Healthy outcomes

The Jon Moulton Charity Trust, which applies investment principles to clinical trials funding, has backed nearly 200 pieces of research. Marc Mullen speaks to Moulton and the trust's technical specialist, Dr Helen Critchley, to get under the skin of the operation

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Back in 2004, Jon Moulton CBE was managing partner at Alchemy Partners, a British private equity firm that specialises in distressed businesses and turnaround opportunities. Twenty-five years into his career as an investor, he decided to embark on a new journey. It too would address distressed situations for people hoping for a turnaround – but this time, it would be a charitable foundation, set up to fund clinical trials.

Two decades on, the Jon Moulton Charity Trust has invested more than £53m in 179 non-commercial clinical trials. And in the 2024 King's Birthday Honours, he was recognised with the award of the Commander of the Order of the British Empire for these charitable services.

"We totally look at the impact a treatment might have before agreeing to fund a trial," says Moulton. "I guess it's quite selfish what I get out of this. The main thing is a lot of gratification."

He recalls the CRASH-2 trial, which tested the use of tranexamic acid (TXA) on patients that were bleeding as the result of a trauma. At the time the trial was published, in 2010, TXA's primary use was in elective surgery to reduce bleeding.

"We funded some very early trials in TXA which found that it reduces haemorrhage bleeding in traumas," says Moulton. Since the success of that clinical trial the foundation has invested in further testing – CRASH-3 and CRASH-4 – alongside other funders. "TXA has had a huge impact. Globally it saves tens of thousands of lives a year. That is tremendously gratifying."

Trusted expertise

Over the years, Moulton has refined the approach of the trust, bringing in some relevant lessons from his career as a venture capitalist and private equity investor. One thing all successful investors nurture is good advice. Dr Helen Critchley has been engaged with the Jon Moulton Charity Trust pretty much since the outset. Critchley, who has a degree in biological and biomedical sciences from the University of Salford and a PhD in molecular pharmacology from the University of Leeds, was a clinical project leader at Sanofi-Aventis (now Sanofi) at the time.

For around 15 years she kept a day job in parallel, so her work for the foundation was on the side – evenings, weekends and early mornings. As the charity's portfolio grew, however, so did the work and the pressure – and so five years ago she went full time. It works much better now that she is in a dedicated role. "I really love talking to the researchers and finding out what they are doing," she says. "All of them are really passionate about their research and about benefiting patients."

Moulton and Critchley review about 150 funding calls a year. Most come to them through contacts they have built up over the years. "We are engaged with all the research universities and quite a few hospitals, and they cover the vast majority of what we do. Specific contacts from our network send us ideas for trials we may fund. But a smaller proportion of our funding goes to research pitched to us from elsewhere."

Act fast, save lives

Occasionally the trust co-invests in a trial, although it is normally the sole funder. Those that read Moulton's regular column in Corporate Financier will be familiar with his gripes over unnecessary bureaucracy in the world of accounting and investing.

"The UK is certainly still a world leader in pharma and clinical trials, but it is not the world leader," he says. "Some European countries are really competitive. The rules have changed a lot and the pace at which you can get things through the regulator is an issue, sometimes a big issue. By comparison, the US is very fast."

Critchley believes the picture is changing in the UK: "They have shifted where the blockages are. The UK regulator used to be a nightmare – now it's actually quite pragmatic, and cohesive with the ethics committees. But the legal processes at a lot of the hospitals are taking longer. Sometimes when people come to us with a trial they don't recognise the potential regulatory burden."

When it comes to assessing viability for a trial, the economics of the NHS can make things less than straightforward. Will they want to fund a cure, a treatment, a screening process or a vaccine for a particular medical condition? And then there are the costs and the timescales to consider.

Moulton points to a recent six-figure investment review: "They wanted nine years to complete the trial, basically because they had multiple countries. Nine years for a clinical trial is ludicrous. A lot can change in medicine in that time. The treatment could be obsolete by then. We like to have trials that finish in three years, maybe four."

A deal's a deal

The selection process is pretty similar to that for VC deals, says Moulton: "Essentially, Helen will look at the treatment summary, the research summary and the plan for the clinical trial. They can be dismissed if it takes too long, or the outcome is too esoteric or too expensive. There are all sorts of reasons to filter them out. We then look at the possibles, and as we almost always have the same view of what we want, it can be a short conversation before we say yes or no." Critchley puts it succinctly: "It's almost always down to simplicity and do-ability."

