



## State of New Jersey

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April 19, 2024

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan  
Director

SUBJECT: **Private Equity Investment – Bain Capital Life Sciences IV**

The Division of Investment (the “Division”) is proposing an investment of up to \$150 million in Bain Capital Life Sciences IV Fund L.P. (the “Fund”). This memorandum is presented to the State Investment Council (the “Council”) pursuant to N.J.A.C. 17:16-69.9.

The Division is recommending this investment based on the following factors:

**Strong Overall Performance:** Committing capital to Bain Life Sciences IV allows the Division to make a commitment to a new, high-conviction manager that can help drive strong returns for the private equity portfolio. As of 12/31/2023 the earlier Bain Capital Life Sciences funds have generated a gross IRR of 35% / net IRR of 28% with a 1.88x gross TVPI / 1.60x net TVPI. The earlier funds’ realized portfolio has generated a gross MOIC of 3.2x. When benchmarked against growth equity life science managers of similar vintages the earlier Bain Life Science funds have regularly produced first and second quartile rankings as well as a strong DPI profile.

**Investment Strategy & Portfolio Fit:** Bain Capital Life Sciences seeks to invest in companies that are developing innovative therapies, technologies, or products that have the potential to address significant unmet medical needs. The fund invests across various stages of development, from early-stage startups to more established companies, and across different therapeutic areas and technologies. The Division currently has the capacity to increase the private equity portfolio’s Growth exposure and this will be the first life sciences sector focused manager in the healthcare portfolio.

**Experienced Team:** Bain Capital Life Sciences is led by four Partners with a deep bench of Managing Directors, Principals, Vice-Presidents and Associates. The team’s background and experience reflect significant scientific and clinical training, industry operating experience, banking and management consulting experience and public and private investing. In addition to its core team, the Fund has a network of strategic advisors and industry experts who provide valuable insights and support to portfolio companies. With offices and resources in key life sciences hubs

around the world, the team is well-positioned to identify investment opportunities and support portfolio companies on a global scale.

A report of the Investment Policy Committee (“IPC”) summarizing the details of the proposed investment is attached.

Division Staff and its private equity consultant, Aksia LLC undertook extensive due diligence on the proposed investment in accordance with the Division’s Alternative Investment Due Diligence Procedures.

As part of its due diligence process, staff determined that the Fund has not engaged a third-party solicitor (“placement agent”).

The Firm has a formal ESG Policy. Bain Capital Life Science’s current ESG Policy and related diligence disclosures were reviewed by the Corporate Governance team in accordance with the Council’s ESG Policy. Bain Capital Life Sciences incorporates ESG consideration into its investment process and will continue to monitor ESG factors post investment.

Staff will work with representatives of the Division of Law and outside counsel to review and negotiate specific terms of the legal documents to govern the investment. A preliminary Disclosure Report of Political Contributions has been obtained in accordance with the Council’s regulation governing political contributions (N.J.A.C. 17:16-4), and no political contributions have been disclosed. An updated Disclosure Report will be obtained at the time of closing.

Note that the investment is authorized pursuant to Articles 69 and 90 of the Council’s regulations. Bain Capital Life Sciences IV is considered a private equity investment, as defined under N.J.A.C. 17:16-90.1.

A formal written due diligence report for the proposed investment was sent to each member of the IPC and a meeting of the IPC was held on April 10, 2024. In addition to the formal written due diligence report, all other information obtained by the Division on the investment was made available to the IPC.

We look forward to discussing the proposed investment at the Council’s April 24, 2024 meeting.

Attachment

# Bain Capital Life Sciences IV, LP

- **DOI Commitment:** \$150 million to Bain Capital Life Sciences IV, LP
- **Strategy:** Growth Equity
- **Investment Focus:** Bain Capital Life Sciences was established to invest growth equity in life science companies. The Fund will pursue investments primarily based in North America and Europe and selectively in other geographies, in biopharmaceutical, medical device, diagnostics, and life science technology companies.
- **Target Returns:** 2.0x+ MOIC / 15% IRR (net)
- **Investments Thesis:**
  - Partner with a best-in-class private equity fund manager in the healthcare / life science space
  - Healthcare is 11% of the Private Equity Portfolio (vs. Cambridge benchmark of 16%)
  - Adding new fund managers diversifies the existing growth fund managers in the NJDOI portfolio
  - Strong overall performance

Fund Name: Bain Capital Life Sciences Fund IV, L.P.

