RealDeals

Real Deals
By Shivani Kandekar
May 19

HOW A DIVERSIFIED LP BASE DROVE LAUXERA'S FUND II CLOSE

Objectives and Fund Close

Lauxera Capital Partners has held the final close of its second fund, exceeding its hard-cap target and nearly doubling the size of its debut vehicle. The fundraise was completed recently and saw more than 90% of existing investors re-upping for the vehicle, while new investors joined from the DACH region, the Nordics, the US, and Latin America.

Speaking to Real Deals, Pierre Moustial, co-founding partner based in Paris, said:
"This fundraising effort had two primary objectives: first, to achieve and ideally surpass our €400m target; and second, to significantly broaden our limited partner base. Upon closing, approximately 40% of our LPs will be outside of France, a group that includes a family office located in Chile."

The Rationale for Diversification

The rationale for diversifying its LP base was rooted in the fact that Lauxera does not purely operate as a French GP focused solely on domestic investments. Out of the three co-founding partners, two—Samuel Levy and Alex Slack—are American, which enables the firm to operate with a transatlantic vision.

"We also offer co-investment rights in our LPs' portfolio companies. Having LPs from Germany, Switzerland, Sweden and the US is strategically valuable for these co-investments, providing us with enhanced local market intelligence and constituting the building of a collaborative ecosystem," Moustial said.

Limited Partners Profile

Lauxera Growth II received commitments from LPs in total, with the minimum investment ticket set at €5m. These included:

- Morgan Stanley Investment Management
- Bpifrance
- The European Investment Fund (EIF)
- Unigestion (now owned by Sagard)
- Flexstone Partners
- Swen Capital Partners
- The insurance company Malakoff Humanis

The Tibi Initiative

The co-founder is also grateful to the Tibi Initiative, a French government-backed programme aiming to fund late-stage venture capital funds and secure growth equity for investing in the fund. The initiative, currently in its phase two, has revised its target to be deployed by LPs, which would raise the total capital allocated by LPs in the initiative to beyond €30bn. According to the initiative, France today is "home to a very active technology financing ecosystem, by far the strongest within the European Union."

The popularity of the Tibi Initiative—the brainchild of former UBS CEO and country head for France, Philippe Tibi—is so vast that countries such as Germany and Poland are now trying to execute their own versions of this programme. Approximately one third of total commitments (or a dozen LPs) for Lauxera's Fund II have come from this initiative.

Breakdown of Commitments:

- By Investor Type: About one third of commitments came from sovereign funds, one third from institutions (including the Tibi initiative), and the remaining one-third from fund of funds and family offices.
- By Geography (by order of committed amounts): 40% came from France, and the remainder was divided between Germany, the Benelux, Switzerland, the Nordics, the US, Italy, and Latin America.

Fundraising as an Emerging Manager

The past few years have seen a wave of first-time funds and spinouts together forming the emerging managers landscape enter the European private equity market. But it is widely understood that fundraising as an emerging manager is far from straightforward. Sometimes, Fund II is even more difficult than Fund I because managers are no longer solely relying on the track record from their old firm.

Moustial admits that fundraising is always a challenging process:

"Fund I is difficult, as is Fund II. Fund III is difficult too, because we're still emerging managers. The challenges evolve, but the process is always hard in different ways," he reflects.

-
- For Fund I: The key pitch is demonstrating the team's ability to work together cohesively and generate strong returns over the long term.
-
- For Fund II: The narrative is distinct and essentially revolves around accountability—did the manager fulfill the commitments made to Fund I?

In his opinion, a crucial determinant of Fund II fundraising success was their ability to demonstrate execution:

"We were able to pitch the fact that we have implemented our original thesis that there are numerous high-quality European companies with strong technology capable of scaling internationally. This has been validated by the thousands of deals we have reviewed."

Deployment Plans

Fund II aims to make up to 15 investments, of which between three and four could be in the US. Two investments from the fund (a minority stake in Acadia and a majority investment) were completed last year, and the fund expects to announce two new investments soon.
Fund I now stands fully deployed, having underwritten its deals. Some capital has been reserved to facilitate add-ons in the existing portfolio, Moustial said.

Lauxera Growth II will target commercial-stage healthtech companies across:

- Medical devices / Medtech
- Pharma services
- Digital health & healthcare software
- Diagnostics and life sciences tools

The fund plans to back businesses through minority and majority investments of between €10m and €35m. Founded with offices in Paris and San Francisco, Lauxera focuses on helping European healthtech companies expand internationally, particularly into the US market. The firm said the strategy addresses a gap in growth capital for European healthcare technology businesses seeking to scale beyond their domestic markets.