RTW Biotech Opportunities: Fund Manager Review – July 2026

This document provides a review of RTW Biotech Opportunities based on the information supplied, including the May 2026 factsheet and monthly update, the 2025 Annual Report, Edison's healthcare-focused investment trust note and notes from the manager presentation.

This review is slightly different from a traditional fund review because RTW Biotech Opportunities is an investment trust. It is also a specialist single-sector strategy focused on biotechnology and life sciences. That means we need to look not only at performance, portfolio and process, but also discount risk, private market exposure, liquidity, gearing, clinical risk and whether a dedicated biotech allocation is appropriate within a diversified portfolio.

Strategy Overview & Objective

RTW Biotech Opportunities is a closed-ended investment trust listed on the London Stock Exchange.

The trust invests in life sciences businesses across the full public and private company lifecycle. The strategy is focused on identifying and developing next-generation therapies that aim to improve patient outcomes. The May 2026 factsheet describes the trust as focused on identifying transformative assets across life sciences, using deep scientific and commercial expertise with a long-term investment horizon across the private and public lifecycle.

The investment objective is to achieve positive absolute performance and superior long-term capital appreciation, with a focus on forming, building and supporting world-class life sciences, biopharmaceutical and medical technology companies.
In simple terms:

RTW is not just buying listed biotech shares.

It is trying to find, fund, build and support biotech companies across their lifecycle.

That is the key difference.

At a Glance

Area	Detail
Trust	RTW Biotech Opportunities Ltd
Ticker	RTW
Structure	Closed-ended investment fund
Domicile	Guernsey
Listing	London Stock Exchange
Launch date	30 October 2019
Currency	USD
Investment manager	RTW Investments, LP
Portfolio managers	Roderick Wong, MD and Naveen Yalamanchi, MD
Ordinary NAV	$843.3m as at 31 May 2026
Market cap	$711.8m as at 31 May 2026
NAV per ordinary share	$2.61 as at 31 May 2026
Share price	$2.20 as at 31 May 2026
Discount to NAV	15.6% as at 31 May 2026
Positions above 0.5%	47
Ongoing charges ratio	1.74%
Management fee	1.25%
Performance fee	20% with 8% hurdle
Dividend policy	To be reinvested
Index inclusion	FTSE 250, FTSE All-Share

As at 31 May 2026, the trust had returned 150.6% on NAV per ordinary share since inception, compared with 71.9% for the Russell 2000 Biotechnology Index, 87.9% for the Nasdaq Biotechnology Index and 23.5% for the AIC Biotechnology & Healthcare sector.

This is an impressive record.

But it comes with risks that must be understood.

A Note on Investment Trusts

RTW is an investment trust.

This matters.

An investment trust is a listed company. Investors buy and sell shares in the trust on the stock market. The share price can therefore be different from the value of the underlying portfolio.

This means the trust can trade:

- At a discount to net asset value
- At a premium to net asset value
- In line with net asset value

As at 31 May 2026, RTW traded at a 15.6% discount to NAV. The monthly update noted that the discount had narrowed from 32.5% to 15.6% over the previous twelve months, helped by buybacks and improved market sentiment.

That tells us two things.

First, discount narrowing can be a powerful driver of shareholder returns.

Second, discount widening can work against investors even when the underlying portfolio is progressing.

Investment trusts can also invest in private companies more easily than open-ended funds. This is important for RTW because private investments are part of the strategy, not a side issue.

In simple terms:

The investment trust structure is a strength, but it adds another layer of risk.

A Note on Single-Sector Biotech Investing

Biotechnology is not the same as broad healthcare.

Healthcare can sometimes be seen as defensive. People still need medicines, hospitals, diagnostics and treatment regardless of the economic cycle.

But biotech is different.

Biotech is often about future medicine.

That means the return profile can be driven by:

- Clinical trial outcomes
- Regulatory decisions
- Drug approvals
- M&A activity
- Funding markets
- Interest rates
- Patent cliffs
- Private company valuations
- Scientific breakthroughs
- Policy and pricing risk

Edison's healthcare trust note makes the distinction well. It notes that while healthcare is often viewed as defensive, this mostly applies to established pharma, medtech, healthcare services and insurance companies with visible revenues and cash flows. Biotech, especially development-stage biotech, carries higher risk and reward because of clinical development risk and M&A potential.

This is important for client communication.

RTW should not be described as a cautious healthcare holding.

It is a specialist biotech and life sciences strategy.

Team & Resources

RTW Investments is a specialist life sciences investment firm.

