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ASIA EDITION

Healthcare fund generates $1.81 for every $1 spent

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Singapore: The IB Australian Bioscience Fund I has generated a unit price of $1.81 for every dollar invested four and a half years ago, prompting its managers to urge superannuation funds to 'strongly' consider backing proven managers in the healthcare sector to secure better returns for their members.

The fund, which predominantly invests in Australian life sciences companies, had outperformed the ASX 200 Accumulated Index by 72 percent despite the sector being perceived as 'high risk' and the financial climate since 2008 being particularly volatile. The IB Australian Bioscience Fund I closed with a total of $41.8 million committed capital sourced from institutional and sophisticated investors in July 2008. The minimum investment was $4 million, with investors including Telstra Super, Asia Union Investments and Meat Industry Employees Superannuation Fund.

Since then the fund has called a total of $35 million and returned $44 million to its investors, following successful plays in local healthcare and life sciences companies including Peplin, Arana and Heartware. BioScience Managers has also raised a second fund which completed a first close at $55 million in September 2012.

Mr Jeremy Curnock Cook, MD, BioScience Managers, and a former head of the life science private equity team at Rothschilds Asset Management, UK, said that, "We believe that our fund offers institutional and sophisticated investors a pathway to investing in healthcare that is carefully designed to minimise risk and maximise security. The model we deploy is the product of over 35 years' experience in investing in this space for high returns. At the moment many Australian super funds remain focused on international equities. We have demonstrated that investing closer to home delivers highly competitive returns, at the same time as advancing the local healthcare sector."

Chief investment officer Matt McNamara said the fund result was the culmination of a strong and experienced fund management team as well as high growth in the sector. He said, "We have an ageing population and increasing demand from developing countries for first world healthcare. Our core focus remains investor returns. We carefully select companies in which to invest based on sound business models in a space where there is a clear market need. "These figures demonstrate we are on the right track."