

## Domain Fund Closes at \$500 Million Just a Few Months After Being Introduced

**D**omain Associates, Princeton, N.J., ended last year by securing \$500 million for its sixth venture capital fund.

Domain's success could encourage other firms with larger funds to hit the fund-raising trail this year. **Versant Ventures**, Menlo Park, which raised \$400 million in 2001, may hit the market this year. Meanwhile, **Frazier Healthcare Ventures**, Seattle, and **Oxford Bioscience Partners**, Boston, are more likely to try in 2005.

Although the fund will be the third largest health care-only partnership ever, it is only slightly bigger than the \$464 million fund that Domain assembled in 2001. That means that Domain shouldn't need to alter its investment strategy. According to General Partner Arthur Klausner, the firm expects to put an average of \$15 million in 30 to 35 companies.

"On an opportunistic basis, we may look to do a larger deal or two," Mr. Klausner said. When doing larger deals the firm could spin out products from pharmaceutical or biotechnology companies, he said. It's far less likely to spin out an entire corporate division, he said.

Domain's first investment from the fund, a first-round commitment to **Somaxon**, San Diego, could serve as a model for future investments. Founded last year, the company has obtained a license to a drug that's already on the market.

Mr. Klausner declined to identify the name of the drug or the disease it is intended to treat. However, one of the drug's side effects is drowsiness, and Somaxon is testing the drug as a treatment for insomnia. "This is the sort of

thing we like," said Mr. Klausner, noting that the drug has been proven to be safe in humans and offers "hints of efficacy."

Mr. Klausner said the new fund includes first-time investors as well as returning ones. He declined to identify any of the LPs but did say that most of the new investors are funds of funds or university endowments.

Domain's fund-raising success follows that of **Three Arch Partners**, Portola Valley, Calif., and **Abingworth Management Ltd.**, London, which in the second half of 2003 closed on \$450 million and \$350 million, respectively.

Domain's new fund might set the new high water mark for health care venture capital firms. Only **MPM Capital**, Boston, has raised two larger funds. However, it's unlikely any other health care venture capital firm will surpass the \$500 million total in the near future.

Domain has elevated Nicole Vitullo to the rank of general partner, following the similar promotion of Olav Bergheim in 2002. Other general partners include Mr. Klausner, James Blair, Brian Dovey, Robert More, Kathleen Schoemaker and Jesse Treu. Eckard Weber is a venture partner. Brian Halak and Akiko Shibata remain principals. Dr. Greg Licholai is an associate.

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