

A hands-on stake in science



DAILY FUND FOCUS

Oxford Technology 2 Venture Capital Trust, launched in 2000, is managed by four scientists and has some unusual technology investments.

The fund tends to invest in small, unquoted research companies. These include Armstrong, which designs and manufactures surgical robots, OCRobotics, which is developing the world's first robots with snake arms, and Orthogem, which came up with a method for producing artificial bone grafts.

The difference between this trust and other VCTs is that the scientists tend to get quite involved in the companies they invest in, says manager Lucius Cary. In some cases, they have required companies to relocate to the UK before agreeing to funding. Why? "The companies we invest in are small, which makes them vulnerable," Mr Cary says.

Consider the fund's investment in OCRobotics, which develops the snake-arm robots, ones in which the body follows the path taken by the head.

"At the time of our first investment, which was £150,000 in January 2001, the snake-arm robot was only an idea," Mr Cary says.

Rob Buckingham and Andy Graham, the group's founders, have made progress. A prototype has won various contracts. The group is working with Airbus to design a robot to construct and inspect aircraft wings. It has won an order to supply robots to repair a nuclear reactor in Sweden.

"We've been very impressed by its pipeline," says Mr Cary. "We think they will one day be used for bomb disposals."

Other companies that have made good progress include a biotechnology company called Immuno Biology, and Astron Clinica, with a product that enables doctors to diagnose melanoma. The fund has £323,747 invested in the company, which last year opened a subsidiary in Australia, the world's big-

gest skin cancer market. It has also expanded its product range to cater to patients with psoriasis and rashes.

ImmunoBiology has a series of patents on methods to produce special protein-based vaccines. It is developing a vaccine for tuberculosis. The fund has a £150,000 investment in the company,

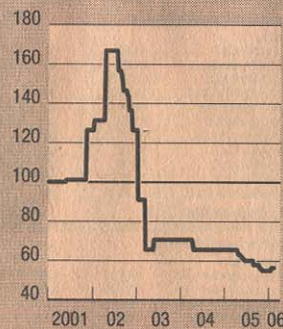
In the past decade, scientists have tried to produce substitutes for human bone. Dr Wei Jen Lo, founder of Orthogem, has developed a synthetic material called TriPore that he thinks can outperform autograft, in which a patient's own bone is taken, and allograft, in which bone is taken from a dead body.

Since the spinal surgery market is worth more than \$1bn per year, according to Oxford's estimates, TriPore shows promise. Data from a trial by an orthopaedic company last year looks encouraging, according to Oxford's managers.

Armstrong, another medical-related group in which the fund has a 11 per cent stake, is developing a product called OrthoTrack that will allow broken bones to be pinned together by non-invasive laser surgery and set without full surgery.

Oxford Technology VCT 2 fund

Total return index (rebased)



Source: Thomson Datastream

which represents a stake of 6 per cent.

Other investments include Orthogem, a bone graft developer. The fund has invested £391,350 and has a 27.4 per cent stake.

Ellen Kelleher

Net asset value: 80p
Share price: 56p
Source: Bestinvest
More fund reviews at www.ft.com/fundfocus

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