNJ's Invokana, AstraZeneca's Farxiga, Boehringer Ingelheim's Jardiance and Merck's Steglatro), existing drugs target SGLT1 only. Consequently, sotagliflozin may be able to carve its own niche. However, we have limited visibility in terms of the uptake curve at the moment and AstraZeneca has also published data showing benefit in type 1 diabetes for Farxiga. Nevertheless, the field is still relatively wide and peak sales potential could exceed US$1bn by 2025.

This five-year US$200m loan bears interest at 9.0% per year and is to be funded in two tranches: tranche A US$150m (of which US$124.5m is attributable to BPCR) was already drawn down and tranche B US$50m (of which US$41.5m is provided by BPCR), with tranche B to be drawn by 30 March 2019 at Lexicon's option, subject to previous-quarter Xermelo sales being greater than US$25m.

Bristol Myers Squibb funding: Onglyza and Farxiga

In December 2017, BPCR also purchased a 50% interest (sharing the investment 50:50 with Royalty Pharma Investments) in a royalty stream from Bristol Myers Squibb linked to worldwide sales of two diabetes drugs, Onglyza and Farxiga, marketed by AstraZeneca, and related products. The potential funding is US$140-160m over 2018-2020 and is expected to generate high-single digit returns per year.

Sales of Onglyza (saxagliptin) attributable to AstraZeneca peaked in 2014 at US$820m and subsequently declined to US$611m in 2017 amid concerns around increased heart failure risk. The EvaluatePharma consensus forecast indicates an average sales decline of c 6.5% over the next five years. This reflects the pressures on the dipeptidyl peptidase-4 class and the movement of patients to diabetes therapies with documented cardiovascular (CV) benefits.

In contrast, Farxiga (dapagliflozin) sales showed good momentum following its US launch in 2014, reaching US$1,074m in 2017 (up 29% y-o-y), with an expected five-year sales CAGR of 11% (EvaluatePharma consensus). AstraZeneca continues to prioritize commercial support for Farxiga over Onglyza, reflecting the competitive SGLT2 inhibitor class. Recent launches in the same class include JNJ's Invokana (canagliflozin, approved 2013), Eli Lilly/ Boehringer Ingelheim's Jardiance (empagliflozin, approved 2014) and Merck's Steglatro (ertugliflozin, approved December 2017). Outcomes data showing CV benefit expected late 2018 may support Fargixa market share. Although there are also safety concerns linking SGLT2 inhibitors to diabetic ketoacidosis, kidney problems and bladder cancer, any revenue impact is unlikely to materially affect interest repayment.

Novocure

The company's sole product is Optune, a wearable device for the treatment of glioblastoma multiforme (GBM) that employs electric fields tuned to specific frequencies to disrupt cancer cell division. Originally approved in 2011 for GBM that has relapsed or progressed after treatment, it was approved in 2015 for use with conventional temozolomide chemotherapy in newly diagnosed adult patients. Phase III data (EF-14 in 695 patients) demonstrated a two-year survival rate of 43% for patients treated with Optune plus temozolomide (TMZ), versus 30% for patients treated with TMZ alone.

Novocure is driving commercial adoption of Optune in GBM patients in active markets and establishing access in new markets such as Japan. It has been launched in US, Germany, Switzerland and Israel (where a total of around 17,000 cases are diagnosed per year) and generated total sales of US$177m in 2017. The cost of around $22,000 per year, per patient is largely privately funded, although Novocure is in active discussions for reimbursement in several countries, including the US. In Japan, a national reimbursement contract was signed in Q417 and launch is underway.

Global peak sales potential of US$400-500m by 2022+ is achievable given the pricing and lack of alternative treatments for this difficult-to-treat cancer. Sales could be expanded by approval in other solid tumours that have larger market potential (brain metastases in non-small cell lung cancer, pancreatic and ovarian cancer) although Phase III data will not be available until 2021. The Optune device may also have ability to potentiate other GBM chemotherapies and is being trialled in combination with Celgene's marizomib.

Novocure's original US$100m senior secured loan provided by BioPharma III was repaid on 7 February 2018 using proceeds from a five-year US$150m senior secured loan agreement with BPCR, with the balance being used for working capital funding. The loan bears interest at 9.0% per year, payable quarterly in arrears. We consider Optune revenues are sufficient to cover the payments associated with the loan.

