

# *JDRF* **T1D Fund**

HRA Members' Meeting

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***JDRF: JDRF is the leading global organization funding type 1 diabetes (T1D) research***

***Vision: A world without type 1 diabetes***

***Mission: Accelerating life-changing breakthroughs to cure, prevent and treat T1D and its complications***

# JDRF History & Overview

## *Type One into Type None*

- Founded in 1970
- Public Non-Profit – 501(c)(3)
- Contributed more than \$2B to T1D research
  - ~ \$100M Research Funding in FY2017
- Currently funding 50 human clinical trials of potential T1D therapies
- ~ 80% of JDRF expenditures directly support T1D research and research-related education

# JDRF Funding Mechanisms: Traditional

	JDRF	
	JDRF Research	
Funding Mechanism	Grants	Industry Discovery & Development Partnerships (IDDP)
History	1970	~ 2005
Vehicles	SRI Innovative	Co-Funded T1D Research Projects
Leverage	Limited	Avg. 1-2X
Payback	JDRF Standard T & C Capped Royalty	Royalty Upon Product Commercialization

# Industry Discovery & Development Partnership Program



## To Date Since Program Inception:

- 90+ collaborative partnerships
- 60+ partner companies
- Committed >\$170M JDRF research funding
- Leverage: Companies matching funding & follow-on investments >\$1B

# JDRF IDDP Program: Sample Partner Companies



# **JDRF** **T1D Fund**

*Accelerate life-changing outcomes for people  
with type one diabetes (T1D) through  
catalytic commercial investments*

*Evolving the JDRF business model with an  
innovative new funding tool*

# JDRF Funding Mechanisms: Expanded

	JDRF		
	JDRF Research		JDRF T1D Fund
Funding Mechanism	Grants	IDDP*	Direct Investment
History	1970	~ 2005	January 2017
Vehicles	SRI Innovative	Co-Funded T1D Research Projects	Convertible Notes Equity
Leverage	Limited	Avg. 1-2X	Avg. 5X +
Payback	JDRF Standard T & C Capped Royalty	Royalty Upon Product Commercialization	Same as Other Equity Holders & Often Pre- Commercialization



