



PREQIN AND FIRST REPUBLIC UPDATE: **US VENTURE CAPITAL IN 2019**



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Data Pack

The data behind all of the charts featured in this report is available to download for free. Ready-made charts are also included that can be used for presentations, marketing materials, and company reports.

To download the data pack, please visit: www.preqin.com/FRUSVC19

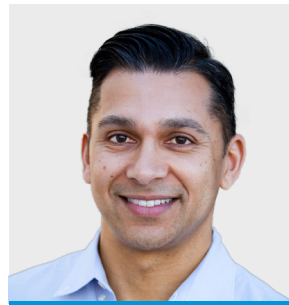
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Foreword

US venture capital activity continued to be robust in 2019, overcoming general macro and micro concerns that surfaced during H2 2019. Some key statistics include:

- The aggregate value of venture capital deals for US-based companies reached a new peak of \$104bn in 2019, despite an 18% decrease in the number of deals from 5,656 in 2018 to 4,637 in 2019. This is directly related to larger, late-stage mega financings continuing their upward trend of the past two years.
- Although still healthy, US venture capital exits dropped slightly from 2018 totals: 592 exits were completed for a combined \$78bn, compared with 671 exits for \$89bn in 2018.
- The total amount of capital raised by US venture capital funds reached \$50bn in 2019, which represented a small increase from 2018. Fewer funds reported a close (415 vs. 508 in 2018).
- Six mega (\$1bn+) funds closed in 2019, the same number as in 2018, and all were raised by established managers with well over a decade of investing history.
- The average time spent in market by funds closed dropped to its lowest point since 2014, at an average of 14.5 months for funds closed in 2019.
- At the start of 2020, a record 1,023 funds were in market, up 15% from a year prior. Over the past decade, the aggregate capital targeted by funds



Samir Kaji

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on the road grew almost six-fold from \$34bn in January 2010 to \$98bn at the start of 2020.

- US-based micro venture capital funds (\$100mn or less) had another record-breaking year in 2019, surpassing the \$8.3bn raised in 2018 with \$8.4bn secured through 282 fund closures.
- With \$34bn called up and \$21bn distributed over the year, net cash flow remained negative for the third consecutive year (-\$13bn). Annual capital called declined for the first time since 2015, indicating fund managers may be waiting for more favorable market conditions before investing via their recent vintage funds.
- US-based managers raised a total of \$112bn for early-stage investment, 48% of the \$346bn raised in the year.

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Deals & Exits

Venture capital deals in the US constituted a record-high total value in 2019

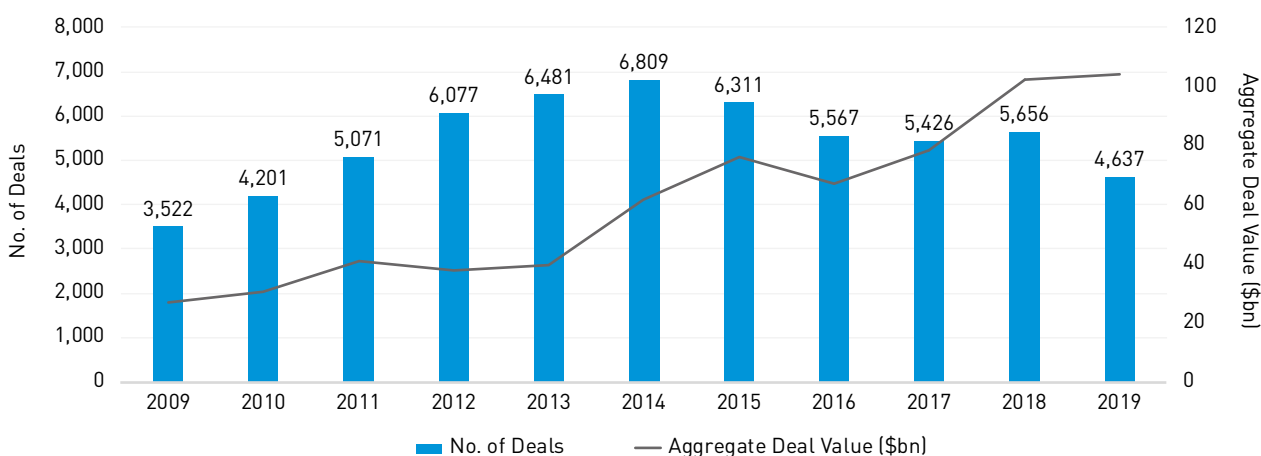
The aggregate value of venture capital deals for US-based companies reached a new peak of \$104bn in 2019 (Fig. 1). Despite this, the annual number of deals has decreased continually since 2014 (6,809), and dropped by 18% from 2018 to 4,637 deals in 2019. The average size of venture capital investment in US companies was therefore \$224mn in 2019, up from \$181mn the previous year.