Sebela

The company has a diversified portfolio of medicines for gastroenterology, dermatology, as well as women's health. Its current product portfolio includes Naftin, Onmel, Pramosone, Brisdelle, Analpram HC, Lotronex, MiCort HC, Motofen, Imuran, Pexeva and Ridaura. Sebela's growth strategy consists of in-licensing and acquiring late-stage drug candidates and marketed products to complement its existing portfolio. Moreover, the company has a pipeline consisting of an edible colonoscopy prep product that was acquired in June 2017. In October 2017, Sebela announced that it plans to initiate a Phase 2b clinical trial in Q417 with its colonoscopy preparation kit, EC Prep, which is comprised of nutritionally balanced and palatable bars and beverages incorporating the standard purgative active ingredient, PEG 3350, as well as electrolytes. Phase III trials were expected to start in H118, with the NDA submission targeted for 2019. In May 2018, Sebela completed the acquisition of Braintree Laboratories, which focuses on specialty drugs in gastroenterology and whose franchise includes Suprep, a market leading prescribed, branded bowel prep.

Exhibit 7: Key underlying drugs analysis

Product	Counterparty / borrower	Description	Current stage	Year of launch	Sales 2017A	Peak sales estimate (year)	Patent expiry	Specific advantages/ threats
Optune	Novocure	Device to treat glioblastoma by generating electrical fields	Marketed for glioblastoma monotherapy and in combination with chemo. Phase III trials underway in other cancers	2011 EU/US, approved Japan 2015	US$177m	> US$400m (2022+)	2031	GBM market small (12,000 pts in US) but with high unmet need. Therapy may not be reimbursed. May not show efficacy in other cancers (Phase III data 2021+)
Nucynta IR and ER (tapentadol)	Depomed	Opioid treatment of severe pain; acquired from JNJ in 2015	Marketed - DepoMed signed a commercialisation agreement with Collegium Pharmaceutical to market Nucynta in Dec 2017	May 2011	US$240m (US)	US$300m - US$350m (2024)	2025	Will be marketed by pain specialist Collegium; headwind of general contraction in US opioid market. Hurricanes disrupted ER supply chain in Q417
Gralise (gabapentin)	Depomed	Once-daily tablet for post-herpetic neuralgia	Marketed	2011	US$77m	US$80m	2024	Patented, controlled release formulation using Depomed's GastroRetention technology
Cambia (diclofenac potassium)	Depomed	Treatment of acute migraine (powder for oral solution)	Marketed	Acquired Dec 2013 from Nautilus	US$32m	US$30m	2023	Prescribed NSAID - generic competition
Zipsor (diclofenac potassium)	Depomed	Relief of mild to moderate acute pain (liquid capsules)	Marketed	Acquired June 2012	US$17m	US$15m	2022	Prescribed NSAID - generic competition
Ixiaro	Valneva	Vaccine for Japanese encephalitis	Marketed US, EU, Australia, parts of Asia	2009	US$73m	US$120m (2022+)	2032	Supported by US govt defense contract, plus traveller use.
Zio Patch	iRhythm	Wearable 14-day ECG device to detect cardiac arrhythmias	FDA approved May 2012, EU CE mark 2015	2012	US$99m	>US$300m (2022+)	2028	Significantly growing market. More convenient than conventional Holter monitor though more expensive and does not transmit in real time
Xermelo (telotristat)	Lexicon	Oral treatment of carcinoid syndrome diarrhoea	FDA approval – February 2017; EU approval Sept 2017	2017	US$15m	>US$299m (2022+) (US)	Dec 2027	Carcinoid syndrome causes severe morbidity and has a lack of treatment options
Sotagliflozin	Lexicon	Dual SGLT1/2 inhibitor in development for type 1 and Type 2 diabetes	In Phase III	2019	-	>US$1bn (2025e)	2028	Licensed to Sanofi for worldwide marketing. Competitive market but benefits in type 1 diabetes should differentiate
Zejula (niraparib)	Tesaro	Treatment of ovarian cancer	FDA approval – March 2017; EU Nov 2017	April 2017	US$109m	>US$1.6bn (2022+)	2030	Zejula was the most used PARP inhibitor among US ovarian cancer patients in 2017. Further clinical trials read out during 2018
Varubi (rolipatant)	Tesaro	Cancer anti-emetic	Oral: FDA approval – September 2015, EU – April 2017; IV: FDA approval - October 2017	2016	US$12m	US$300m (2022+)	2028	IV form suspended following anaphylaxis adverse events
Onglyza (saxagliptin)	Bristol Myers Squibb	Diabetes type 2 agent - DPP4 class	Approved FDA 2009; EU 2009	2009	US$611m (US)	US$680m (2014)	2023	Declining DPP4 market
Farxiga (dapagliflozin)	Bristol Myers Squibb	Diabetes type 2 agent - SGLT2 inhibitor	Approved FDA 2014; EU 2012	2012 (2014 US)	US$1.074 bn (US)	US$1.7bn (2022) (US)	2025	Highly competitive and fast growing class but Farxiga CV outcomes data expected late 2018 could have positive impact

