

Psychedelic sector

Investment overview

Negev Capital

September 2021



Pre—1900

First wave

INDIGENOUS USE

The ritual use of psychedelics predates recorded history



Psychedelics include:



Ayahuasca



Psilocybin mushrooms



Iboga



Peyote

1900—1990

Second wave

EARLY—MID 1900s

Pharmaceutical companies isolate compounds including:

MDMA
Psilocybin
LSD



1950—1965

40,000 patients are prescribed LSD therapy



JUNE 1971

President Nixon declared a "War on Drugs"



1970s—1985

MDMA was embraced in psychotherapy until falling victim to the War on Drugs



1990—Present

Third wave

1990s—LATE 2010s

Academic studies re-establish the therapeutic potential of psychedelics



2013—2019

The FDA grants breakthrough therapy status to esketamine, MDMA and psilocybin



CURRENT DAY

MDMA Phase III clinical trial (PTSD)

Psilocybin Phase IIB clinical trial (depression)

100's of early-stage clinical trials



The World is Suffering from a Mental Health Pandemic

01

A Global Pandemic with an enormous personal and financial cost

The mental health pandemic impacts hundreds of millions of people, causing untold suffering

[World Health Organization](#)

02

A Global Pandemic that is undertreated

Current psychiatric treatments are not effective enough. Antidepressants and other interventions are ineffective for more than 30% of patients, leaving more than 100 million suffering with mood problems.

[Bloomberg](#)

03

A Global Pandemic that is inadequately studied

Pharma giants have significantly reduced neuropsychiatric research budgets: the funding for the number of psychopharmacological drugs programs in larger drug firms has shrunk by 70% in the past decade.

[The Guardian](#)

→ Global suffering on this scale requires *a Solution*

A renaissance in the use of
psychedelics for psychiatric
conditions will lead to
a major disruption
in how mental health
is treated

- Clinical Results are Impressive
Psychedelic drugs in development significantly outperform existing treatments of depression, anxiety and addiction.
- Regulation is on the Way
FDA has given psilocybin and MDMA “breakthrough therapy” status for severe depression and PTSD. ¹
- Liberalization is Expanding
Several U.S. and other jurisdictions have voted to decriminalize psychedelic plants and fungi.

The Rationale Underpinning Psychedelic Medicine



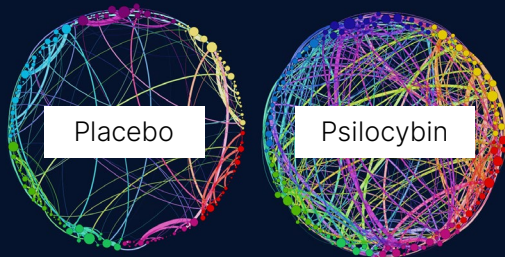
Compelling data suggests that psychedelic therapy offers **improved safety and efficacy** in the treatment of psychiatric disorders.



Psychedelics affect the CNS via 5-HT_{2A} receptor agonism, and appear to modulate the **Default Mode Network (DMN)**, a brain network that is engaged when people think "at rest" about themselves, others, or their current internal or external situation



The DMN is **overactive and defaulted to negative thinking in depressed people**. Psychedelics suppress this activity, and **promote the development of novel neural pathways** that can detour ingrained, negative patterns of thinking.