Early-stage investments (Series A and earlier) accounted for 52% of US venture capital deals in 2019 and 18% of capital invested (Fig. 2). Information technology was the industry of choice for US-based venture capital investment in 2019, representing 53% of the number of deals and 44% of total deal value (Fig. 4). The largest deal of the year was the \$2bn funding round for WeWork Companies Inc. by SoftBank Group in January (Fig. 3).

Although still healthy figures, the number and aggregate value of venture capital exits in the US in 2019 dropped from 2018. In total, 592 exits were completed for a combined \$78bn, which compares with 671 exits for \$89bn in 2018 (Fig. 5).

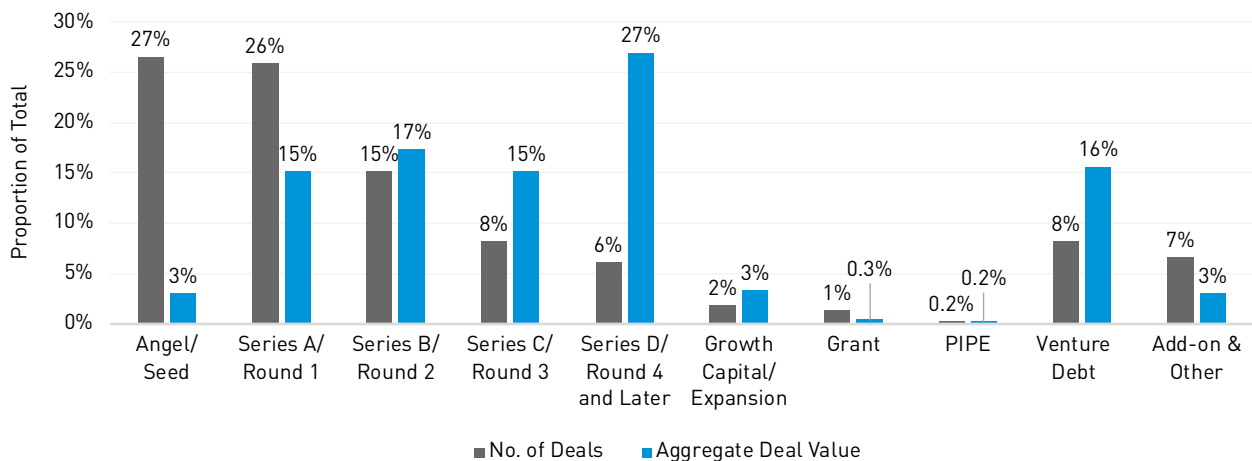
Trade sales remained the most common method of exit, accounting for 73% of all exits of US-based portfolio companies in 2019, despite the total number decreasing from 2018. Three of the five largest exits in 2019 were trade sales, led by the \$4bn trade sale of Honey Science Corporation to PayPal, Inc. in November 2019 (Fig. 6). The number of US-based IPOs declined from 93 in 2018 to 80 in 2019. The largest US-based venture-backed exit last year was the \$8.1bn IPO for Uber Technologies, Inc., which took place in May 2019.

Fig. 1: Venture Capital Deals* for US-Based Companies, 2009 - 2019



*Figures exclude add-ons, grants, mergers, venture debt, and secondary stock purchases.