The Annual Report describes RTW Investments as a life sciences investment and innovation firm dedicated to solving unmet patient needs. It also states that the team had 80 members in 2025.

The manager presentation described RTW as having a global footprint across New York, London and Shanghai, with a deep research-led approach focused on supporting companies developing transformative therapies.

This is one of the strengths of the proposition.

Biotech is not easy.

The manager needs to understand science, regulation, trial design, commercial pathways, competitive threats, financing and company building.

The culture note also reinforces this. The call described RTW as being on a mission to “solve puzzles” and said that to invest in science, the team has to understand science.

That feels like the right culture for this type of strategy.

It is not just stock picking.

It is scientific judgement combined with investment judgement.

Investment Philosophy & Process

The philosophy is centred on transformational innovation.

The Annual Report says RTW’s strategy is anchored in identifying sources of transformational innovation with significant commercial potential through deep scientific research, rigorous idea generation, investment expertise, company building and transactional expertise.

The process has several parts.

1. Deep Scientific Research

The team looks for science that can change patient outcomes.

This means understanding drug mechanisms, disease biology, clinical data and commercial potential.

2. Full Lifecycle Investing

RTW can invest in companies while private, continue to hold them after IPO, add to them as public companies and support them through later development or commercialisation.

The manager call made the point that full lifecycle investing allows RTW to get to know the science and management teams more deeply, which can improve decision-making once companies become public.

3. Company Formation

RTW can also help form companies where it identifies a significant unmet need and believes a differentiated business can be built around it.

This is a meaningful differentiator.

It is not just buying what the market offers.

RTW can help create the opportunity.

4. Public and Private Exposure

The portfolio uses listed companies, private companies and royalties.

This gives flexibility, but also creates complexity around valuation, liquidity and transparency.

5. Focus on Later-Stage and Commercial Opportunities

One point that stood out from the manager call was that many of the key holdings are late-stage development or commercial-stage companies. The manager described this as an industry where innovation is not only growing, but also maturing.

This is important.

RTW is not simply a basket of very early-stage science projects.

There is meaningful exposure to companies closer to potential revenue generation.

Portfolio Overview

As at 31 May 2026, the portfolio had 47 positions above 0.5%.

The top 10 positions were:

Holding	Area	% NAV
Kailera Therapeutics	Obesity / metabolic	6.9%
CG Oncology	Bladder cancer	6.4%
UroGen Pharma	Urothelial / specialty cancers	5.8%
Celcuity	Oncology	5.6%
Argenx	Autoimmune disease	5.5%
Corxel	Cardiometabolic disease	5.4%
PTC Therapeutics	Rare neurological / metabolic conditions	5.1%
Stoke Therapeutics	RNA medicine	4.8%
Oruka Therapeutics	Dermatology / inflammation	3.8%
Immatics	Cancer immunotherapy	3.6%

The top 10 therefore account for a meaningful part of the trust.

The portfolio is not excessively concentrated in one name, but it is concentrated enough for individual clinical and commercial events to matter.

The May 2026 factsheet also shows the following sub-portfolio exposures:

- Public – 86.4%
- Private – 19.5%
- Royalties – 1.9%

These exposures are based on gross economic exposure and can exceed 100% of NAV.

By subsector, the portfolio is heavily tilted towards therapeutics / biotech, at 95%, with medtech at 5%.

By geography:

- US / Canada – 70%
- UK / Europe – 18%
- Rest of the world – 12%

By market cap:

- Large cap – 11%
- Mid cap – 43%
- Small cap – 46%

This means the fund is heavily exposed to small and mid-cap biotech.

That is a key risk and a key opportunity.

Development Stage Exposure

One of the more useful pieces of information is the development stage split.

As at 31 May 2026, the exposure by development stage was:

- Preclinical – 1%
- Phase 1 – 10%
- Phase 2 – 18%
- Phase 3 / pivotal – 39%
- Commercial – 32%

This is helpful because it shows the portfolio is mainly focused on later-stage and commercial companies, not very early-stage science.

That does not remove risk.

But it changes the risk.

This is less about a large number of speculative preclinical companies and more about companies that may have identifiable catalysts, regulatory pathways, commercial launches or potential M&A appeal.

In simple terms:

The portfolio is high risk, but not random risk.

Key Themes

1. Biotech Recovery

The manager presentation suggested that 2025 marked the end of a four-year biotech bear market, with public equities responding first.