April 19, 2024

Contact Info: Rob Ehrhart, 200 Clarendon Street Boston, MA 02116

Fund Details:

Total Firm Assets:	\$180 billion	<p>Key Investment Professionals:</p> <p><b>Adam Koppel (MD, PhD):</b> (Co-Founder, Partner) Dr. Koppel initially joined Bain Capital in 2003 as a member of its Public Equity fund until 2014. From 2014 to 2016 Dr. Koppel was executive VP of corporate development and chief strategy officer at Biogen Inc. Dr. Koppel currently serves on the boards of directors of several companies including Cerevel Therapeutics and Areteia Therapeutics.</p> <p><b>Andrew Hack (MD, PhD):</b> (Partner) Prior to joining Bain, Dr. Hack was CFO of Editas Medicine and a portfolio manager at Millennium Management running a healthcare focused hedge fund. Dr. Hack serves as a member of the boards of directors of several companies including Nuvalent and Alkeus Pharmaceuticals.</p> <p><b>Jeffrey Schwartz:</b> (Co-Founder, Partner) Prior to co-founding Bain Capital Life Sciences in 2016, he was a leader within the healthcare vertical of Bain Capital Private Equity. Mr. Schwartz currently serves as a board member at QuVa Pharma and Rapid Micro Biosystems.</p> <p><b>Ricky Sun (PhD):</b> (Partner) Prior to joining Bain Capital, he was a Director of Corporate Development and Strategy at Biogen. Prior to Biogen he served as a Vice President at Blackrock as a member of the Fundamental Equity division covering the healthcare sector. He currently is a member of the Board of Directors at several companies including ADARx and Emalex.</p> <p><b>Will Cozean:</b> (Managing Director) Mr. Cozean joined the fund in 2022 from the North American Private Equity fund at Bain Capital. Prior to Bain Capital, Mr. Cozean worked at McKinsey &amp; Co. Mr. Cozean currently serves as an observer on the board of directors at multiple companies including Cerevel Therapeutics.</p> <p><b>Nick Downing (MD):</b> (Managing Director) Dr. Downing joined the fund in 2018 after completing his residency in Internal Medicine at the Brigham and Women's Hospital in Boston. During his medical career, Dr. Downing was an active health policy researcher, authoring over 40 articles. Dr. Downing currently serves on multiple boards of directors including NewAmsterdam Pharma and HeartFlow.</p> <p><b>Allyson Rinderle:</b> (Managing Director) Ms. Rinderle joined the fund in 2022 and previously was a Principal at KKR within Healthcare Growth Equity and Private Equity Teams where she focused on life sciences. Prior to Bain Capital, Ms. Rinderle served on the board of directors of Envision Healthcare and PetVet Care Centers.</p> <p><b>Amir Zamani (MD):</b> (Managing Director) Dr. Zamani joined the fund in 2018 previously working as a Partner at McKinsey &amp; Co, where he was a leader in the Life Science Practice. Before McKinsey he was a resident in Plastic &amp; Reconstructive Surgery at the University of Pennsylvania. Dr. Zamani currently serves on multiple boards of directors, including as an observer at Rivus Pharmaceuticals and JenaValve.</p>
Strategy:	Global Growth Equity	
Year Founded:	1984	
Headquarters:	Boston, Massachusetts	
GP Commitment:	The lesser of \$200 million and 10% of the Fund's aggregate commitments	

Investment Summary

Bain Capital Life Sciences was established to invest growth equity in life science companies. The Fund will pursue investments, primarily based in North America and Europe and selectively in other geographies, including Asia and emerging markets, in biopharmaceutical, medical device, diagnostics, and life science technology companies. The Fund will seek to invest in companies that both drive medical innovation across the value chain and enable such innovation to improve the lives of patients with unmet medical needs.

Existing and Prior Funds

<u>Funds</u>	<u>Vintage Year</u>	<u>Strategy</u>	<u>Returns: Net IRR, Net TVPI, Net DPI</u>
Bain Capital Life Sciences Fund I	2017	Growth Equity	25.5%, 1.9x, 1.1x
Bain Capital Life Sciences Fund II	2019	Growth Equity	18.6%, 1.4x, 0.6x
Bain Capital Life Sciences Fund III	2021	Growth Equity	73.2%, 1.6x, 0.2x
Source of Returns - Aksia			*Net as of 12/31/2023

IRR = Internal Rate of Return; TVPI = Total Value to Paid-In; DPI = Distributions to Paid-In

Vehicle Information:

<b>Bain Capital Life Sciences IV, L.P.</b>		<b>Auditor:</b>	<b>PriceWaterhouseCoopers</b>
<b>Inception:</b>	2024	<b>Legal Counsel:</b>	<b>TBD</b>
<b>Fund Size :</b>	\$2 billion (\$2.5 billion hard cap)		
<b>Management Fee:</b>	2%		
<b>Performance Fee:</b>	20% until Limited Partners have received 250% of their contributed capital, then 25%		
<b>Hurdle:</b>	7%		
<b>Additional Expenses:</b>	100% Management Fee Offset		

NJ AIP Program

<b>Recommended Allocation (\$mil.):</b>	up to \$150 million	<b>LP Advisory Board Membership:</b>	YES
<b>% of Fund:</b>	6.00%	<b>Consultant Recommendation:</b>	YES
		<b>Placement Agent:</b>	NO
		<b>Compliance w/ Division Placement Agent Policy:</b>	N/A
		<b>Compliance w/ SIC Political Contribution Reg:</b>	YES

\*This review memorandum was prepared in accordance with the State Investment Council rules governing the Alternatives Investment Program and the policies and procedures related thereto.