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VC FUNDS

Wellington Management Raises \$476 Million for Second Biotech Venture Fund

Boston-based money manager aims to be a larger player in life-sciences venture capital

By **Brian Gormley**

Wellington Management Co., an investment manager for pensions, insurers and other firms, is seeking to be a larger player in biotechnology venture capital.

Boston-based Wellington, which manages more than \$1.1 trillion, has secured \$476 million for its second biotech venture fund, topping its first such pool, which closed at \$394 million in 2019.

Wellington's biotech venture team plans to write larger checks and lead more investments than it did with the first biotech fund, said Nilesh Kumar, co-head of biotech private investments for the firm.

U.S. venture firms that invest in life sciences rounded up \$58.3 billion in 2022, the second-highest total on record after the \$81.2 billion raised in 2021, according to Savills North America, a subsidiary of U.K.-based real-estate-advisory firm Savills PLC.

Several venture funds targeting life sciences have formed in recent years, and biotech startups are springing up in cities around the U.S., said Austin Barrett, leader of Savills' North American life-sciences practice.

New firms led by experienced investors have closed debut life-sciences funds recently, including Cure Ventures, formed by veterans of firms including Third Rock Ventures; and Dimension, whose founders previously worked at Lux Capital and Obvious Ventures.



Verve Therapeutics, which raised capital from Wellington Management, develops gene-editing drugs for cardiovascular disease.

PHOTO: GENEVIEVE DE MANIO

Diversified venture firms that invest in biotech also have rounded up fresh capital, including Canaan Partners, which recently raised \$850 million for technology and life-sciences deals.

Venture firms are scrutinizing startups more closely than they did during the investment boom of 2021, when venture rounds often came together in weeks, said Rachael Bushey, a partner in the life-sciences group of law firm Goodwin Procter LLP and co-chair of the firm's Philadelphia office. As a result, financings are taking longer to complete, she added.

"They're certainly more conservative in the way they're deploying capital," Ms. Bushey said.

U.S. life-sciences startups raised \$5.9 billion in venture capital in the first quarter, trailing the pace set in 2022, when startups collected \$43.3 billion for the year, according to market tracker PitchBook Data Inc.

Wellington raised the larger second fund partly because startups will likely

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Nilesch Kumar, co-head of Wellington Management's biotech private investments.

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need bigger chunks of cash amid the broader downturn in the venture-capital sector, said I-hung Shih, who co-heads the firm's biotech private investments with Dr. Kumar.

The firm also aims to play a larger role in shepherding biotech startups to success. It previously backed biotech startups through a diversified private-equity fund before raising its first venture fund for the sector.

Wellington used that first venture fund to back 35 companies, Dr. Shih said, including Verve Therapeutics Inc., a developer of gene-editing drugs for cardiovascular disease that went public in 2021.

For the new venture fund, Wellington's biotech venture team is planning roughly 25 to 30 deals, Dr. Kumar said.

Wellington's biotech venture team draws on resources from the firm's public-market investment practice to gain a wider perspective on the competitive landscape and the types of drugs large pharmaceutical companies are seeking to acquire, Dr. Kumar said. This helps the venture group evaluate deals and advise portfolio companies.

"We're able to help shape companies' strategies over time," Dr. Kumar added.

Wellington is billing itself as a one-stop shop for startups looking for a supporter over the long term, given its perspective and experience, Dr. Shih said. "They understand that Wellington is willing and will be there as they continue to grow," she added.

In November, Wellington led a \$115 million Series B round of financing for



I-hung Shih, co-head of Wellington Management's biotech private investments.

PHOTO: WELLINGTON MANAGEMENT

MBX Biosciences Inc., a Carmel, Ind.-based biotech company developing treatments for endocrine disorders.

MBX Chief Executive Kent Hawryluk said Wellington's backing boosts his company's credibility and opens more doors as it considers future funding.

"They understand management and what goes into building a successful biopharma company," Mr. Hawryluk said.