



Duravest invests in both development-stage and expansion-stage firms developing next-generation technologies focusing on the convergent and combination medical technology sector. Drug-device combos, smart devices and medical nanotechnology are examples of these “category killer” technologies. This rapidly growing area is relatively underserved by the investment community within traditional sectors of biotechnology, pharmaceuticals and devices. Hence, as a leader in this developing area, Duravest is a source of expertise and understanding for investors in this increasingly important field. Management’s expertise is also brought to bear on the sourcing, evaluation and development of investment opportunities in this field.

### **Primary Investment Criteria**

**Convergent/Combination Medical Technologies:** The first criteria for a Duravest investment or acquisition are whether it is truly a convergent or combination medical technology. A single compound or pure medical device is not our area of investment focus. Expertise developed in house and in consultation with our medical and scientific advisory boards is highly leveraged to make these assessments. In addition, the firm’s reputation as an industry thought leader in the field creates a tremendous amount of deal flow.

**Safety:** There is a powerful trend towards emphasizing safety in medical technologies and our initial evaluation of an opportunity looks at a number of factors in this regard including the potential safety risk or the role of that technology as a safer alternative to current approaches. The focus on safety also serves to strongly mitigate investment risk as nothing impacts an investment more adversely than some unanticipated or poorly evaluated safety problem with the underlying technology. The emphasis on safety also imbues the development approach at Duravest as we encourage and support our subsidiary companies to incorporate safety evaluations at all stages of preclinical and clinical development. Our medical advisory board has been especially selected because many have unique expertise in understanding and applying the most innovative approaches to evaluating safety.

**Majority Positions:** In general, Duravest also seeks to take a majority stake in its investments. With a majority position, we can more effectively bring to bear our expertise and extensive relationships to help accelerate the development of our subsidiary companies.

### **Secondary Investment Criteria**

**Stage:** We invest primarily in companies with high growth potential. These companies can vary from development stage firms to firms with already existing business models. Our Estracure subsidiary, for example, is a development stage company having just completed Phase IIb human “proof-of-concept” clinical trials. Our PST, GmbH pain management and orthopedic injury electrical stimulation device company already has a substantial product revenue and is currently implementing an aggressive expansion strategy. We generally do not invest in very early or seed-stage companies though selected “gap-financing” opportunities at the transition from academia to industry will be considered.

**Third Party Investors:** We work with third party investment firms, such as venture capital and hedge funds, private equity firms, and other asset managers, to facilitate their investments in these high growth companies and industries. Such syndicated investments can be effectively channeled through a single value-added majority position (e.g. through Duravest). This is a very compelling proposition for

investment groups that may not be able to take majority positions or those who would like to enter the convergent and combination medical technology field yet lack specific expertise necessary to succeed in that space.

**Global:** Our reach is global as our current subsidiaries are based in both North America and Europe. In addition, many of our third party investors, for whom we have helped facilitate investments, are also globally based.

## Investment Process

Duravest takes a highly structured approach to the sourcing, evaluation and development of its investments. All three of these elements are essential to the ultimate success of an investment. A broad palette of high-quality deals from the outset is critical. A rigorous evaluation process is also essential and finally engaged development of the acquired company also helps to maximize success. Careful evaluation and due diligence are the cornerstone of any investment process. Our unique strengths in both the sourcing and development of investments are also of great value in optimizing the ROI of our carefully selected investments.

**Sourcing:** We learn about opportunities through two major channels – entrepreneurs and investors. Our extensive relationships with academia and the medical community bring a wide range of potential deals to our attention. In addition, our industry reputation as a thought leader in the area of convergent/combination medical technologies naturally brings to our attention a large number of opportunities. Our [Board of Directors](#) as well as [medical advisory board](#) and [scientific advisory board](#) members are also actively involved in bringing us a wide range of high-quality ideas and opportunities. We also foster strong partnerships with a number of leading investment firms who both bring potential deals (in the areas of convergent/combination medical technologies) and also co-invest in such deals.

**Evaluation:** We engage a broad range of opinions to help us fully evaluate investments that are brought to us. All proposals are initially evaluated by the core management team on a weekly basis. Our medical and scientific advisory boards as well as any outside experts as appropriate evaluate investments that pass our primary round of criteria. In the third round a comprehensive due-diligence program is initiated. It should be noted that many investments come to us through our investment partners and, as such, may already have undergone some level of due diligence. **Deals that eventually close can be considered to have undergone among the most rigorous evaluation processes in the field.**

**Development:** The unique Duravest business model also functions as a [technology incubator and accelerator](#). Our publicly-traded model facilitates rapid financing, as appropriate, and also brings to bear public transparency as a powerful stimulus to accelerated development. The benefit of our deep partnerships with the best-of-breed legal, accounting, banking, public relations and other professionals can be applied to our subsidiaries in an integrated framework with the Duravest parent company.