

# Neurodyn Lands \$1.5M; May Add \$500K

by *Peter Moreira* | Feb 14, 2013 | ENTREVESTOR.COM

[Neurodyn Inc.](#), the Charlottetown biotech developing early treatments for neurological diseases, has closed a \$1.5-million round of funding from a range of U.S. and Canadian investors and could bump the total up to \$2 million.

The company will use the money to push forward with its two top candidates: NeuroPro, a dietary supplement for early-stage Parkinson's disease, which will begin sales in Canada this year; and Progranulin, a novel therapeutic compound being developed as a treatment for ALS, Parkinson's and Alzheimer's diseases.

The headline investors in the round were the [Regis Duffy BioScience Fund Inc.](#) of Charlottetown and [Mertz Holdings](#), a family-owned investment fund based in Houston, Texas. There were also a number of American and Canadian private investors who were not named.

In an interview, executive director Robert Cervelli and chief scientific officer Denis Kay said the investors brought in some of the leading neurologists in the U.S. to examine the company and validate its work.

“We can proudly say that the more due diligence the investors did, the more they liked it,” said Cervelli. “These are high-end neurological researchers from top institutions. Not only did they do their due diligence, but they also wanted to collaborate.”

The company set out to raise about \$1 million in 2011, and has so far exceeded that target by 50 per cent. Cervelli said the company is in talks with investors about adding a further \$500,000 to the total.

The funding — the largest so far this year by an Atlantic Canadian startup — is interesting because of the involvement of Mertz Holdings, which is a family office, a private company that manages investments for a single wealthy family.

Cervelli said the growing number of family offices are often driven by a sense of philanthropy as well as economics, and are therefore interested in backing biotech companies. They also come with their own networks, which can help their portfolio companies in subsequent funding rounds.

What's also interesting is that the investors were able to tap a 20 per cent investment rebate offered by the P.E.I. government. The rate of the rebate isn't as lucrative as, say, the 35 per cent Equity Tax Credit offered by Nova Scotia. But all the investors can receive the credit, regardless of whether they are funds or individuals, and whether they

were based in P.E.I. The province is one of the few jurisdictions in North America that offers equity tax credits or equivalent programs to non-residents.

Neurodyn, [which last July bought NeuroQuest of Halifax](#) to broaden its portfolio and add to its personnel, is dedicated to developing natural bioactives into both prescription drugs and natural products for the treatment of early-stage neurological diseases, such as ALS and Parkinson's disease.

Working with several international partners, an in-house animal model subsidiary, and an in-house medicinal chemistry subsidiary, the company has developed its BioActives Discovery Engine, which it uses to build up a portfolio of drug candidates. It is now focusing on NeuroPro and Progranulin, but has others in the works.

NeuroPro has been approved by Health Canada and will be sold as early as March as a professional dietary supplement, meaning it will be distributed to health professionals. Cervelli said the second phase of this product will be a medical food, a U.S. Food and Drug Administration category which is halfway between a prescription drug and a dietary supplement, with a projected launch date in mid-2014.

Progranulin is a biologic drug (a complex compound grown in a cell culture system) that Kay hopes will be ready for a first human clinical trial in two years. The company has received support from the Michael J. Fox Foundation for three years for this project, and continues to involve the foundation in planning the clinical development of this treatment.