

Fortissimo fund raises \$60m, starts investing

The money came primarily from Israeli institutions. \$20-40 million more will be raised from foreign investors.

Batya Feldman 16 May 04 16:12

The Fortissimo Capital private equity fund announced today the beginning of its investments activity, after raising \$60 million out its \$80-100 million target.

The remainder will be raised in the next few months, probably from foreign investors. The amount raised so far was mostly from Israeli institutions, including provident funds, insurance companies, and pension funds.

A \$30 million investment makes [Migdal Insurance](#) (TASE: [MGDL](#)) the largest investor in the fund so far. Migdal is a preferred partner for Fortissimo, but will not take an active part in managing the fund. Other investors include Discount Capital Markets and Investments, which as already invested in other private investment concerns, such as First Israel Mezzanine Investors Fund (FIMI), managed by Ishay Davidi, and venture capital funds Momentum Management and Vertex Management Israel.

Fortissimo began its initial financing round six months ago. Its success at raising most of its target has also encouraged local venture capital funds that are in the process of raising their own funds. Local funds, however, have been unable to duplicate Fortissimo managing partner Yuval Cohen's success in raising money from Israeli institutions.

Cohen, a former managing partner in venture capital fund Jerusalem Venture Partners (JVP), plans to complete the recruitment of Fortissimo's team in the coming days. Before joining JVP, Cohen spent eight years in the US, where he worked in various managerial positions at international technology companies, such as [DSP Group](#) (Nasdaq: [DSPG](#)) and Intel (Nasdaq: [INTC](#)).

Fortissimo will function as a buyout private equity fund. In contrast to similar funds around the world, Fortissimo will invest only in private and public technology companies, in order to upgrade them and enhance their value. It will invest in no companies from other sectors.

"Globes": How did you manage to raise money from Israeli institutions?

Cohen: "I think it was a combination of two factors: the spirit of the times, and the fact that we're devoting the fund to activity in mature companies, rather than those in the early stages, which are more risky. In addition, I think Israeli institutions are beginning to understand this field, and will invest more in it in the future. This is the first investment in this sector for some of our fund's investors. In my opinion, the fact that Migdal and Discount Capital Markets are joining encouraged others, such as [Bank Leumi](#) (TASE: [LUMI](#)), [Bank Hapoalim](#) (LSE: [BKHD](#); TASE: [POLI](#)), and [United Mizrahi Bank](#) (TASE: [MZRH](#)), as well as the provident and pension funds that chose to invest."

Cohen says that Fortissimo plans to invest in, acquire, and build technology companies with great potential, plus an existing basis of products, a continuous revenue flow, and actual sales to established customers. He is interested in companies that already have annual sales of at least \$10 million. "The fund is interested in a wide variety of possibilities, from acquiring substantial holdings in public companies to buying divisions in companies, and in taking an active role in private companies, in order to help achieve substantial growth," Cohen declared.

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