Life science, also known as bioscience, comprises of several branches of science, including biology, medicine and ecology. This comprehensive scientific division is emerging as a burgeoning private equity sector with a variety of funds hitting the market looking to invest in firms that are developing ideas in biotechnology, pharmaceuticals and biomedical technologies.

This research report contains key facts and statistics to help you understand more about this growing investment sector.

Aggregate Capital Raised

Fig. 1 shows the aggregate capital raised by all private equity funds involved with life sciences from 2007 to 2009 year-to-date. Preqin terms non-pure life science funds as those which look to invest in the life science sector in addition to other unrelated industries as part of a wider, more generalist strategy. Preqin terms pure life science funds as those funds concentrated exclusively on life science investments. Fig. 1 reveals that private equity funds focused either partially or exclusively on life science raised almost $17 billion in 2007 and in excess of $28 billion in 2008. The aggregate capital commitments for 2009 to date have been markedly smaller however, with market conditions clearly affecting fund managers’ ability to attract capital for their vehicles.

Fundraising by Region

Examining pure life science private equity fundraising by regional focus exposes the dominance of US focused funds in this sector. US focused life science private equity funds have attracted far more aggregate capital than their global counterparts for each of the past three years, securing more than $4 billion in 2007, $2.4 billion in 2008 and nearly $2.5 billion in 2009. European focused pure life science funds have also had an impact on global fundraising, drawing around $1.6 billion in aggregate capital in 2007 and 2008. Fundraising in 2009 year-to-date has proved more of a challenge, with only $70 million having been committed to life science funds closed so far this year. Pure life science fundraising in Asia and Rest of World is still in its infancy, with $620 million raised in 2007, and $80 million to date in 2009. No pure life science funds focused on the region closed in 2008.

Fundraising by Fund Type

The pure life science private equity fundraising market is almost wholly comprised of venture vehicles, with only one buyout fund, one co-investment fund and four funds of funds securing $482 million between them since 2007. Of the venture fund types, most capital is raised by general venture funds, without a specific stage focus. Fig. 4 shows the breakdown of venture fundraising for pure life science funds, revealing early stage funds to be the second most prominent fund type after generalist venture vehicles. Data from 2009 year-to-date shows two late stage funds closed with $100 million in aggregate commitments.

Venture Fundraising

Fig. 6 depicts how life science venture fundraising has compared with the whole private equity venture market from 2007 to the present day. The graph shows that in 2007 pure life science venture funds raised 9% of the entire aggregate capital secured by all venture funds. This decreased slightly to 7% in 2008, but then doubled to 14% for 2009 year-

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**Fig. 5:**
Top Five Pure Life Science Funds Closed to Date in 2009

<table>
<thead>
<tr>
<th>Firm</th>
<th>Fund</th>
<th>Fund Type</th>
<th>Target Amount (Mn)</th>
<th>GP Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essex Woodlands Health Ventures VIII</td>
<td>Essex Woodlands Health Ventures</td>
<td>Venture</td>
<td>900 USD</td>
<td>US</td>
</tr>
<tr>
<td>Aisling Capital III</td>
<td>Aisling Capital</td>
<td>Venture</td>
<td>650 USD</td>
<td>US</td>
</tr>
<tr>
<td>Domain Partners VIII</td>
<td>Domain Associates</td>
<td>Early Stage</td>
<td>500 USD</td>
<td>US</td>
</tr>
<tr>
<td>Lilly Ventures</td>
<td>Lilly BioVentures</td>
<td>Early Stage</td>
<td>200 USD</td>
<td>US</td>
</tr>
<tr>
<td>AM Pappas Life Science Ventures IV</td>
<td>Pappas Ventures</td>
<td>Venture</td>
<td>102 USD</td>
<td>US</td>
</tr>
</tbody>
</table>

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**Fig. 4:**
Aggregate Capital Raised by Pure Life Sciences Venture Fund Types: 2007-2009 YTD

**Fig. 3:**
Aggregate Commitments of Pure Life Sciences Funds by Regional Focus: 2007-2009 YTD

**Fig. 2:**
Pure Life Science Funds Achieving a Final Close: 2007-2009 YTD

**Fig. 1:**
Aggregate Capital Raised by Life Science Funds 2007-2009 YTD

"...The pure life science private equity fundraising market is almost wholly comprised of venture vehicles..."
to-date. If we include non-pure life science venture funds to compare with the overall venture market then the proportion is even more favourable, measuring 16% in both 2007 and 2008, and climbing to 19% for 2009 year-to-date.

