



Industry Ventures Closes \$400 Million Fund VI

By Joanna Glassner

July 11, 2011

San Francisco-based Industry Ventures announced today that it has closed a \$400 million secondary fund focused on venture capital and technology growth equity investments.

Fund VI is the firm's largest fund to date. Its fifth fund, which totaled \$265 million, closed in 2008. Earlier this year, the firm closed a \$155 million Special Opportunities Fund, bringing total capital under management to more than \$1 billion.

Hans Swildens, the firm's founder and managing director, says most of the money from the oversubscribed fund came from existing investors, mostly pension funds. However, the firm did bring on some new limited partners, including some foundations and endowments.

Fund VI, Swildens says, will focus on three core areas for investments. These include investing in older venture funds that are winding down or need to extend their time horizon, purchasing venture stakes from financial institutions looking to divest holdings in the asset class, and buying shares from founders, angels and venture investors in private companies who are looking for liquidity.

Given escalating valuations in hot sectors such as social media and cloud computing, Swildens says the current climate is a challenging one for value-oriented investors in the technology space.

"About a year ago, our firm started thinking [consumer-facing Internet] valuations were out of control, but since then they've gone two or three multiples higher," he says.

But while some sectors look quite pricey, others are comparatively beaten down.

"The market that's just broken and devastated is medical devices, med-tech and pharma," Swildens says. Because of factors including a more difficult path to FDA approval and a growing tendency among pharmaceutical acquirers to delay purchases till target companies have made it through multiple trial phases, taking a company to exit has gotten pricier. "A lot of the VCs don't have enough gas in the tank to keep it going," he says.

Cleantech, meanwhile, is somewhere in the middle. In about half of the cleantech companies he follows, Swildens says, performance is on par with expectations and valuations are going up. The other half or so, however, "are looking very dire," with few investors stepping up to meet their capital needs.