Source: Preqin Pro

Fig. 2: Venture Capital Deals for US-Based Companies in 2019 by Stage

Source: Preqin Pro

Fig. 3: Largest Venture Capital Deals* for US-Based Companies in 2019

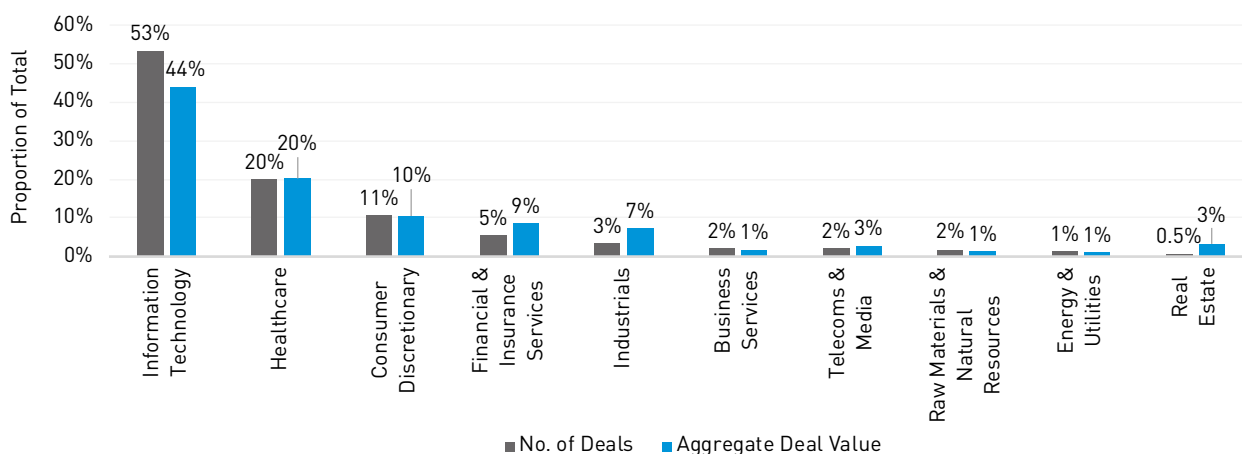
Portfolio Company	Stage	Deal Date	Deal Size (\$mn)	Total Known Funding (\$mn)	Investor(s)	Primary Industry
WeWork Companies Inc.**	Unspecified Round	Jan-19	2,000	14,236	SoftBank Group	Real Estate
Rivian Automotive, LLC	Unspecified Round	Dec-19	1,300	2,850	T Rowe Price, Ford Motor Company, BlackRock, Amazon.com, Inc.	Industrials
OneWeb LLC	Unspecified Round	Mar-19	1,250	3,400	Qualcomm Ventures, SoftBank Group, Government of Rwanda, Grupo Salinas	Telecoms & Media
Uber Advanced Technologies Group	Unspecified Round	Jul-19	1,000	1,000	SB Investment Advisers, Toyota Motor Corporation, DENSO Corporation	Consumer Discretionary
Flexport, Inc.	Unspecified Round	Feb-19	1,000	1,302	SB Investment Advisers, Founders Fund , DST Global, Cherubic Ventures, Susa Ventures , SF Express	Information Technology
Verily Life Sciences LLC	Unspecified Round	Jan-19	1,000	1,800	Ontario Teachers' Pension Plan, Silver Lake	Healthcare
Nuro, Inc.	Unspecified Round	Feb-19	940	1,032	SB Investment Advisers	Industrials
Radiology Partners, Inc.	Growth Capital/Expansion	Jul-19	700	1,865	Starr Investment Holdings	Healthcare
Rivian Automotive, LLC	Unspecified Round	Feb-19	700	2,850	Amazon.com, Inc.	Industrials
Bright Health Management, Inc.	Series D/Round 4	Dec-19	635	1,075	New Enterprise Associates, Bessemer Venture Partners, Cross Creek Advisors, Declaration Partners, Flare Capital Partners, Greenspring Associates, Meritech Capital Partners, Redpoint Ventures, Town Hall Ventures	Financial & Insurance Services

Source: Preqin Pro

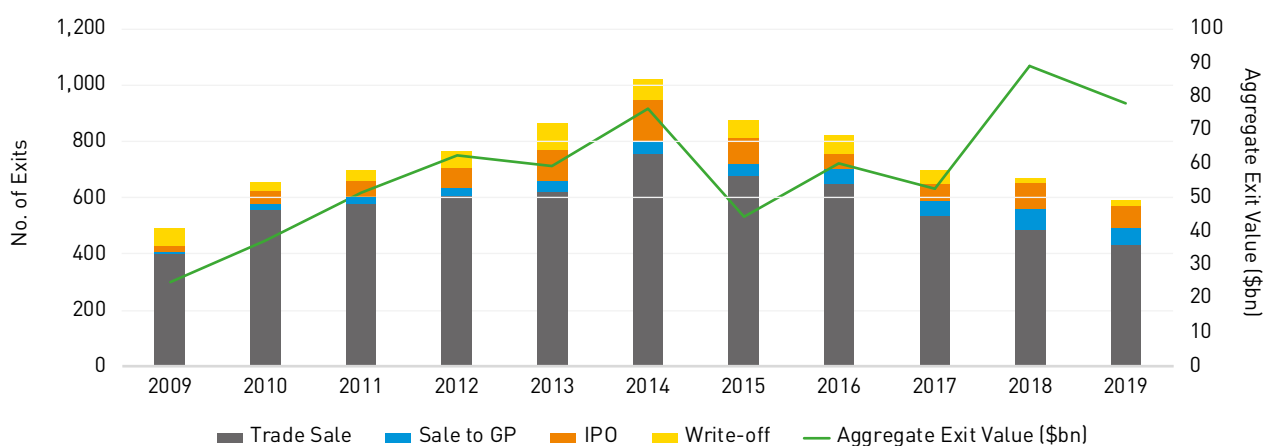
Bold denotes US-based investor.

*Figures exclude add-ons, grants, mergers, venture debt, and secondary stock purchases.

**SoftBank is a recurring investor in WeWork Companies. The capital invested by SoftBank did not come from its 'Vision' fund.

Fig. 4: Venture Capital Deals* for US-Based Companies in 2019 by Industry

Source: Preqin Pro

Fig. 5: Venture Capital-Backed Exits of US-Based Companies by Type, 2009 - 2019

Source: Preqin Pro

Fig. 6: Largest Venture Capital-Backed Exits of US-Based Companies in 2019

Portfolio Company	Initial Investment Date	Total Known Funding (\$mn)	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (\$mn)	Primary Industry
Uber Technologies, Inc.	Aug-09	14,741	IPO	May-19	-	8,100	Information Technology
Slack Technologies, Inc.	Jan-09	1,217	IPO	Jun-19	-	4,560	Information Technology
Honey Science Corporation	Nov-14	32	Trade Sale	Nov-19	PayPal, Inc.	4,000	Information Technology
Auris Health, Inc.	Jun-09	783	Trade Sale	Feb-19	Ethicon, Inc.	3,400	Healthcare
Acacia Communications Inc.	Dec-11	23	Trade Sale	Jul-19	Cisco Systems, Inc.	2,600	Information Technology

Source: Preqin Pro

*Figures exclude add-ons, grants, mergers, venture debt, and secondary stock purchases.

