

Catalyst II Fund invests \$7m in 3 companies

The new fund has invested in two family firms, Bordeaux Digital Print and Miba Plast, and in a public company.

Batya Feldman 5 Apr 07 19:56

[Catalyst Investments LP's](#) second fund recently invested \$7 million in three companies. Two investments were made in family firms: Bordeaux Digital Print Ltd. and Miba Plast Flexible Packaging Ltd., and the third in a public company, the terms of which have not yet been closed.

Catalyst II Fund is in the advanced stage of fund-raising. A few months ago, it announced the initial closing of \$50 million of the \$100 million that it is seeking. Heading Catalyst Investments are CEO and managing partner Edouard Cukierman, president and managing partner Boaz Harel, and chairman and managing partner Yair Shamir.

Catalyst Investments partner Avishai Gluck says that the company plans for Catalyst II Fund to be a different investment fund. "We prefer not investing like everyone else. We seek niches that others avoid, despite the opportunities. That's what we've always done and now we're honing this technique. Two of the new investments are in family firms, and the third is in a public company. We believe that we can finish raising \$100 million by the end of the year."

Gluck adds, "Catalyst Investments is a private equity fund that invests in Israeli family firms with proprietary technology. The company also has a mandate to make secondary deals and acquire stakes in private and public companies."

An example of an investment in a public company is the investment in [Omrix Biopharmaceuticals Ltd.](#) (Nasdaq:[OMRI](#)).

The Catalyst I Fund, which managed \$40 million, chalked up exits, including [MediaGate NV](#) (acquired by [Telrad Networks Ltd.](#)), [Orex Computed Radiography Ltd.](#) (sold to Eastman Kodak Co. (NYSE:EK), IPOs by PowerDsine (subsequently acquired by Microsemi Corp. (Nasdaq:MSCC)), and [Scopus Video Networks Ltd.](#) (Nasdaq:[SCOP](#)), and the sale of VCON to [Emblaze Ltd.](#) (LSE: [BLZ](#)).

"Globes": Why do you invest in family firms?

Gluck: "Because we can and there are good opportunities. You should understand that these are private, profitable companies whose owners have never had to file reports on their salaries, for example. The entry of a new investor requires a change in their conduct. Therefore, the contracts we sign are special and reflect the sensitivities of the entrepreneur on one hand, while ensuring that we're heading in the same direction together, on the other. These are companies that know their business and bring in an investor in order to move forward. We join in order to help them create value and boost their growth rates. We believe that the key to investing in family firms is to coordinate expectations."

Which companies have you invested in?

"Bordeaux Digital Print is a family firm, founded by the Zach family in 1997 and run by them ever since. The company develops and manufactures digital ink for wide printers. The firm's ink is environmentally friendly and it operates in a rapidly growing sector where Yair Shamir has experience. The company is profitable, with worldwide sales. The purpose of the investment is to help the company open distribution centers in Europe and the US."

The second company, Miba Plast, is owned by the Yaffe family. The company develops and manufactures paper packaging for bakeries using advanced technology that preserves the goods' freshness and crispiness. The company has cooperation agreements with Wal-Mart, Dunkin' Donuts, and others.

Gluck says the companies simply cannot keep up with demand. "Both companies contacted us because they were worried about approaching venture capital funds. They were scared by the rules and contracts that the funds put on the table, especially by the massive dilution in the founders' holdings. We help them reach new markets and new customers, and boost sales and production."