The May 2026 update also noted that biotech sentiment improved materially in the second half of May, driven by strong first-quarter earnings from commercial-stage companies, M&A activity and positive clinical readouts.

This is central to the RTW case.

If biotech recovery continues, RTW should be well positioned.

If the recovery fails, the discount and underlying holdings could come under pressure again.

2. M&A

M&A is a major theme.

Large pharmaceutical companies face patent cliffs and need to replenish pipelines. RTW's portfolio includes many companies that could be strategically attractive.

The 2025 Annual Report said the portfolio had four public company take-outs and one private company acquisition during the year, highlighting the strategic value of the assets held.

The manager call also stated that 2025 was a big year for M&A, with deals accelerating as policy risk declined.

This is a genuine return driver.

But M&A cannot be relied on.

It is lumpy and unpredictable.

3. Obesity and Cardiometabolic Disease

Obesity and metabolic disease are important themes in the portfolio.

Kailera Therapeutics was the largest holding at 6.9% of NAV as at 31 May 2026 and is described as an RTW co-incubated biopharma company developing a pipeline to treat obesity and related metabolic conditions. Corxel was also a top 10 holding at 5.4% and is focused on cardiometabolic diseases.

The manager call described Kailera and Corxel as next-generation obesity assets based on Chinese innovation.

This theme is potentially attractive, but it is also very popular.

When a theme becomes popular, expectations can become demanding.

4. Oncology

Oncology remains a major area of exposure.

The May 2026 factsheet shows oncology as the largest disease area, at 32% of exposure.

The monthly update also noted that ASCO 2026 featured strong late-stage data, including Celcuity presenting Phase 3 results in advanced breast cancer and Immatics presenting Phase 1 data in ovarian cancer.

This is a classic area where specialist biotech knowledge matters.

The opportunities can be large, but trial outcomes can be binary.

5. China Innovation

China is becoming increasingly important in biotech.

The Annual Report states that China is now the second-largest source of early-stage drug assets, and that RTW's team includes eight fluent Chinese-speaking investment professionals.

The manager call made a similar point: China can iterate faster and more cheaply on existing mechanisms, and RTW sees both opportunity and risk from China's emergence.

This could be a genuine edge.

But it also introduces geopolitical and regulatory risk.

6. Royalty Financing

Royalties are currently a small part of the portfolio, at 1.9% as at 31 May 2026.

However, they are interesting because they may provide a different return stream.

The manager call described royalty assets as cash generative, complementary and offering a degree of downside protection.

This could become more relevant as companies move closer to launch.

Performance Overview

Performance has been strong.

As at 31 May 2026:

Period	NAV per ordinary share	Share price	Russell 2000 Biotech	Nasdaq Biotech	AIC Sector
1 month	0.6%	2.3%	6.1%	2.3%	2.0%
1 year	53.6%	92.1%	93.3%	54.9%	15.8%
3 years	51.6%	79.6%	73.0%	55.8%	19.2%
5 years	40.9%	0.5%	5.5%	33.1%	4.6%
Since inception	150.6%	111.5%	71.9%	87.9%	23.5%
CAGR since inception	14.4%	11.6%	8.3%	10.3%	3.3%

The key points are:

- NAV performance since inception has been strong
- Share price performance has been more volatile because of discount movements
- The one-year share price return was helped materially by discount narrowing
- The five-year share price return is much weaker than the NAV return
- The strategy has materially outperformed the AIC sector since inception

This is exactly why investment trust analysis matters.

NAV and share price are not the same thing.

The Annual Report also shows that 2025 was strong, with NAV per ordinary share up 35.7% and share price up 54.8%.

The manager call said the public portfolio contributed most of the 2025 return, helped by four public acquisitions and two IPOs, while private investments were broadly flat.

In simple terms:

The performance is strong, but it has not been a smooth journey.

What Has Driven Performance?

Several factors have driven recent performance:

Public Portfolio Recovery

The manager call noted that public equities responded first as the biotech bear market began to reverse.

This makes sense.

Listed biotech prices can move quickly when risk appetite returns.

M&A Activity

The trust benefited from public company takeovers and one private acquisition in 2025.

This validates part of the RTW model.

Finding assets that larger companies want to buy is one of the attractions of biotech investing.

Individual Company Success

The Annual Report highlights Avidity, PTC Therapeutics and Stoke Therapeutics as major contributors in 2025. It also notes detractors including Rocket Pharmaceuticals, Artios Pharma and Dyne Therapeutics.

This is important.

RTW is not just a macro biotech recovery trade.