Fundraising

A steep drop-off in fund closures in Q4 waylaid 2019's potential record-high fundraising year

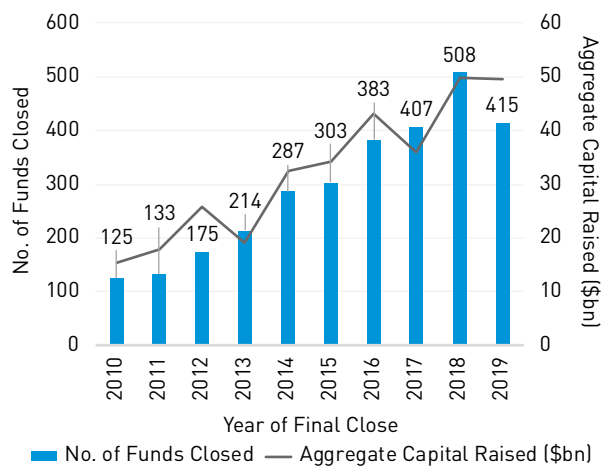
Venture capital fundraising is typically strongest in the final quarter, but in 2019, an unexpectedly sluggish Q4 dampened the annual total. At the end of Q3 2019, full-year fundraising by US-based venture capital funds looked set to overtake the previous year. Momentum stalled in Q4, though, and the total amount of capital raised in 2019 (\$50bn) ended up level with 2018 (Fig. 7). What's more, this followed a significant jump of 39% in capital secured from 2017 to 2018. While total capital was virtually unchanged from the previous year, nearly 100 fewer funds closed in 2019 (415 funds vs. 508 in 2018). To put Q4 activity into context, almost half as many funds closed in comparison with Q4 in 2018 (91 vs. 180 funds respectively).

Although the pace of overall fundraising slowed, veteran managers continued to attract capital, securing \$11bn of the \$50bn total. Six mega (\$1bn+) US-based venture capital funds closed in 2019, the same number as in 2018, and all were raised by experienced managers (Fig. 8). As with the market overall, this follows a significant uptick in mega fund activity between 2017 (three \$1bn+ funds raised \$6.9bn) and 2018 (six funds secured \$11bn).

Despite an overall decline in US venture capital activity, the average time spent in market by funds closed dropped to its lowest point since 2014. Funds closed in 2019 spent an average of 14.5 months raising capital, down from 16.5 months for funds that reached a final close in 2018. US-based venture capital funds raised an average of 103% of their target capital (Fig. 10). Although venture fundraising was on a smaller scale last year, it was still successful.

For the most part, funds closed in 2019 were investing across a similar spread of deal stages as in years past. Vehicles focused on expansion-stage financings were again the least common, with only four such funds

Fig. 7: US-Based Venture Capital Fundraising, 2010 - 2019



Source: Preqin Pro

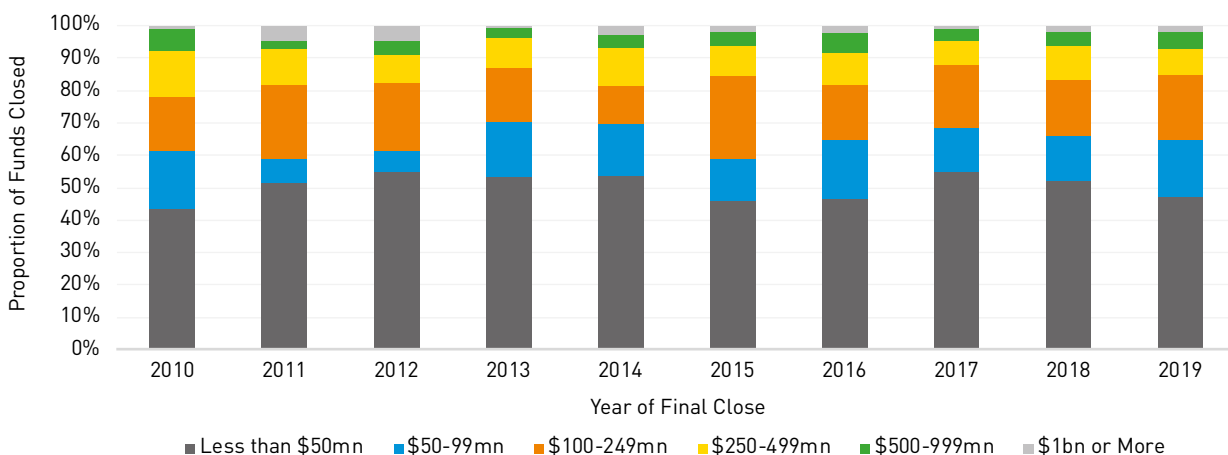
closing in Q4 2019 (Fig. 11). Most investments went toward early-stage funds, which brought in an average of 108% of their target and a total of \$22bn; that said, they also spent the longest average time in market at 17 months.