Largest Funds

Fig. 8 shows the 10 largest pure life science funds to have reached a final close. The table is dominated by US-based firms, with only one non-US representative, which is the UK-based Abingworth Management with its 2007 vintage Abingworth Bioventures V. As the life science sector is led by venture funds it is perhaps not surprising that no pure life science funds have achieved a final close with more than USD 1 billion in committed capital. Essex Woodlands Health Ventures VIII is the largest life science private equity fund to close to-date, raising $900 million.

Investor Focus

Private equity funds investing in the life science sector attract a broad range of institutional investor types. Preqin’s Investor Intelligence database shows that funds of funds have traditionally been the most prominent type of investor in (pure and non-pure) life science funds, representing approximately 18% of overall commitments made to vehicles targeting opportunities in the life science sector, and 44% of commitments made to pure life science funds achieving a final close in the period 2007-2009.

In addition to fund of funds vehicles, a variety of other investor types are committing to life science funds. Endowment plans, family offices and...
foundations, private sector pension funds, other private equity firms and, in particular, public pension funds have all committed to pure and non-pure life science funds in significant numbers in the past.

**The Future**

While this report shows a general decline in private equity fundraising for life science funds over the past few years, we expect fundraising to grow modestly as the world economy recovers from its slump and more investors channel their capital back to this sector. There exists a healthy stock of funds on the road, with 31 pure life science funds still in market targeting aggregate capital of over $5 billion.

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**Data Source**

All of the information used within this report was taken from Preqin's online products: Fund Manager Profiles and Investor Intelligence. For more information on private equity fundraising, please see Preqin's Funds in Market module. For more information about this service, or to sign up for trial access, please visit: [www.preqin.com/fim](http://www.preqin.com/fim)

For more information on private equity investors, please see Preqin's Investor Intelligence module. For more information about this service, or to sign up for trial access, please visit: [www.preqin.com/ii](http://www.preqin.com/ii)

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**Fig. 9:**

Sample Investors in Recently Closed Life Science Funds

<table>
<thead>
<tr>
<th>Investor Location</th>
<th>Sample Life Sciences Fund Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Pensions Reserve Fund, Ireland</td>
<td>Abingworth Bioventures V Co-Invest Growth Equity Fund, Frazier Healthcare VI</td>
</tr>
<tr>
<td>National Technology Enterprises Company, Kuwait</td>
<td>Burnhill Life Sciences Capital Fund III, Wellington Partners III Life Science Fund</td>
</tr>
<tr>
<td>European Investment Fund, Luxembourg</td>
<td>Gilde Healthcare II, SHS Fonds III, Wellington Partners III Life Science Fund</td>
</tr>
<tr>
<td>Skandia, Sweden</td>
<td>Healthcap V, MPM BioVentures IV</td>
</tr>
<tr>
<td>Barclays Bank UK Retirement Fund, UK</td>
<td>Abingworth Bioventures V, Healthcap V</td>
</tr>
<tr>
<td>Pharmaceutical Product Development, US</td>
<td>AM Pappas Life Science Ventures IV, Bay City Capital Fund V</td>
</tr>
<tr>
<td>Utah Capital Investment Corporation, US</td>
<td>Clarus Ventures II, Frazier Healthcare VI, SV Life Sciences Fund IV</td>
</tr>
<tr>
<td>Dow Chemical Company Pension Fund, US</td>
<td>MPM BioVentures IV, Quaker BioVentures II</td>
</tr>
<tr>
<td>California Public Employees’ Retirement System (CalPERS), US</td>
<td>Aisling Capital III, Skyline Ventures V, SV Life Sciences Fund IV, Third Rock Ventures</td>
</tr>
<tr>
<td>North Carolina Department of State Treasurer, US</td>
<td>Hatteras Venture Partners III, Quaker BioVentures II, Synergy Life Science Partners</td>
</tr>
</tbody>
</table>

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