Individual stock outcomes matter.

Discount Narrowing

The discount narrowed from 22.8% at the start of 2025 to 12.0% at year end, contributing to the strong share price return.

By May 2026 the discount was 15.6%, so this remains a live monitoring point.

Investment Trust Considerations

Discount

The trust traded at a 15.6% discount to NAV as at 31 May 2026.

This can be an opportunity if the discount narrows.

It can be a risk if the discount widens.

The trust has repurchased shares. The May 2026 update says RTW repurchased 8.4 million shares, equivalent to $14.0 million, over the twelve months to 31 May 2026.

Private Company Valuation

Private exposure was 19.5% as at 31 May 2026.

Private investments can add value, but they are harder to value than listed shares.

The 2025 Annual Report showed private exposure of 24% at year end and noted that the average historical multiple on invested capital of private investments to liquidity event since inception was 1.7x.

That is encouraging.

But private valuations need ongoing scrutiny.

Liquidity

The average daily traded volume was $1.3m over three months as at 31 May 2026.

For most retail and adviser portfolios this may be sufficient, but liquidity should still be considered when sizing allocations.

Charges

The ongoing charges ratio was 1.74%, with a 1.25% management fee and a 20% performance fee with an 8% hurdle.

This is not a low-cost passive fund.

The fee level may be acceptable if the manager continues to add value, but it must be assessed through Consumer Duty and value lenses.

No Dividend

The dividend policy is to reinvest.

This is a capital growth strategy.

It is not suitable for clients seeking income.

Strengths

1. Clear Specialist Proposition

RTW has a clear identity.

It is a biotech and life sciences innovation strategy, not a generic healthcare fund.

2. Full Lifecycle Approach

The ability to invest across private and public markets is a major differentiator.

It allows RTW to participate before, during and after public market listing.

3. Strong Performance Since Inception

The NAV record since inception is strong relative to the Russell 2000 Biotechnology Index, Nasdaq Biotechnology Index and AIC sector.

4. Deep Scientific Expertise

RTW's process is built on scientific research, company building and transactional expertise.

This matters in a sector where generalist analysis may not be enough.

5. Exposure to Late-Stage and Commercial Companies

The portfolio is not dominated by preclinical risk.

As at May 2026, 39% was Phase 3 / pivotal and 32% was commercial.

6. M&A Potential

Biotech M&A is an important return driver, and RTW has already benefited from takeovers.

7. Private Portfolio Optionality

Private investments can create value before companies reach public markets.

8. Discount Opportunity

The discount remains meaningful.

If sentiment improves, discount narrowing could support shareholder returns.

Key Risks & Considerations

1. Single-Sector Risk

This is a specialist biotech strategy.

It should not be treated as a broad global equity fund.

2. Clinical Trial Risk

Biotech outcomes can be binary.

A failed trial can materially affect a company’s value.

3. Regulatory Risk

FDA policy, approval pathways, drug pricing and clinical trial requirements can change quickly.

The manager call identified FDA leadership, tariffs / manufacturing reshoring and most-favoured-nation drug pricing as key policy risk areas.

4. Private Market Valuation Risk

Private holdings are less liquid and harder to value than listed equities.

5. Discount Risk

The share price can underperform NAV if the discount widens.

6. Higher Charges

The ongoing charge and performance fee are higher than many mainstream equity funds.

The question is whether the specialist access and performance justify the cost.

7. Small and Mid-Cap Bias

As at May 2026, 43% of exposure was mid-cap and 46% small-cap.

This can be a source of alpha, but also volatility.

8. Concentration in Catalysts

Many holdings have specific clinical or regulatory catalysts.

These can drive returns, but also losses.

9. China Risk

China innovation is a potential edge, but it brings geopolitical, regulatory and commercial risk.

10. Client Understanding

Clients may not understand the difference between healthcare and biotech.

This needs to be explained clearly.

Peer and Portfolio Context

Edison's healthcare trust work places RTW within the group of healthcare and biotech investment companies that give exposure to more specialist areas of healthcare. It describes RTW as investing across the full biotech lifecycle, with target exposure to biopharmaceutical assets, medical technology, private investments, public investments and royalties.

This is useful because RTW is not the same as Worldwide Healthcare Trust or Polar Capital Global Healthcare.

Those are broader healthcare strategies.

RTW is much more biotech and innovation-led.