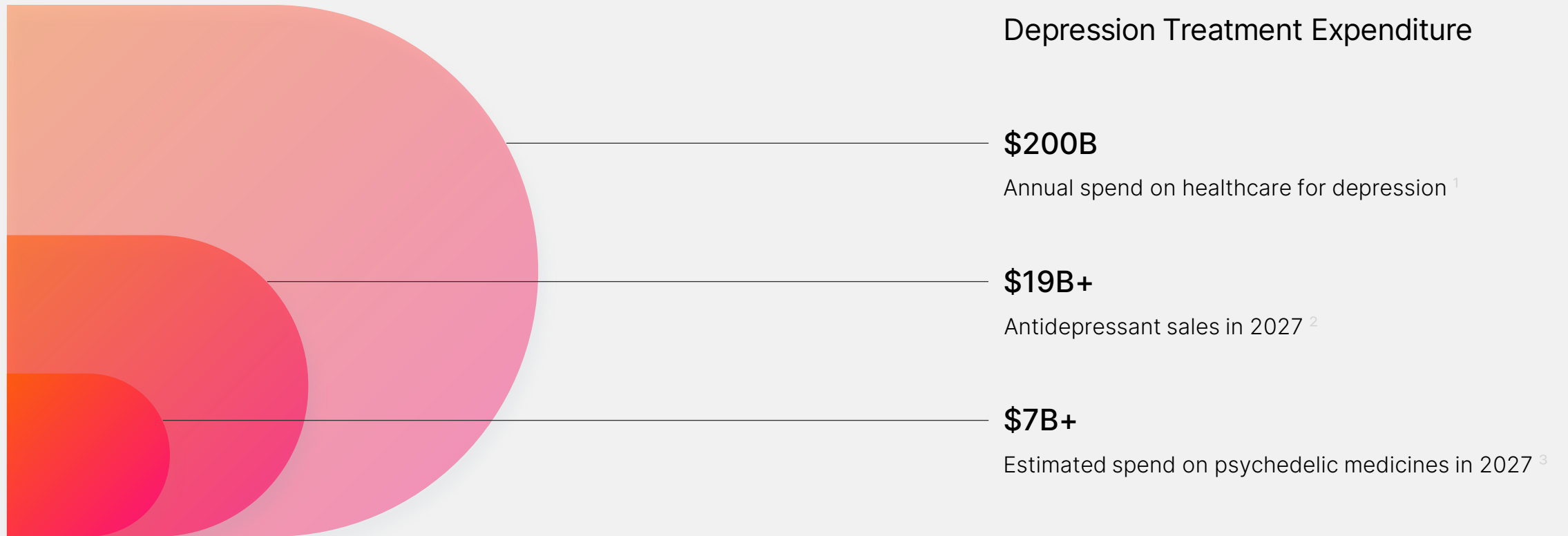


Each dot represents a brain region.

Each color represents a community of regions that share correlated activity.

Diagram shows there is significantly greater between-community communication under psilocybin relative to placebo.

The Depression Medication Market



06 / 19

Sector & Capitalization Overview



\$1,6B

Numinus

\$177M



\$204M



\$1,1B



\$221M



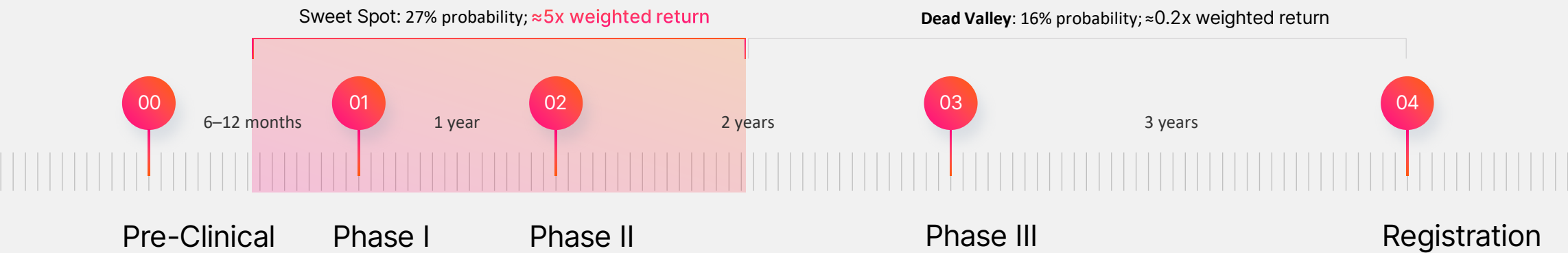
\$100M

→ 50+ companies
in psychedelic sector
became public in
2020-21

→ 300% average
growth
of valuation in the last
12 months

→ Sector Market Cap
(\$8B+)
in the first wave of
growth and has a
significant 10x+ upside
in the next 5 years