The first meeting with the research team will look at the costings. This really is where they can bring commercial savvy to medical minds. "If they have a ridiculous cost you ask them about where they can cut things out, simplify things. If they've put a call into another funder, they may have multiple endpoints, and we may not necessarily feel they've kept it as simple as they should have."

In many cases, they start by making the trial's business plan much more cost-effective. Moulton recalls one clinical trial that stipulated specially manufactured vitamin D – costing £170,000 – that was ditched for a £3,000 alternative.

As with private equity investing, the management team behind a clinical trial is key. "Some are sensible, but some characters are not. Brain surgeons and heart surgeons are generally difficult to deal with," he laughs. "They assume that we're incapable of understanding what they're doing, but, sadly for them, Helen really does."

Assessing a team comes down to some fundamental questions: "How fast can they do what they want to achieve? And what's their track record? We try to fund trials that will benefit people quickly and give good value-for-money."

Target areas

The costs associated with all the applications Moulton and Critchley see have risen considerably since they started investing, in part due to the way universities are structured and the costs they wish to recover through research. "It is also partly due to complexity. There's a lot more biological treatments and cell therapy and gene therapy coming in – it's a lot more complex and for fewer patients, so it's more expensive," says Moulton.

One trial Critchley and Moulton are particularly pleased with was for polycystic ovarian syndrome surgery. The disorder causes infertility, but also obesity and resultant behavioural issues. "That trial worked incredibly well," says Moulton. "A jab doesn't do much at all, but the surgery is actually a cure. That could be 10,000 patients a year in the UK. People can have children and be a lot happier. That will have a huge impact."

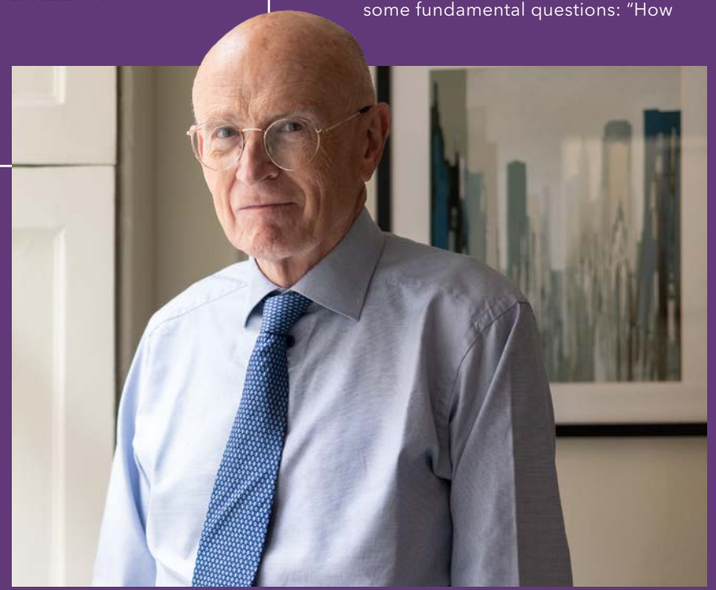
While bigger funds, charities and health groups focus on higher-profile areas of research, the Jon Moulton Charity Trust tends to stay clear of them. Moulton elaborates: "Cancer, for instance, is very well funded and really difficult for us to cover. There is the competitive risk, because there are new combinations of the 100s of cancer drugs to be tried and new treatments all the time. It's so competitive."

This was played out when the trust funded the T4 immunotherapy treatment for head and neck cancer trial in 2013. Although it had some success, technology overtook them and further trials were abandoned.

The approach is non-commercial – with funding, overwhelmingly, coming via grants – and it has a similar success rate to early-stage investing, around 10%. In the event that treatments become commercialised, the trust will accept payment back into the fund for investing in other trials, or waive that issue if it is used for a charitable purpose. "A trial in one of the London universities was successful commercially," says Moulton. "It now sends us large cheques quite regularly, which will do further good, of course."

Distinguished career

Jon Moulton CBE began advising on M&A in Coopers & Lybrand's fledgling transactions business in the late 1970s, having trained with them as a chartered accountant. He then moved to New York and began LBO investing with Citicorp Venture Capital. After returning to London he founded Schroder Ventures and spent nine years as managing director of the firm. After three years as head of LBOs at Apax Partners, he joined Alchemy Partners as managing partner. Twelve years later, in 2009, he founded his own investment firm – Better Capital. Moulton was a long-serving member of the Corporate Finance Faculty board until 2024. He is a regular media commentator – and a regular columnist in Corporate Financier – and will be guest speaker at this year's Corporate Finance Faculty Annual Reception at Goldsmith's Hall on November 13.



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