Compared with a broader healthcare trust, RTW is likely to have:

- Higher biotech exposure
- More private company exposure
- Greater clinical trial risk
- More M&A optionality
- Higher volatility
- Greater potential upside
- Less defensive healthcare exposure

Compared with a pure listed biotech fund, RTW offers:

- Private company access
- Company creation
- Royalty exposure
- Full lifecycle investing
- More complexity
- More valuation judgement

In simple terms:

RTW is a specialist satellite within a specialist sector.

Role in a Diversified Portfolio

RTW could have a role as:

Specialist Biotech Satellite

For portfolios where the investment committee wants direct exposure to biotech innovation.

Complement to Broader Healthcare Exposure

RTW could sit alongside a broader healthcare fund, but only if the committee wants a more growth-focused biotech allocation.

Long-Term Growth Allocation

The strategy is best suited to clients with a long time horizon and capacity for volatility.

Access to Private Life Sciences

The investment trust structure allows access to private biotech opportunities that are not usually available through open-ended funds.

It is less suitable as:

- A core equity holding
- A defensive healthcare allocation
- A cautious-risk fund
- An income solution
- A short-term trade
- A simple passive exposure to healthcare

Sizing matters.

This should not dominate a client portfolio.

Key Monitoring Points

The trust should be monitored against the following:

1. Discount to NAV

Is the discount narrowing, widening or remaining persistently wide?

2. NAV Performance

Is RTW continuing to outperform biotech indices and the AIC sector over rolling three and five-year periods?

3. Share Price Performance

Is the shareholder return matching the NAV progress, or is discount movement undermining outcomes?

4. Private Portfolio

Are private valuations being realised through IPOs, M&A or other liquidity events?

5. Clinical Catalysts

Are key clinical readouts progressing as expected?

6. M&A Environment

Is pharma M&A continuing, particularly given patent cliffs?

7. Regulatory Environment

Is FDA policy supportive or becoming more restrictive, particularly for rare disease, gene therapy and cell therapy?

8. China Exposure

Is Chinese innovation helping the portfolio, or increasing geopolitical and competitive risk?

9. Charges and Value

Does performance justify the ongoing charge and performance fee?

10. Portfolio Fit

Does the client portfolio need this level of specialist biotech exposure?

Money Wise UK View

RTW Biotech Opportunities is an interesting and differentiated investment trust.
It is not a mainstream healthcare fund.

It is a specialist biotech and life sciences strategy with public, private and royalty exposure.

There is a lot to like.

The trust has:

- A clear investment identity
- A specialist manager
- A strong record since inception
- A full lifecycle investment process
- Exposure to late-stage and commercial companies
- Meaningful private market optionality
- Exposure to themes such as oncology, obesity, cardiometabolic disease and immunology
- A clear role as a specialist satellite

But this is not a simple holding.

The risks are real:

- Single-sector exposure
- Biotech volatility
- Clinical trial risk
- Regulatory risk
- Private valuation risk
- Discount risk
- Higher charges
- Small and mid-cap exposure
- No income objective

The most important point is client understanding.

A client may hear "healthcare" and think defensive.

RTW is not defensive healthcare.

It is innovation-led biotech.

That can be exciting, but it can also be volatile.

For an investment committee, the key question is not simply whether the performance has been good.

It has.

The better question is:

Do we want a dedicated biotech allocation, and do we understand the risks that come with it?

If the answer is yes, RTW deserves serious consideration.

The performance record, specialist team and lifecycle approach are strong. The discount may also provide opportunity if sentiment towards biotech and investment trusts continues to improve.

But this should be sized carefully.

A balanced conclusion:

- Strong specialist proposition
- Impressive NAV record since inception
- Clear differentiation from broad healthcare funds
- Good exposure to biotech recovery and M&A
- Investment trust structure adds both flexibility and risk
- Private exposure needs careful monitoring
- Best used as a satellite allocation
- Not suitable as a defensive healthcare substitute

In simple terms:

RTW is a high-conviction way to access biotech innovation.

It may have a role in a diversified portfolio, but only where the adviser and client are comfortable with specialist sector risk, investment trust risk and the volatility that comes with backing the next generation of medicine.

Disclaimer

Past performance is not a reliable guide to future results. The value of investments can fall as well as rise, and investors may not get back the amount originally invested. Investment trusts can trade at a discount or premium to their underlying net asset value. Private investments, smaller companies, gearing, derivatives and specialist sector exposure can increase risk.

Biotechnology and life sciences investments can be volatile and may be affected by clinical trial outcomes, regulatory decisions, drug pricing, funding conditions, patent expiries and changes in investor sentiment.

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