As in past years, US venture capital funds primarily invested their capital domestically, with 90% of aggregate capital earmarked for opportunities in the US. Most funds with a geographic focus outside the US are vehicles set up by established managers to target a specific country or region. For example, Accel has individual funds dedicated to Europe and India in addition to its flagship US funds.

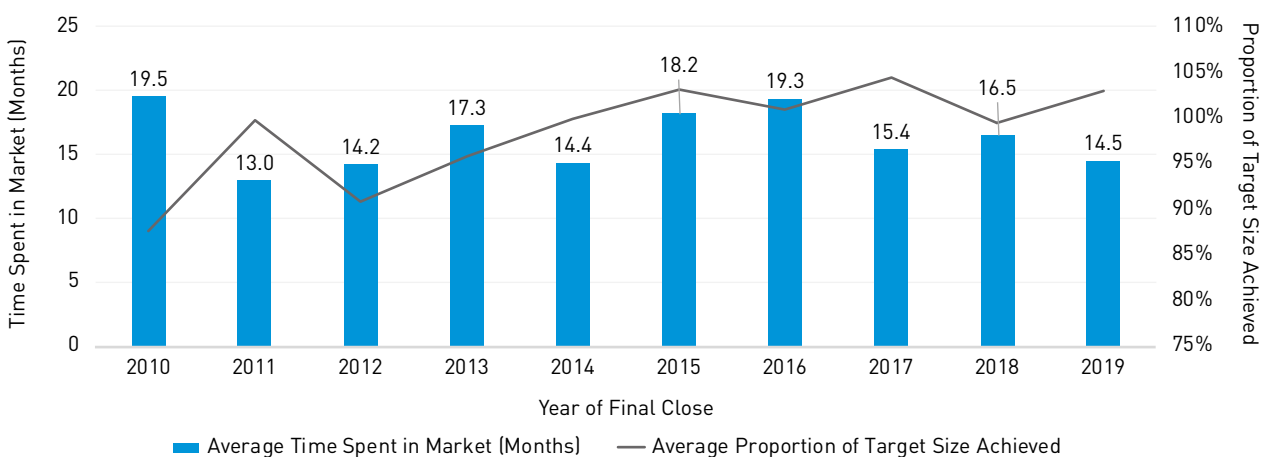
Fig. 8: Largest US-Based Venture Capital Funds Closed in 2019

Fund	Firm	Fund Size (\$mn)	Fund Type	Geographic Focus
Technology Crossover Ventures X	Technology Crossover Ventures	3,000	Expansion/Late Stage	Europe, North America, US
Andreessen Horowitz LSV Fund I	Andreessen Horowitz	2,000	Expansion/Late Stage	US
Norwest Venture Partners XV	Norwest Venture Partners	2,000	Venture Capital (General)	Global, India, Israel, North America, US
Founders Fund VII	Founders Fund	1,496	Early Stage	US
Vivo Capital Fund IX	Vivo Capital	1,401	Expansion/Late Stage	China, US
Lightspeed Venture Partners Select III	Lightspeed Venture Partners	1,362	Expansion/Late Stage	Global, India, Israel, North America, US
Flagship Pioneering Special Opportunities Fund II	Flagship Pioneering	824	Venture Capital (General)	US
Oak HC/FT Partners Fund III	Oak HC/FT Partners	800	Venture Capital (General)	North America
Third Rock Ventures V	Third Rock Ventures	770	Early Stage	US
Lightspeed Venture Partners XII	Lightspeed Venture Partners	752	Early Stage	India, Israel, North America, US

Source: Preqin Pro

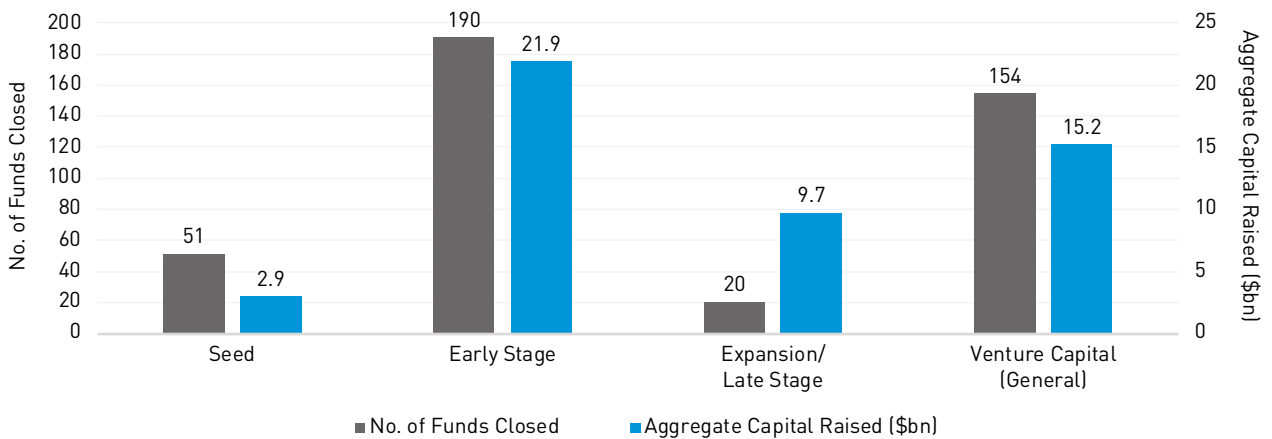
Fig. 9: US-Based Venture Capital Funds Closed by Fund Size, 2010 - 2019