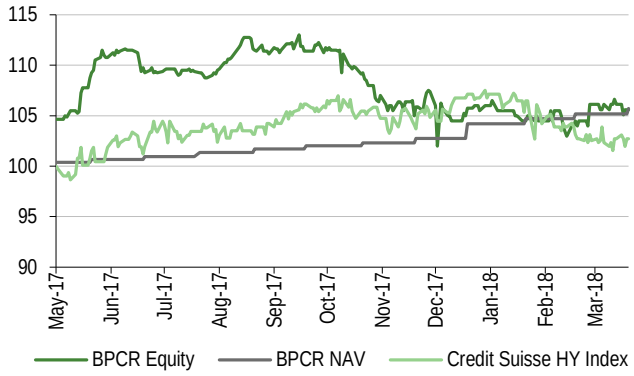
Source: BioPharma Credit, Edison Investment Research; Note: excludes underlying drugs backing the RPS note and Sebela loan

Performance: Reflects ongoing portfolio ramp-up

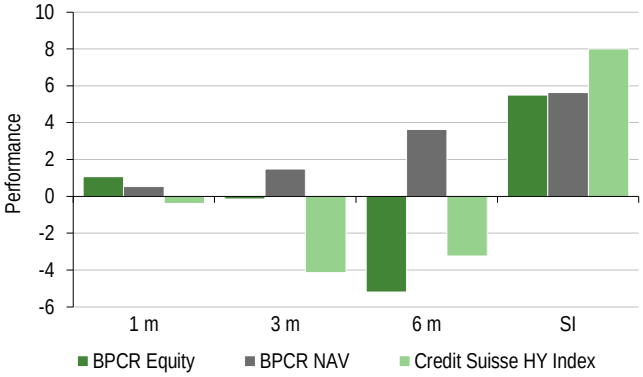
BPCR is targeting a net total NAV return of 8-9% per year in the medium term. All of BPCR's current debt investments offer a coupon rate of at least 9% per year. The trust's NAV performance since admission (March 2017) stands at 5.7% (including the three dividend payments totalling US$0.041), as BPCR is adding new investments to its portfolio. Over the same period, the Credit Suisse HY index generated an 8.0% return. The fund held US$423.3m in cash as at end-March 2017 (57% of net assets) and despite the recent investments still has considerable cash reserves (US$249.2m as at 31 March 2018) following the share issue completed in December last year. In addition, the trust raised US$163.8m of gross proceeds during the share issue completed in April 2018. BPCR's share price performance was negative over the last six months, but was broadly in line with total NAV return since inception, as the premium that persisted until September/October 2017 has largely diminished.

Exhibit 8: Investment trust performance to 31 March 2018

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)

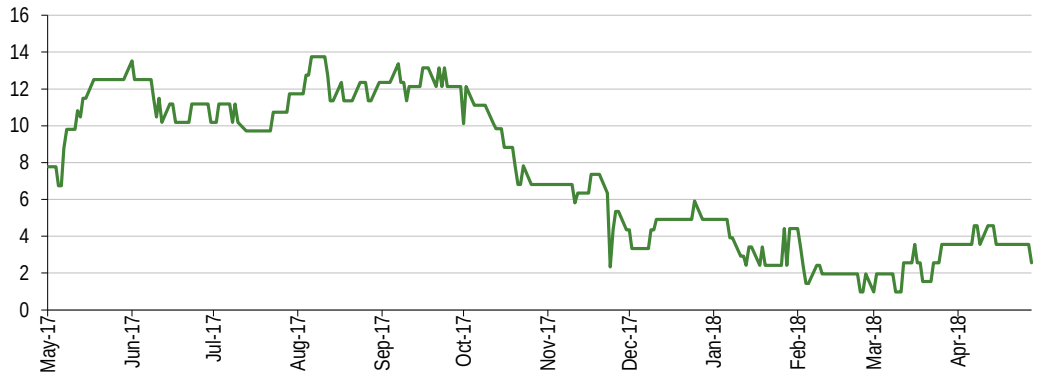


Source: Thomson Datastream, Edison Investment Research. Note: SI performance figures annualised. SI = since inception. Inception date is 24 October 2016.