# JDRF T1D Fund:

## An Opportunity for T1D Impact Philanthropy

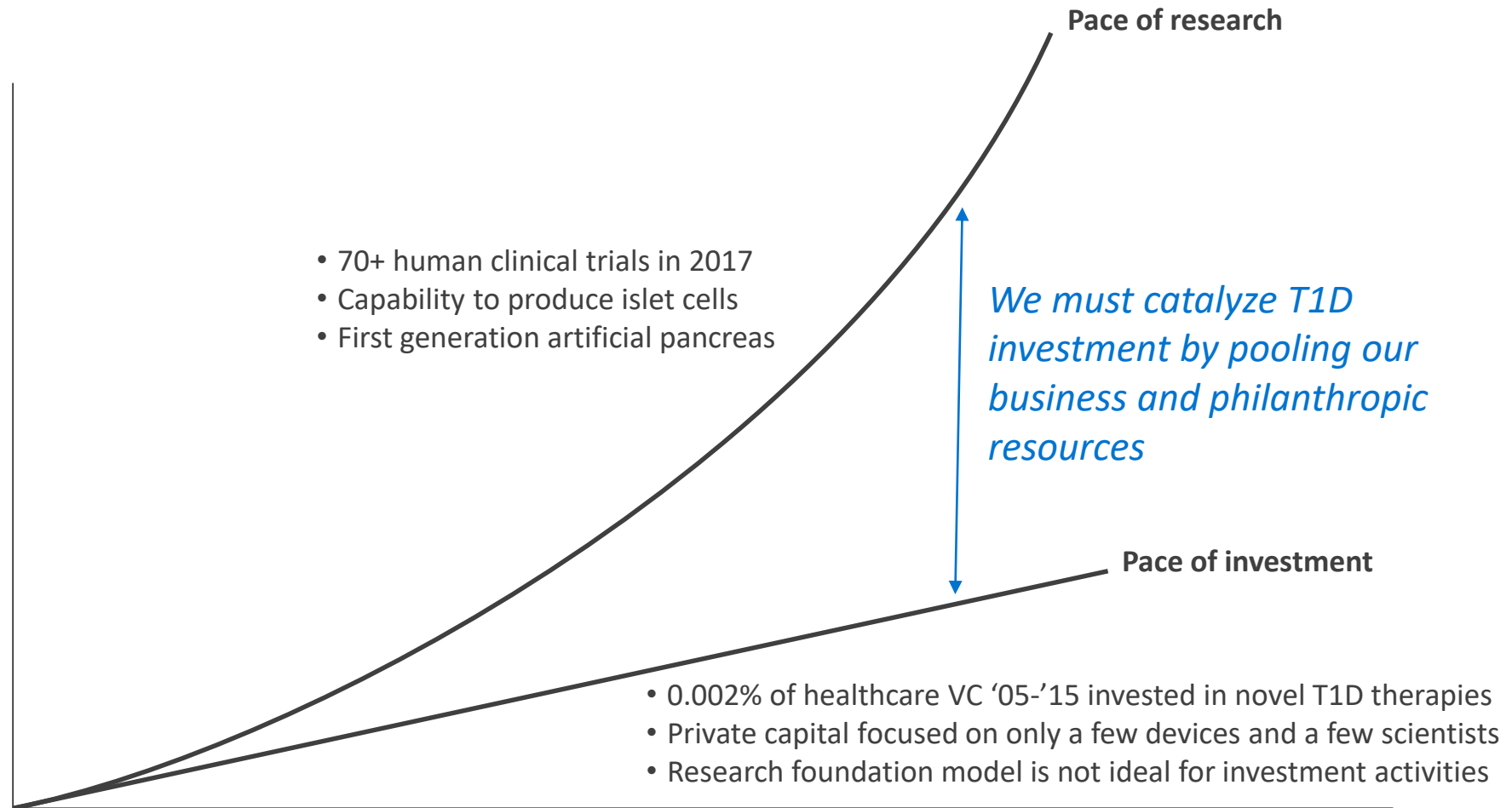
- *Directly fund promising T1D companies*
- *Leverage donations by catalyzing private capital investment in the T1D space*
- *Further leverage donations by reinvesting returns in the mission via evergreen structure*



*Create market for T1D investments and fundamentally change development ecosystem by investing and educating stakeholders*

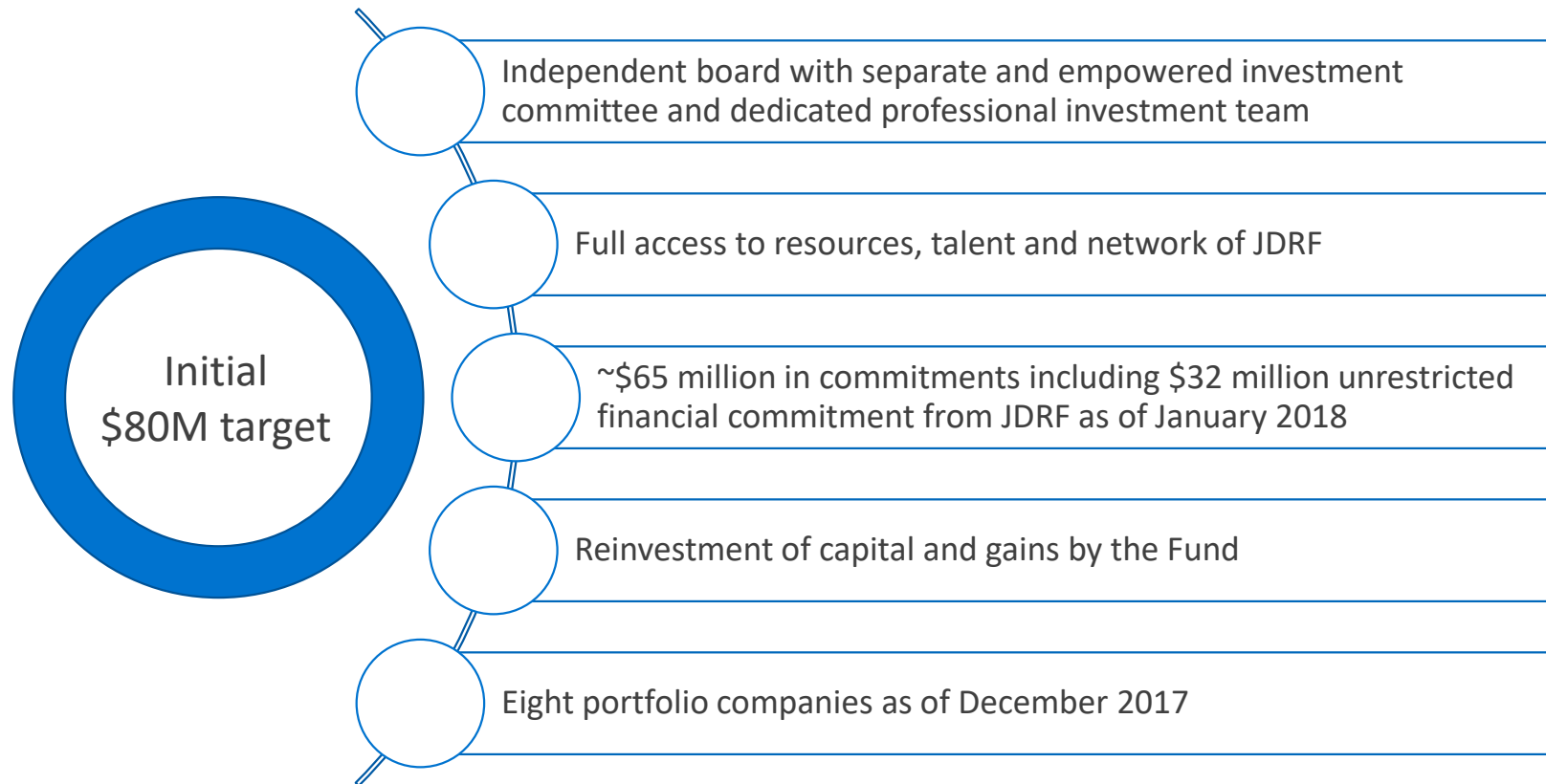
# Obvious Need to Accelerate a T1D Investment Market