Source: Preqin Pro

Fig. 10: US-Based Venture Capital Fundraising Success, 2010 - 2019

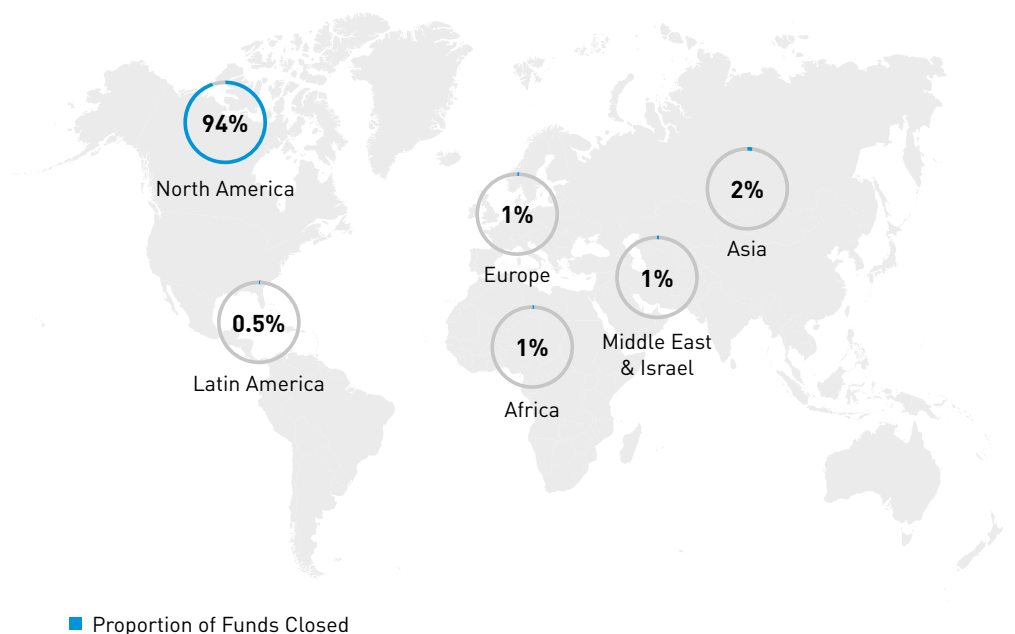
Source: Preqin Pro

Fig. 11: US-Based Venture Capital Fundraising in 2019 by Strategy



Source: Preqin Pro

Fig. 12: US-Based Venture Capital Funds Closed in 2019 by Primary Geographic Focus



Source: Preqin Pro

Funds in Market

The fundraising pipeline continues to grow, with SoftBank Innovation Fund at the helm

2019 was a fruitful year for US-based venture capital funds. At the start of 2020, a record 1,023 funds were in market, up 15% from one year prior (Fig. 13). Looking back on the past decade, the aggregate capital targeted by venture capital funds on the road grew almost six-fold from \$34bn in January 2010 to \$98bn at the start of 2020, signaling a healthy and growing market in the US.

