Sci-tech investment

New mutual funds signal healthy state of high technology stocks

Washington

BIOTECHNOLOGY stocks are, in the main, thriving (see below), and further proof of healthy market interest in science and technology stocks was provided at the beginning of the month by the launching of twin mutual funds which intend to invest in science and technology companies around the world. The funds, Sci/Tech Holdings Inc and Sci/Tech SA are notable for two reasons: the vast size of their operations and a novel plan to recruit leading scientists to an international scientific advisory council.

The funds started operating on 1 April with total net assets of \$835 million, the biggest sum of money ever in an initial public offering for the mutual fund industry. Sci/Tech Holdings Inc will be open to investors in the United States and Canada, Sci/Tech SA to investors elsewhere. Both funds will be managed

University; Chen Ning Yang, Nobel laureate and Albert Einstein professor of physics at the State University of New York, Stony Brook; Horton Stever, former director of the National Science Foundation and president of Carnegie Mellon University and Hideo Itokawa, president of the Systematic Engineering Research Institute.

Each member will receive \$2,500 a year in fees plus a similar amount for each meeting they attend formally, with an upper limit of \$7,500 a year. Dr Woolf will be paid an additional \$5,000. But these earnings will in fact be doubled since they are offered separately by each of the twin funds.

An initial statement by the funds' investment advisers include biotechnology and health care as areas with "superior" investment potential. Other areas included computers, communications, consumer electronics, electronic components and instruments, robotics and office and factory automation.

Peter David

Nature index of biotechnology stocks

BIOPEN NV, the company headed by Harvard biologist Walter Gilbert, saw little movement in the price of its shares after going public on 22 March. Its stock was offered at \$23 a share and rose a quarter of a point after 800,000 shares were traded on the first day. By last week its share price had fallen to 20¼.

Biogen's offering contrasted starkly with that of its competitor, Genentech, whose shares soared from \$35 to \$89 within hours of the company going public in 1980. But the contrast came as little surprise (see *Nature* 10 March, p.101). Had Biogen's shares remained at \$23 the market value of the company would have reached about \$430 million, close to 80 per cent of the present value of Genentech, still regarded by Wall Street as the benchmark company.

Market analysts are interpreting the sober reaction to Biogen as a sign that the feverish attitude Wall Street once held towards biotechnology companies has matured. The modest fall in its share prices is not being interpreted as a sign of lack of

confidence in Biogen, which plans to use the \$53.9 million it realized from the sale to switch from concentrating on research and development into testing and marketing its own products.

Among innovative biotechnology companies, Biogen remains nevertheless second only to Genentech in its scientific reputation. For both companies, and from a strictly commercial point of view, what will matter most in the next few delicate years of growth is whether it will be possible not merely to keep on spending on research but to sustain development as well. One snag, understood in other industries, is that development is about ten times as costly as research. Another is that the people who have made possible past growth will shrink from its application; having shown what should be put in bottles, they may be unwilling to spend ten times as much on telling how the bottles should be made. This is one reason why established companies may now find it easier to buy up smaller fry. □

jointly by Merrill Lynch in New York, Lombard Odier in London and Nomura Capital Management in Tokyo.

A nine-member scientific advisory council, headed by Dr Harry Woolf, director of the Institute for Advanced Study in Princeton, will consult periodically with the investment managers and advise on trends in science. Members of the council include Bruce Hanay, former research vice president at the Bell Laboratories; Reimar Lust, president of Max Planck Gesellschaft; Frank Rauscher Jnr, senior research vice president of the American Cancer Society; Heinrich Ursprung, president of the Swiss Federal Institute of Technology; Itaru Watanabe, professor emeritus at the faculty of medicine at Keio

12-Month high	12-Month low	Company	Close previous month	Close 25 Mar.	Change
60¾*	16½	A.B. Fortia (Sweden)	52	58¼	+6¼
8	2	Bio-Logicals (Canada)	3¼	5½	+2¼
13	3¾	Bio-Response (USA)	11¼	11	-¼
16 ⅞	7¾	Cetus (USA)	14¼	15 ⅞	+1½
14½	6¼	Collaborative Research (USA)	14½	13¼	-1¼
33½*	5¼	Damon (USA)	23¼	33½*	+10¾
36¼*	8¼	Enzo-Biochem (USA)	30¼	34	+3¾
28	6¼	Flow General (USA)	17¼	12¾	-4½
69	26	Genentech (USA)	64½	54¾	-9¾
12½	2¼	Genetic Systems (USA)	10¾	10½	-½
18¾*	7	Genex (USA)	17¾	17½	-½
27¾	9¾	Hybritech (USA)	27	22	-5
18½	5	Molecular Genetics (USA)	18½	17½	-1
27	8	Monoclonal Antibodies (USA)	21½	20½	-1
53¾*	34 ⅞	Novo Industri A/S (Den)	51 ⅞	51	-½

The *Nature* Biotechnology Stock Index for March 1983 stands at 200 compared with 195.1 last month. Base is 100 as of 25 June 1982. The previous index appeared in *Nature* 10 March, p.101. Close of month prices are the closing prices on the last Friday of each month. Yearly highs and lows are based on Friday trading prices. Where stocks are traded over the counter, the quoted is the bid price. Where stocks are traded on the American and New York stock exchanges, price quoted is the transaction price. Data from E.F. Hutton, Inc.

*New high or low for last 12-month period.