Discount: Trading at a moderate premium to NAV

During the short period since admission, BPCR's shares have traded at a 2-14% premium to NAV and which stood at 2.6% as at 16 May 2018. From May 2017, the premium rose from the initial 4-5% to reach nearly 14% by late May, tracking the overall positive sentiment on financial markets. It remained within a range of c 10-14% until November, when it gradually started to move down, with a more pronounced reduction following the share issue completed around mid-December at a price of US$1.01 per share. Subsequently, it remained at low- to mid-single digit levels.

Exhibit 9: Share price premium/discount to NAV (%)



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

Pharmakon Advisors receives a management fee equal to 1% of NAV less US$100,000, calculated monthly (ie, 1/12 of 1% of NAV on the last business day of the month minus 1/12 of US$100,000) and payable quarterly.

The investment manager is also entitled to a performance fee of 10% of NAV accretion over the respective 12-month performance period ending on 31 December, subject to a high watermark and hurdle rate of 6% per year. Importantly, if BPCR's shares trade at an average discount to NAV of at least 5% during a rolling three-month period, the investment manager should use 50% of the corresponding performance fee for market acquisitions of shares.

In addition, BPCR will be incurring ongoing expenses. These include the fees of the board members, company secretary, administrator and registrar, as well as other operating expenses such as legal, advisory, PR and listing fees. The ongoing expenses ratio at 31 December 2017 stood at 1.2% of NAV per year. This may decline modestly as BPCR's portfolio grows.

BPCR has a leverage cap of 50% of NAV calculated at the time of the drawdown. However, the fund manager is only allowed to incur indebtedness on behalf of the company of up to 25% of NAV without prior approval of BPCR's board. Currently there is no debt at the BPCR level.

As at 31 March 2018, BPCR held US$249.2m in cash. This figure already reflects the recent debt refinancing completed by Novocure, which consumed US$104m (new funding of US$150m and cash return through the interest in BioPharma III of US$46m). On top of this, BPCR recently collected US$163.8m gross proceeds from C shares issue (it initially aimed at raising up to US$300m). The conversion of C shares into newly issued ordinary shares (which rank pari passu in all respects with the existing ordinary shares) will be triggered at any time after 85% of the net issue proceeds are invested or 12 months after initial admission, whichever is earlier. If both Tesaro and Lexicon draw down their second loan tranches fully (Tesaro has already announced its intention in this respect for H218), the cash outflow from BPCR will amount to US$189.5m (until March 2019). On top of this, the Onglyza/Farxiga royalty stream funding will consume another US$140-160m in 2018-2020 and the recent senior secured loan agreement will constitute a cash outflow of US$194m. This translates into a prospective cash deficit or funding requirement of US$110.5-130.5m. Note we do not incorporate any coupon or royalty streams in this calculation, as these will be largely distributed to investors on an ongoing basis. We also do not account for potential loan amortisation prepayments. Consequently, we believe that another share issue over the next 12 months is possible.

Exhibit 10: BioPharma Credit's funding requirement (US$m)

	Impact on cash	Date
Beginning cash balance	249.2	31 Mar 2018
C shares issue	163.8	Apr 2018
Onglyza/Farxiga royalty stream funding	(140-160)	2018-2020
Senior secured loan to Sebela	(194)	Apr/May 2018
Tesaro second tranche	up to (148.0)	Dec 2018
Lexicon second tranche	up to (41.5)	Mar 2019
Potential cash deficit/funding requirement	110.5-130.5	-

Source: BioPharma Credit, Edison Investment Research

As illustrated above, investors should bear in mind that BPCR's future investment decisions may lead to situations where the trust commits to future investments for which it has not already secured cash reserves. In these situations, it will need to raise funds by issuing equity and/or debt, or by selling all or part of their other investments.

A continuation vote will be put to shareholders at the first AGM following the fifth anniversary of initial admission (27 March 2017) and, if passed, at the AGM held every third year thereafter. Furthermore, a vote will also occur within two months from the end of any 12-month rolling period where BPCR's shares have, on average, traded at a discount in excess of 10% of NAV. However, BPCR's board may execute share buybacks as a means to limit the discount volatility and potentially provide an additional source of liquidity at attractive price levels. Please refer to the issue prospectus for more detailed share repurchase guidelines. The trust has not executed any buybacks yet.