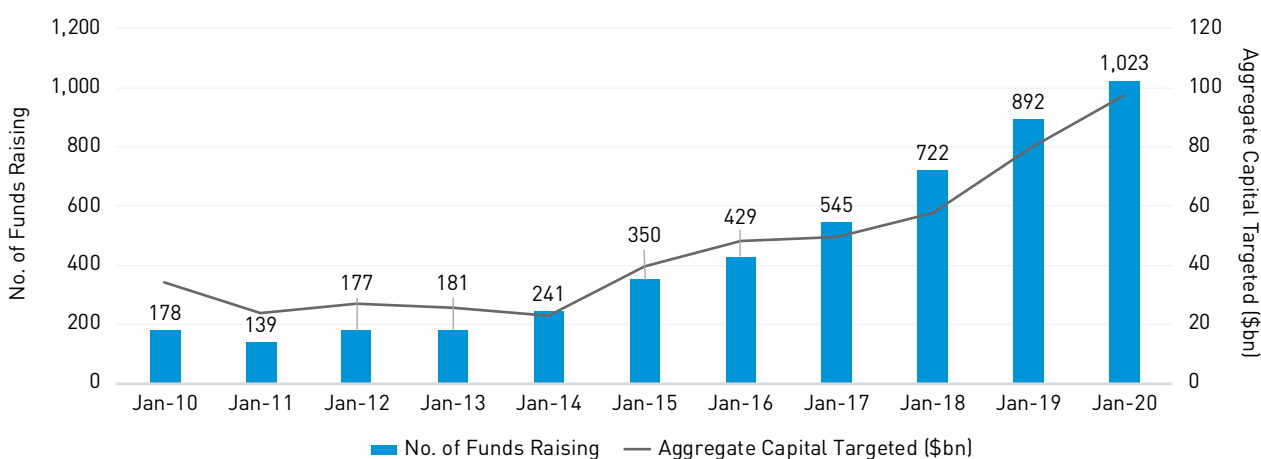
As of January 2020, there are 10 mega funds in market (those targeting \$1bn or more, Fig. 16). These funds comprise 22% of the aggregate capital targeted by US-based venture capital funds. SoftBank Innovation Fund, which was announced in Q1 2019, is unsurprisingly the largest fund in market. Should it reach its targeted \$5bn at final close, it will be the largest-ever technology fund focused exclusively on Latin America, which comes as no surprise given Softbank's track record: the \$99bn Vision Fund closed in December 2018 and Vision Fund 2 is targeting an unprecedented \$108bn.

The majority of the US-based mega funds on the road are focused primarily on investing in the US, except for SoftBank Innovation Fund and The Rise Fund II, which are both bullish on the opportunities present in emerging markets. The only new entrant to 10 largest funds on the road since our last study in Q3 2019 is Founders Fund Growth. Managed by Peter Thiel, the fund is expected to close by the end of Q1 2020 and makes bets on late-stage start-ups that remain privately held for years.

Early-stage funds are the most numerous of the vehicles currently on the road, with 458 funds looking to raise a combined \$27bn (Fig. 14). Although stage-agnostic venture capital funds are fewer in number, they are targeting the largest amount of total capital at \$49bn, which represents half of the aggregate capital sought by all funds in market.

In terms of geographic focus, the aggregate capital targeted by funds focused primarily on regions

Fig. 13: US-Based Venture Capital Funds in Market, 2010 - 2020

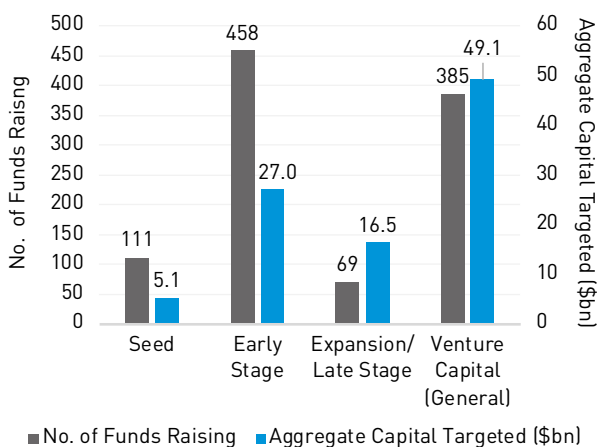


Source: Preqin Pro

outside North America, Europe, or Asia has doubled in comparison with a decade ago. More and more funds are coming to market with a diversified multi-regional strategy, which has driven this change. At \$9.1bn, more

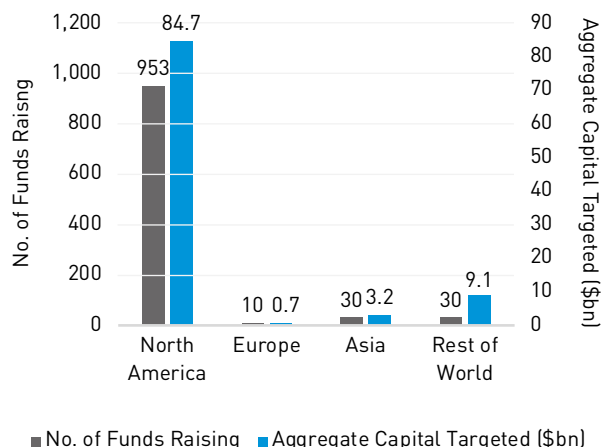
venture capital is currently targeting investment in Rest of World than in Europe and Asia combined (\$3.9bn, Fig. 15).

