Ebb & Flow

Words are cheap

By Steve Edelson
Senior Writer

Pacific Growth Equities last week unveiled plans to avoid what it thinks is the increasing commoditization of sellside research. The firm rolled out its Sector Sales department to provide unpublished investment ideas to the firm's clients.

"We're making a true bridge between our analysts and sales department and the client portfolio manager," said Pacific Growth co-CEO Thomas Dietz. "The Sector Sales people have enough knowledge of portfolio management that they can go out and say 'you need to buy these 10 stocks. Here's the risk, newsflow and how to get in and out'."

Thus, Pacific Growth moved a quartet of its sellside analysts (IP networking, multimedia, telecom and retail) to the Sector Sales department and hired Tim Wilson to handle biotech and specialty pharma. He most recently was a senior partner at Atlas Ventures, after a longtime sellside career at H&Q; SG Cowen; UBS Securities; and Bear, Stearns.

Wilson "will not traffic in the names covered by our biotech research analysts," Dietz said. "Tim will be talking about broad baskets of securities and will help portfolio managers make decisions about how to build and move their portfolios around."

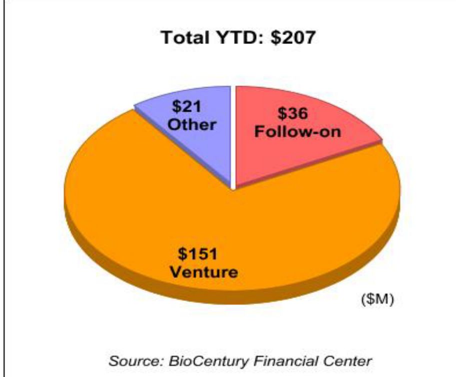
Pacific Growth first discussed the Sector Sales department in a September 2005 letter to certain clients. The letter also discussed changes the firm is making to its research coverage. Pacific Growth trimmed its rating system to "buy," "sell" and "neutral," and no longer allows broad access to its reports through First Call and other distributors. The firm does offer summaries to the distribution outlets.

"The entire way that research is disseminated has effectively commoditized the written word," said Dietz. "When institutional investors get research, they're bombarded with it. There are good and talented researchers out there, but it's hard to cross-tabulate and see what's real and not."

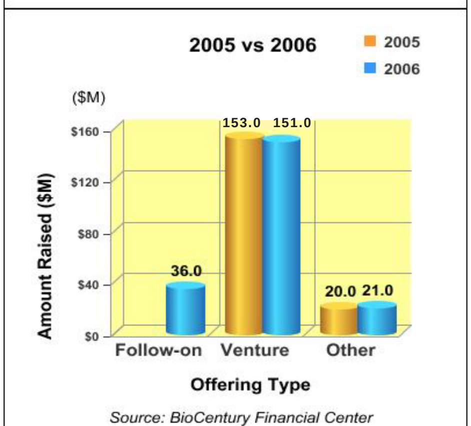
Dietz said that Pacific Growth's "top 200" clients have been offered access to the Sector Sales team, and that "all have signed up."

Money Raised in 2006

Last week, the biotech industry raised $207 million, bringing to $207 million the total raised year-to-date. In 2005, a total of $20.2 billion was raised, including $1.8 billion in IPOs, $4.5 billion in follow-ons, $5.3 billion in venture capital, and $8.5 billion in other fundraising. Totals include overallotments and warrants.



Source: BioCentury Financial Center



Source: BioCentury Financial Center

By any other name

Perseus-Soros BioPharmaceutical Fund changed its name to **Aisling Capital** — Aisling is Celtic for "vision" — and announced a $550 million closing for life science fund Aisling Capital II. Aisling expects to invest the fund over four years, putting $15-$30 million into each portfolio company. Similar to Perseus-Soros BioPharmaceutical Fund I, Aisling Capital II will invest in all life sciences areas. Perseus-Soros BioPharmaceutical Fund I is closed at $448 million, and will continue to be managed by Aisling.

The entire 10-member team of Perseus-Soros BioPharmaceutical Fund ported over to Aisling. Dennis Purcell is the firm's senior managing director, and managing directors are Steven Elms and Andrew Schiff. Aisling has $1 billion under management.

Bellevue Asset Management also changed its name — to **Swissfirst Asset Management.** Swissfirst's umbrella covers two large publicly traded equity funds — BB Biotech for biotech and BB Medtech for medical devices — and venture fund BB Biotech Ventures. Last month, BB Biotech Ventures closed its second fund at $123 million *(see BioCentury, Dec. 12, 2005).*

Fund watch

NeoMed closed its NeoMed Innovation IV fund at €104 million ($123 million). The fund, which will invest in 12-15 therapeutic, diagnostic and device companies, had a €32 million second closing last August and a €38 million first closing last January. The fund will focus on series A and B rounds in Europe, and also will participate in series B and C rounds in the U.S.

Care Capital was the third venture fund to announce a closing last week, nailing down $300 million for its third fund, Care Capital Investments III. Partner David Ramsay told Ebb & Flow the strategy would be similar to the firm's second fund — investing in drug development companies in advanced preclinical development or in the clinic. "We're looking to build a portfolio of 12-15 companies and the target is to invest $10-$20 million per situation," he said.

Lazard was placement agent for the fund, which had an initial target of $225 million. Care Capital said limited partners include about 20 institutional investors.

IPO watch

SGX made the first rumblings on the IPO front this year, as the company put some terms around its proposed deal. The cancer play hopes to sell 4 million shares at $11-$13. A $12 price would raise $48 million and value the company at $164.4 million. In 2005, the average post-money valuation of a biotech that went

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