*Great outcomes in T1D require great research AND commercial investment.*



# Introducing the JDRF T1D Fund

*We have developed a scalable, mission-driven venture philanthropy platform exclusively focused on investment in early-stage T1D commercial opportunities.*



# Venture Philanthropy as a Critical Catalyst

*A venture philanthropy fund can focus exclusively on catalyzing T1D investment without the constraints of private funds.*



## Traditional Venture Capital

- Portfolio diversified across diseases
- Considers risk across the portfolio
- Focused on rate of return
- Economic motive for manager

## Venture Philanthropy

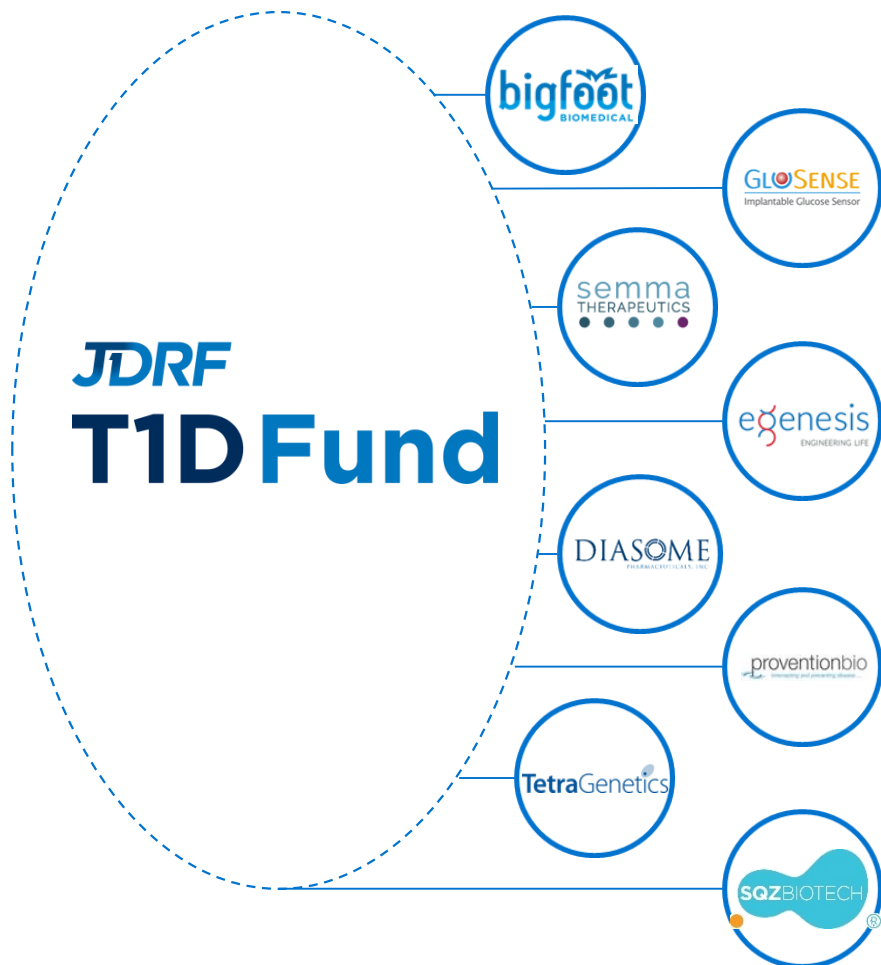
- Able to take T1D concentration risk
- Focuses on best T1D opportunities
- Not focused on rate of return
- Fully mission oriented

