IGUAKO CAPITAL · Sector brief

Pharmaceuticals: sector brief

Pharmaceuticals was the first market the founding partnership underwrote, and it remains the largest single source of origination. Entry is slow and expensive. A manufacturing licence takes years to obtain and can be sus

KIND	EXPOSURE	POSITIONS
Origination	US$148 million across 6 positions	6

DIVISIONS

Private Equity, Investment Banking, Information & Data

Overview

Pharmaceuticals was the first market the founding partnership underwrote, and it remains the largest single source of origination. Entry is slow and expensive. A manufacturing licence takes years to obtain and can be suspended in a week. That asymmetry keeps competition thin and keeps margins durable for the operators who survive inspection. IGUAKO Capital buys into the parts of the chain where the licence, not the molecule, is the asset.

The book holds 6 positions worth US$148 million at 30 June 2026. Four are manufacturers of established off-patent medicines carrying registered dossiers in more than one jurisdiction. One is a sterile fill-finish plant that sells capacity to contract customers. One is a regulatory affairs practice that maintains dossiers on behalf of smaller manufacturers. No position carries clinical trial risk and no position funds discovery.

The second underwriting test governs the sector: can the advantage be converted, and on what timetable. A pharmaceutical position converts through cash distribution or through a sale to a larger manufacturer, and the timetable runs to years rather than quarters. The Investment Committee fixes a five-year to eight-year hold at entry. Welfare and provenance standards travel with the capital into every plant the firm funds.

Thesis

The advantage in pharmaceuticals is structural rather than temporary. A licence, a validated line and a clean inspection record cannot be assembled quickly at any price. A buyer of a compliant plant is paying for time it cannot otherwise obtain. IGUAKO Capital funds that compliance, holds the position for five to eight years, and sells into the scarcity it has maintained.

Themes

- Licensed manufacture of established off-patent medicines
- Sterile fill-finish capacity sold under long contracts
- Regulatory dossier portfolios in second and third markets
- Cold-chain handling and temperature-controlled storage
- Quality systems remediation ahead of inspection

Case studies

Case	Year	Jurisdiction
Cerro Aldama Laboratorios	2021	Mexico

Research

- 2021-02-16: The second source and the qualification calendar
- 2022-06-22: Timetable risk, priced: modelling approval calendars
- 2022-09-20: Financing the batch before it is released
- 2024-05-14: Sterile injectables: the capacity that takes three years to build
- 2025-11-11: Pricing an inspection history: sterile capacity and what a buyer inherits

Colophon