→ Demand from
investors is higher
than quality company's
supply, thus hype has
started to grow but still
in the early phase



00 Pre-Clinical	01 Phase I	02 Phase II	03 Phase III	04 Registration
Stage of research that begins before clinical trials (testing in humans), and during which important feasibility, iterative testing and drug safety data are collected, typically in laboratory animals.	<p>Roughly ten healthy individuals are administered the drug. They are tested for adverse effects and typically, will undergo an escalation of dosage to determine a safe dosage amount.</p> <p>This stage determines the Phase II dose.</p>	<p>A few hundred people with disease or ailment in question are administered the drug.</p> <p>They are tested for adverse events, dose information, and efficacy.</p>	<p>Typical the final clinical stage, a few thousand people are further tested for efficacy and side effects in the “pivotal” clinical trials.</p> <p>Most important, the drug’s efficacy is compared to the efficacy of existing drugs for the indication being treated.</p>	Drug approved to be sold to the customers.

01

Drivers of Sector Growth in 2021

- The new capital that flooded into the sector in Q4 2020 will power not only a lot of organic growth but also M&A activity
- Successful IPO of ATAI Lifescience on NASDAQ (Q1 2021) will attract even more interest and capital infusion from investors
- Finalization of Phase II trials in Q4 2021 by Compass, MindMed, Cybin will open this sector for institutional BIG Pharma investors

02

Risks

- Significant market volatility
- The likelihood of drug's approval is lowest in the early stages, so some investments may be lost entirely.

Diversification of the portfolio mitigates this risk

Unique Value for Investors

Quality

- Alternative to overheated tech sector
- Impact investment in improving mental health

Attractive IRR

- Potential 5x+ return on capital in 3-4 years

Fast Liquidity

- No need to wait 5+ years in contrast to traditional venture funds
- Most of the portfolio companies is going to become public within 12 months after investments that may provide faster liquidity to LPs

How to invest



Invest by own choice

- 50+ companies already public
- Hard to do own DD due to complexity of the psychedelic sector



ETF

- Immediate liquidity
- Too many companies that doesn't make sense
- Relatively high costs



Venture funds

- Access to early stage companies with higher potential upside
- Diversification based on DD and market insights
- Liquidity in 3-5 years from now

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Negev Capital Portfolio Investments (1 of 2)



Website →



Website →



Website →



Website →



Website →



Website →

Portfolio Investments (2 of 2)



[Website](#) →



[Website](#) → [Coming soon](#)



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The Team



Ken Belotsky

Managing Partner

Co-founder of Bright Box, the leading Connected Car technology provider, responsible for strategic decisions, fundraising and M&A. Bright Box was acquired by Zurich Insurance Group in 2018.

Co-founder of BrightConsult, the top software partner of Microsoft in Eastern Europe in the Automotive industry. Company was acquired by Incadea GmbH in 2011.

As a private investor did more than 30 transactions with early- and late-stage companies in the US, Israel, EU.



Stuart Seidman

Scientific Partner

Owns an outpatient psychiatry clinic on the Upper West Side, NY, and teaches psychiatry at the Chaim Sheba Medical Center in Israel.

Graduated at medical school at Emory University, did a medical internship at the University of Pennsylvania, and was trained in epidemiology for 2 years at the Centers for Disease Control.

He then completed a residency in psychiatry and a fellowship in psychopharmacology at Columbia University. He remained at Columbia as an attending physician for 15 years, during which his research focus was on the role of androgens in CNS function.



Vadim Uzberg

Venture Partner

Baring Vostok Capital Partners for more than 15 years, one of the largest PE fund in the Eastern Europe with about \$4B under management. Focused on business development and monitoring of existing fund investments.

Eagle Venture Partners, a private equity fund which invested on behalf of EBRD, RaboBank, GIMV and other European investment companies in Russia and Kazakhstan.

Negev Capital

Psychedelic Medical Intervention
Investment Fund

2021