**New England Journal of Medicine:** *Venture philanthropy can “share the financial risk of therapeutic development, shorten the early translational pipeline, and advance research....”*

Source: J. Drazen et al, NEJM May 4, 2017

# Mission Success Built on Good Businesses

*For our portfolio to impact T1D, every opportunity must be financially attractive to catalyze private capital investment.*



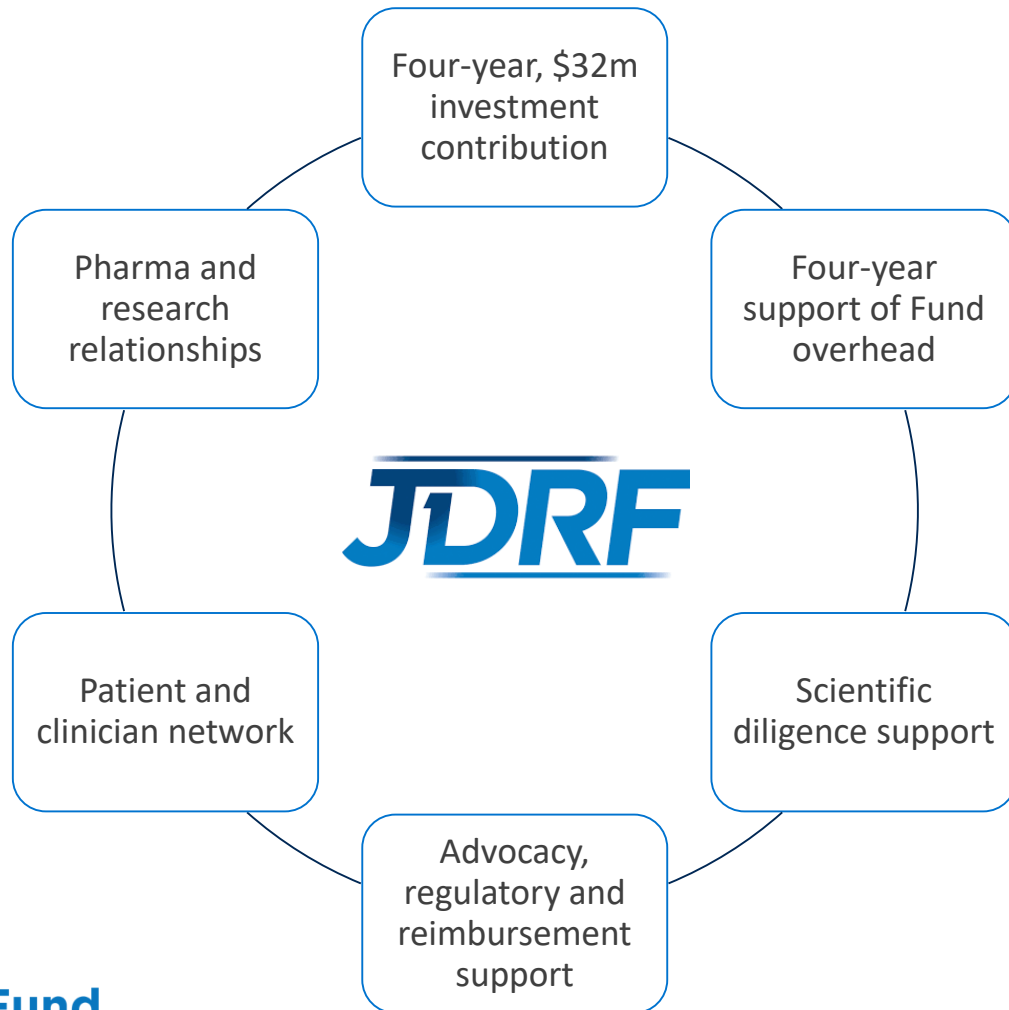
**Individual Investments** are aligned with JDRF priorities and evaluated both on ability to accelerate patient outcomes *and* financial/investment criteria so that we:

1. Attract needed outside capital
2. Maximize donor dollar impact by returning capital and gains to reinvest

**Portfolio** evaluated on mission impact

# Commitment from the Global Leader in T1D






*The T1D Fund has an unmatched advantage among investment vehicles because it leverages JDRF's leadership in T1D research and advocacy and its role as the leading voice of the T1D community.*



*The JDRF brand and expertise are valued by companies and investors, and open many doors.*

# Therapeutic Focus

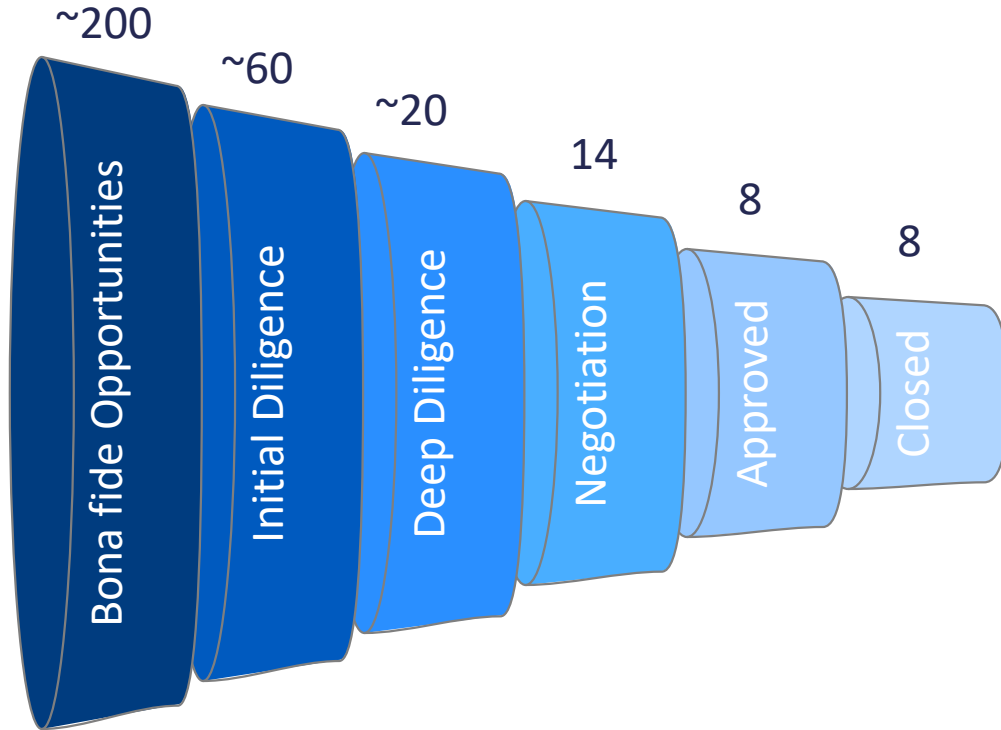
*The Fund's investments will focus on therapeutic areas prioritized by JDRF, but with an exclusive focus on the best commercial opportunities.*

<b>ARTIFICIAL PANCREAS</b>		Accelerate the commercialization of significantly more automated and miniaturized closed-loop systems
<b>METABOLIC CONTROL</b>		Catalyze increased focus on the development of highly innovative drugs that improve glycemic and metabolic control in T1D
<b>ENCAPSULATION &amp; REPLACEMENT</b>		Lead the development of glucose-sensitive insulin-producing cells and protect them from autoimmunity
<b>PREVENTION</b>		Drive the eradication of T1D by investing in vaccine development and other prevention strategies
<b>RESTORATION</b>		Develop therapies that impede beta cell destruction and restore natural beta cell function

