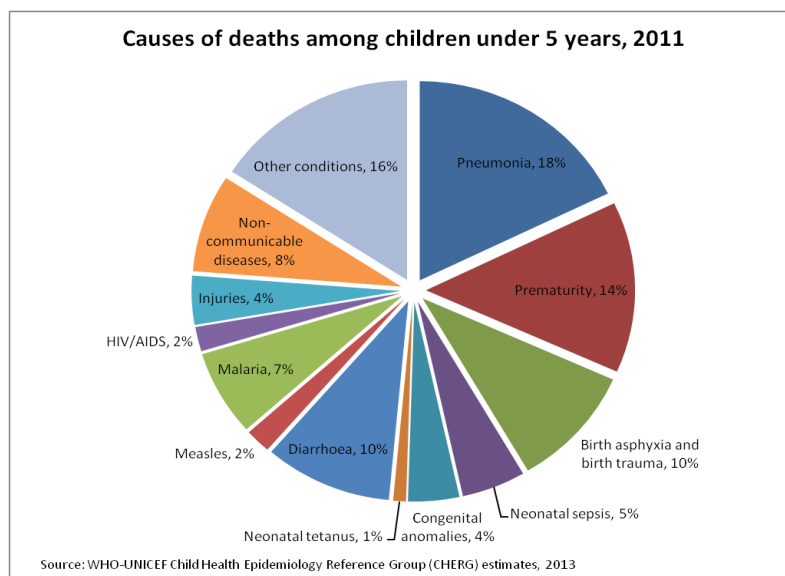


## Social Impact Fund secures \$108mm to invest in Late Stage Global Health Innovations

Under the sponsorship of the Bill & Melinda Gates Foundation, a private fund has been launched to bring a new source of capital for innovation in the area of new devices, diagnostics drugs and vaccines for Global Health diseases.

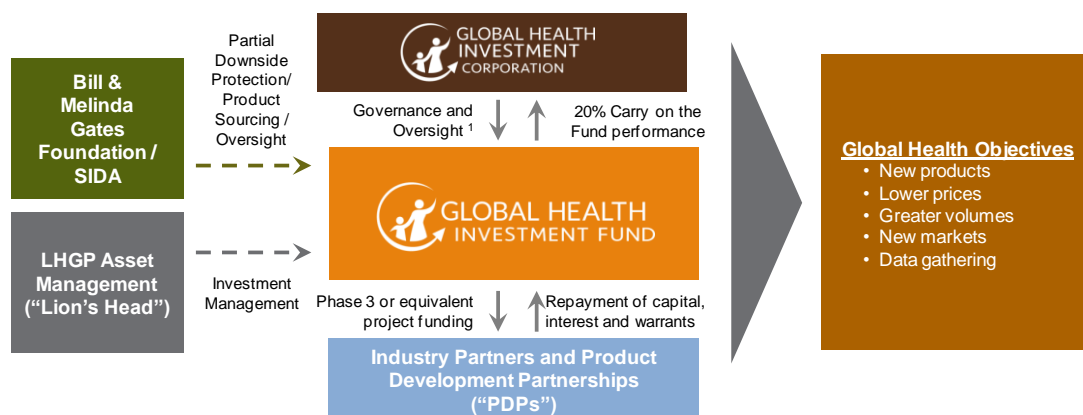
Advances in medical science have resulted in significant improvements in health in developing countries, including dramatic reductions in child and maternal mortality. Nevertheless, millions of people continue to die from conditions that are treatable. World Health Organisation figures show that nearly 15 million people die each year from infectious diseases and nutritional deficiencies. According to the last estimate, in 2011, 6.8 million children die before reaching their fifth birthday, with a heavy geographical skew towards developing countries which account for over 70% of the total. The most common causes of child and infant mortality are pneumonia, diarrhea, birth complications and malaria. Diseases such as meningitis and measles, which account for a smaller percentage of deaths globally, still take hundreds of thousands of children's lives each year.



Solving problems of such magnitude requires both improved access to existing interventions, as well as new and affordable medicines. The objective is not merely to protect the gains that have already been achieved, but to deliver the far greater gains that could be achieved. The pipeline of new interventions currently under development has the capacity to save millions of lives each year and in doing transform human health globally.

Unlike in the past, the conditions for lasting change are now in place. Political focus and improved economic growth during the past decade has led to substantial investment in health systems in developing countries. New drugs and vaccines that did not exist 10 years ago are already benefiting the lives of hundreds of millions of individuals. Furthermore, after decades of underinvestment, the generosity of government donors and charitable foundations such as the Bill & Melinda Gates Foundation, along with the engagement of the pharmaceutical and biotech industries, academia, and the non-profit sector have all helped to create a pipeline of over 200 new interventions for improving Global Health. These carry the potential to reshape the health of the World's poorest children in the years ahead.

However, there is insufficient capital to fund the full pipeline of new products that are so desperately needed. One key challenge has therefore been to devise a new source of capital to complement traditional philanthropy. Fortunately, many of the health products so needed by developing countries are also relevant in developed countries. The global market of these products creates the opportunity for these products to provide a financial return to investors. This dynamic has created the opportunity for a new fund to be established - The Global Health Investment Fund ("GHIF") which seeks to invest in late stage product development projects that are focused on improving Global Health, while also offering the potential for a financial return. The Fund has raised \$108.3mm and has a broad spectrum of investors and stakeholders that includes high net worth individuals, institutional investors (*AXA, JP Morgan and Storebrand*), strategic investors (*GSK, Merck and the Pfizer Foundation*), government backed funds (*Grand Challenges Canada, IFC, KfW and SIDA*) and foundations (*Bill & Melinda Gates Foundation and Children's Investment Fund Foundation*). The Fund is managed by London based asset management firm, *Lion's Head Global Partners*.



1 The Fund is owned by a new 501(c)(4) charitable organization. – The Global Health Investment Corporation – The Managing Member of the Fund

The Fund has been classified as a ‘social impact investment’ because investors could potentially realize higher returns from new drugs and vaccines targeted at developed country markets. Investors are compensated for this because the Fund benefits from a partial capital guarantee provided by the *Bill & Melinda Gates Foundation* and the *Swedish International Development Cooperation Agency*.

The positive social impact is achieved by focusing investments on the diseases that disproportionately affect the populations of the World’s poorest countries, and including requirements to ensure the accessibility of products to the populations most in need.

The Fund will make investments, via a form of ‘mezzanine’ debt funding, principally for pharmaceutical and biotechnology companies, as well as other organizations sponsoring promising late stage Global Health products. The intention is to provide capital to accelerate the development of products to address these global health challenges and complete projects that might otherwise not be pursued.

The Fund is attracting attention, not only because of its potential to accelerate improvements in Global Health, but also because the model is highly replicable to other areas where investment capital is needed to supplement grant capital. This could include downstream operations in health, but also opportunities in Agriculture, Energy and Infrastructure, where substantial funding gaps remain in developing countries.