It is worth noting that the holdings of participating BioPharma III and RPS investors, as well as Pablo Legorreta, were subject to a 12-month lock-up that expired towards the end of March 2018.

Dividend policy and record

BPCR will pay quarterly dividends in US dollars. The trust intends to deliver a 4% dividend yield in reference to the issue price (US$1.00 per share) in its first financial year following the admission and 7% thereafter. BPCR may designate part or full dividend amount as an 'interest distribution' and should be able to deduct such interest distributions from its income when calculating taxable profit for the relevant period (assuming it generated enough 'qualifying interest income').

Peer group comparison

BPCR is part of the AIC Specialist: Debt sector, which contains funds with a wide variety of investment strategies, although none invest in the life sciences credit market. Nevertheless, we have combined a list of funds investing in various types of debt.

The trust was floated in March 2017 and there is no three- and five-year NAV total return performance available. In Exhibit 11, we thus present the NAV total return for the last six and 12 months, which in the case of BPCR stood at 3.6% (vs peer average of 3.8%) and 5.7% (below peer average of 7.2%), respectively. The trust trades at a 2.6% premium to last reported NAV. This is slightly ahead of most peers, which trade at a low-single digit discount or premium (with the exception of Chenavari Toro Income Fund). This seems to reflect investors' positive sentiments and belief that the trust is able to effectively allocate its cash reserve. BPCR's ongoing charges are closer to the upper range of the peer group at 1.2% (as per company data). However, the ratio may decline moderately as the trust's portfolio grows, moving closer to the peer average (1.0%). Interestingly, apart from BPCR only Chenavari Toro Income Fund charges a performance fee within the analysed trusts group. In line with the comparative group, BPCR has no leverage at present, although the investment manager is willing to potentially use the limit of 25% of NAV, which does

not require BPCR board approval. BPCR offers a 4.0% dividend yield, which is broadly in line with the 4% targeted for the first year following admission (in reference to the issue price). This is below the peer average of 5.5% and is a result of the trust's portfolio being in the build-up process.

Exhibit 11: Selected peer group as at 15 May 2018

% unless stated	Market cap £m	NAV TR 6 months	NAV TR one year	NAV TR three year	NAV TR five year	Discount (ex-par)	Ongoing charge (%)	Perf. fee	Net gearing	Dividend yield (%)
BioPharma Credit	1,099.6	3.6**	5.7**	N/A	N/A	2.6	1.2*	Yes	100	4.0
Chenavari Toro Income Fund	232.0	4.8	15.0	52.6	N/A	(20.0)	1.3	Yes	100	9.9
CVC Credit Partners Euro Opps (GBP)	340.0	3.0	6.4	23.9	N/A	1.1	0.6	No	100	4.9
Hadrian's Wall Secured Investments	128.8	4.6	7.6	N/A	N/A	4.6	1.2	No	100	5.8
JPMorgan Global Convertible Income Fund	155.6	0.8	2.1	9.6	N/A	(2.2)	1.0	No	101	4.7
NB Global Floating Rate Income GBP	837.3	2.5	3.4	9.8	17.7	(4.6)	0.9	No	100	3.4
TwentyFour Income	486.9	7.5	13.6	22.6	62.6	1.4	1.0	No	100	5.9
Average	411.2	3.8	7.2	23.7	40.1	(2.4)	1.0	-	101	5.5
Trust rank in sector	1	4	5	N/A	N/A	7	5	-	1	6

Source: Morningstar, Edison Investment Research. Note: TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets. *Company data, **Edison Investment Research estimate based on company data

The board

BPCR's board comprises four directors, all of whom are non-executive and independent. They joined upon incorporation of the investment trust. Jeremy Sillem (chairman) has extensive experience in asset management, with 28 years at Lazard and its predecessor entities, as well as Bear Stearns International. He is also the managing partner of Spencer House Partners, a financial advisory company that provides capital to the asset and wealth management industry. Duncan Budge is chairman of Dunedin Enterprise Investment Trust and Artemis Alpha Trust, and is also non-executive director of Lazard World Trust Fund (SICAF), Lowland Investment Company, Menhaden Capital and Asset Value Investors. He is a former director of J. Rothschild Capital Management. Colin Bond is the CFO of Vifor Pharma, a specialty pharma company based in Zurich and a former CFO of Evotec. Harry Hyman is the founder and managing director of Primary Health Properties.

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