# Compelling Investments Require More Capital

*The Fund has closed eight investments in its first year. We believe the opportunities in front of us are compelling but will require additional capital.*

**Cumulative Opportunity Funnel in First Year**



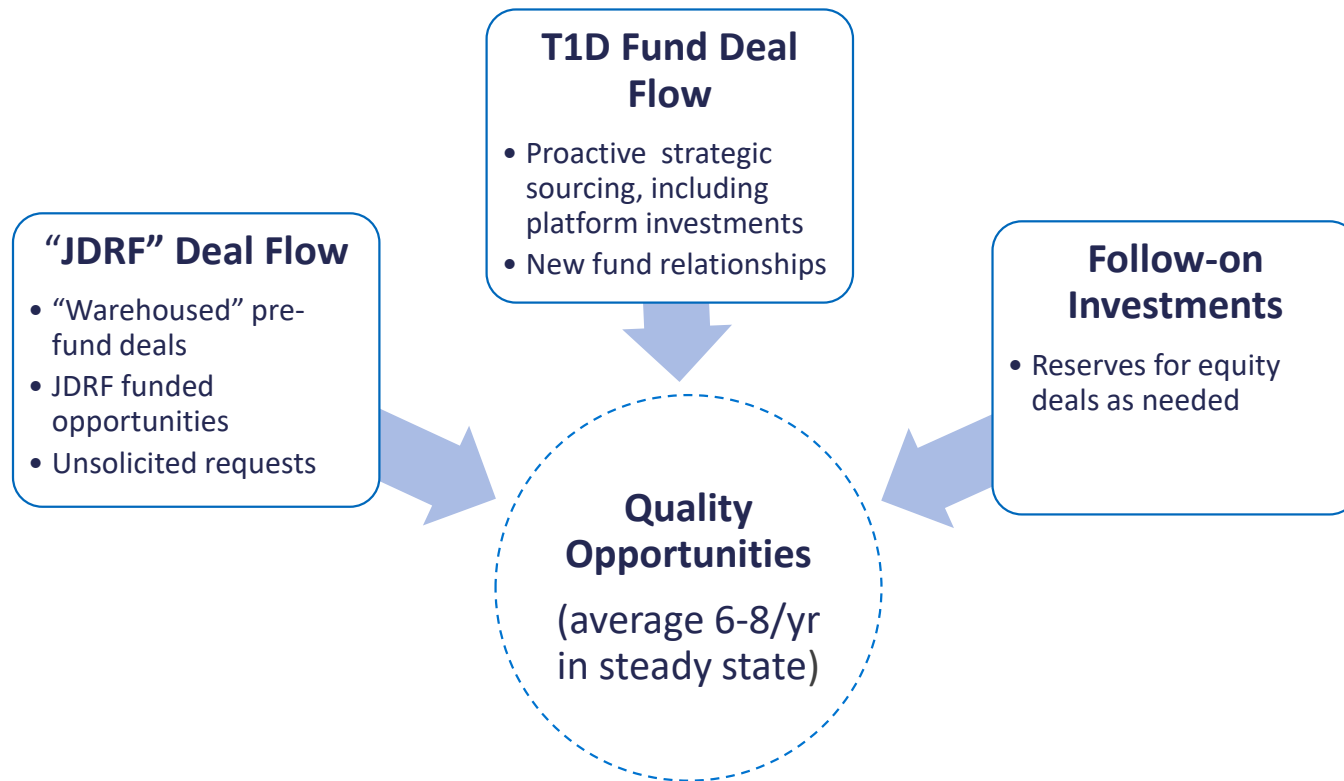
**\$25M / year investment rate estimated**

- 8 investments in initial year; anticipate 6-8 per year going forward
- Estimate \$3-5M over the life cycle of each investment (including follow-on investments)



# Fund Needs Scale for Maximum Impact

*Anticipated deal volume and size requires at least \$80M in initial investment assets over first four years, and ideally much larger scale over time.*



- Anticipated deal volume and preferred size results in at least ~\$25M/year in investment opportunity

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