Inveready achieves first close of Biotech IV at €45 million with core investors

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The venture capital manager highlights that its first specialized fund returned five times the investment, while the second is expected to achieve four times.

Venture capital manager Inveready has completed the first close of its new biotechnology fund within five months and solely with investors who had previously entered into one of its vehicles. Inveready Biotech IV has reached a volume of €45 million and will now enter the marketing phase to reach and possibly exceed its target of €50 million.

"We believe it is a great success to have achieved this first close in a very complex macroeconomic and financial environment," comments Inveready's General Partner, Roger Piqué. "75% of the investors in this vehicle participated in other biotechnology funds, while the rest come from other vehicles we manage," he adds. Inveready Biotech IV will benefit from a third of public funding from ICO.

Returns from previous funds

Piqué points out that investors have evidence of the success of the firm's model. With the first biotechnology fund, the manager managed to return five times the committed investment. "Currently, the second fund has a return of three times the investors' resources, but we believe it will end up at four times with the operations we have underway," he indicates. Inveready's third biotech fund is currently completing its investment cycle.

Among other companies, the manager has sold AVX Pharma to Aerie in a million-dollar deal and has taken Edesa Biotech to Nasdaq. In addition, companies like Palo Biofarma have paid out more than €30 million in dividends to their shareholders. Inveready's biotechnology portfolio includes companies such as Atrys Health, OxoLife, OncoStellae, Ability Pharma, Oryzon Genomics, and Re:va.

Disciplined model

Inveready's General Partner, Sara Secall, explains that the key to success is "the disciplined model" of the firm. "We strive to ensure that companies are leveraged with public aid and soft debt," she points out. In this way, both the entrepreneur and the investors reduce their dilution in the shareholding as the project grows.

Secall says that the company has now opted for a larger fund due to the sector's own evolution. "The costs and types of molecules are more expensive to develop," she argues. In this regard, Inveready maintains its skepticism about participating in large investment rounds. The firm has also been committed since its previous fund to investing in industrial projects, hence the increased funding requirements.

Investment strategy

Transactions will range from €1 million to €5 million per company. Approximately 40% of the fund will be invested in companies developing innovative therapies; investment in these firms could increase to €10 million. Around 40% of the fund will also be allocated to industrial companies engaged in research, development, and contract manufacturing (CDMO) with tickets ranging from €5 million to €10 million. The remaining 20% will go to companies developing high-value products or services in medical devices, digital health, and consumer health.