

# Great Point to Stick to the Playbook With Fourth Fund



Jeffrey Jay, managing director and co-founder of Great Point Partners

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**The healthcare-focused PE shop will invest in about 15 platforms in fund IV, largely targeting the same size businesses it did with fund III, said firm co-founder Jeffrey Jay.**

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**By Armie Margaret Lee**

May 20, 2022 11:00 AM

Healthcare investment firm **Great Point Partners LLC** anticipates making its first investment from its fourth growth buyout fund in the second half of the year, according to Great Point managing director and co-founder **Jeffrey R. Jay**.

Great Point will have probably have a total of around 15 portfolio companies in Great Point Partners IV, Jay said. The Greenwich, Conn.-based firm on May 3 announced the close of fund IV with \$506 million.

For its fourth fund, Great Point will continue to focus on companies with \$2 million to \$10 million of Ebitda. While that is the target range, most of the firm's portfolio companies have Ebitda in the \$4 million to \$5 million range when acquired, Jay said.

“We pay high single-digit Ebitda multiples for those companies, but we sell our businesses for high teens multiples of Ebitda, when they have \$25 to \$40 million of Ebitda,” he said.

In Great Point's experience so far in 2022, private market valuations “for our exits have not come down even though public market valuations have come in substantially,” he said.

In April, Great Point's Fremont, Calif.-based biologics contract development and manufacturing organization platform **Bionova Scientific Inc.** was sold to Asahi Kasei Medical, a subsidiary of Japanese conglomerate **Asahi Kasei Corp.**

Commenting on the deal environment in healthcare, Jay noted that two of the benefits of healthcare as a sector are that “there are numerous high growth subsegments and it is recession-resistant and crisis-resistant.”

“Current federal fiscal and monetary policies make a recession likely in 2023, if not sooner,” he said.

Jay noted that there's less volatility in the revenue and Ebitda of healthcare companies than in companies in other sectors of the economy, such as consumer products.

Specifically, the firm's largest areas of investment are pharma and biotech services, contract manufacturing and products.

"That's almost 50% of our investment activity," he said.

Its other areas of focus are healthcare services, healthcare IT enabled services, and medical devices and diagnostics contract manufacturing.

Great Point's recent deals include its investment, announced May 4, in Washington-based health communications and public relations firm **JPA Health**. Great Point plans to announce two more platform investments from the third fund shortly, Jay said.

Great Point is among a number of healthcare investment firms that have recently wrapped up raising new funds. This month, **NovaQuest Capital Management LLC** said it has closed its second PE fund with \$500 million, and **RoundTable Healthcare Partners LP** announced the close of its sixth PE fund at \$800 million.

In April, **Water Street Healthcare Partners LLC** said it has closed its fifth PE fund with \$1.4 billion. **Havencrest Capital Management LLC**, meanwhile, closed its second fund with \$356 million in March.

For its part, Great Point's private placement memorandum went out in December, and the fund closed April 22, Jay said.

**Steven M. Cooperman, Brian Forman** and **Timur Eron** of **Morrison Cohen LLP** provided legal counsel to Great Point on the fundraising. London-based Platypus

Partners was the placement agent in Europe. Great Point did not use a placement agent in the U.S.

The new fund is 65% larger than its predecessor, which closed with \$306 million in 2019. Great Point closed its second growth buyout fund with \$215 million in 2013 and its first PE fund with \$156 million in 2006. Great Point also has a public life sciences equity strategy, BioMedical Value Fund.

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#### COMPANIES MENTIONED

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RoundTable Healthcare Partners LP	NovaQuest Capital Management LLC	Morrison Cohen LLP	
Bionova Scientific Inc.	Havencrest Capital Management LLC	JPA Health	Asahi Kasei Corp.
Water Street Healthcare Partners LLC	Great Point Partners LLC		

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#### PEOPLE MENTIONED

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Steven M. Cooperman	Timur Eron	Brian Forman	Jeffrey R. Jay
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