Fig. 14: US-Based Venture Capital Funds in Market by Strategy



Source: Preqin Pro

Fig. 15: US-Based Venture Capital Funds in Market by Primary Geographic Focus



Source: Preqin Pro

Fig. 16: Largest US-Based Venture Capital Funds in Market

Fund	Firm	Target Size (\$mn)	Fund Type	Geographic Focus
SoftBank Innovation Fund	Softbank Latin America Ventures	5,000	Venture Capital (General)	Argentina, Brazil, Central America, Chile, Colombia, Mexico, South America
New Enterprise Associates 17	New Enterprise Associates	3,600	Venture Capital (General)	US
Deerfield Private Design Fund IV	Deerfield Management	2,500	Venture Capital (General)	Asia, Europe, Global, North America
The Rise Fund II	TPG	2,500	Venture Capital (General)	Emerging Markets, North Africa, South Asia
Founders Fund Growth	Founders Fund	1,500	Expansion/Late Stage	US
NovaQuest Pharma Opportunities Fund V	NovaQuest Capital Management	1,500	Expansion/Late Stage	Europe, US
Deerfield Healthcare Innovations Fund II	Deerfield Management	1,000	Venture Capital (General)	US
Khosla Ventures VI	Khosla Ventures	1,000	Venture Capital (General)	US
OrbiMed Private Investments VII	OrbiMed Advisors	1,000	Venture Capital (General)	Europe, North America, US, West Europe
Y Combinator Continuity Affiliates Fund I	Y Combinator	1,000	Expansion/Late Stage	US

Source: Preqin Pro

Micro Venture Capital

Micro venture capital funds raised a record amount of capital in 2019, but through fewer funds than the previous year

US-based micro venture capital funds (sized at \$100mn or less) had another record-breaking year in 2019. Managers of micro funds surpassed the \$8.3bn raised in 2018 with \$8.4bn secured through 282 fund closures (Fig. 17). While the amount of capital closed each year by micro funds has increased steadily throughout the past decade, 2019 marks the first significant drop in the number of funds closed, falling from 348 in 2018.

Investor appetite for micro venture capital funds was strong in 2019. Retirement Plans of Duke University, with 14 known commitments, and New York State Common Retirement Fund, with 12 known commitments, were the most active investors in the US micro venture capital space (Fig. 19).

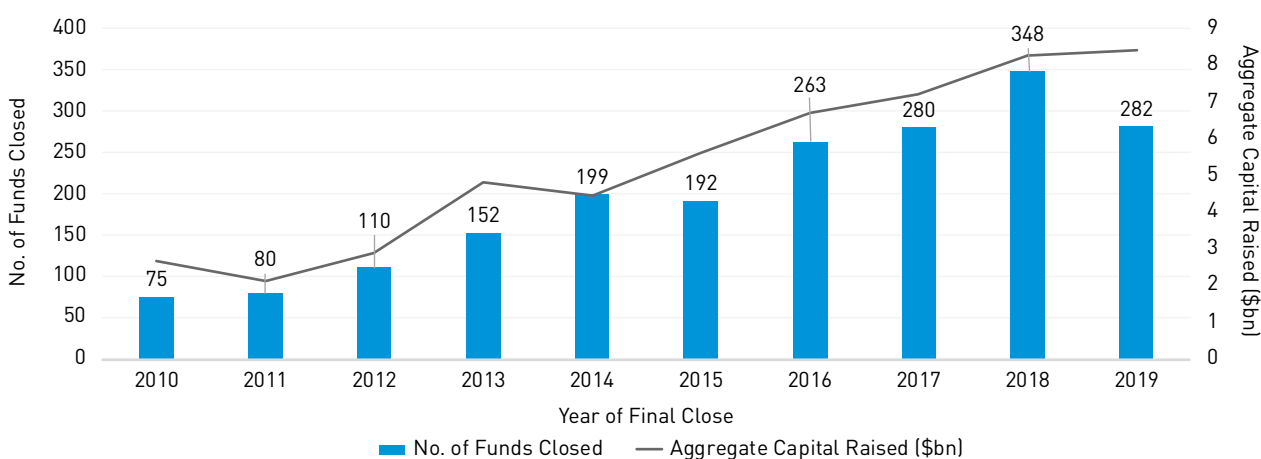
On average, micro funds closed in 2019 spent 16.1 months in market and exceeded their target size (Fig. 18). This is down from an average of 17.6 months for funds closed in 2018, and marks an increase in the average proportion of target size achieved (96% in 2018 vs. 102% in 2019). Early-stage funds, which secured more than half of the aggregate micro venture capital raised throughout the year, achieved the largest proportion of targeted capital at 110%.

The success of early-stage funds in micro venture capital is reflective of the overall venture capital landscape. Early-stage US-based micro venture capital funds favored a North American focus, but some also targeted regions elsewhere. Among the 13 US-based micro funds closed in 2019 that are focused outside North America, six are early-stage funds; these vehicles are looking to invest in companies operating in Asia (2) and Rest of World (4). The largest of these vehicles is RM Global Partners' \$64mn RMGP Biopharma Fund, which invests in the Israeli biotherapeutic sector.

For the first year since 2012, no single US-based micro venture capital fund closed in 2019 is targeting European investment. However, there is still US fund manager interest in the region: five funds currently in market are focused primarily on Europe (Fig. 21).

CRCM Opportunity Fund, the current top performing US-based micro venture capital fund over the 2010-2017 vintages, employs an early-stage strategy and focuses on Asia; the fund recorded an IRR of 129.0% as of 31 December 2018 (Fig. 22). The vehicle invests across a range of industries and has distributed over

Fig. 17: US-Based Micro Venture Capital Fundraising, 2010 -2019



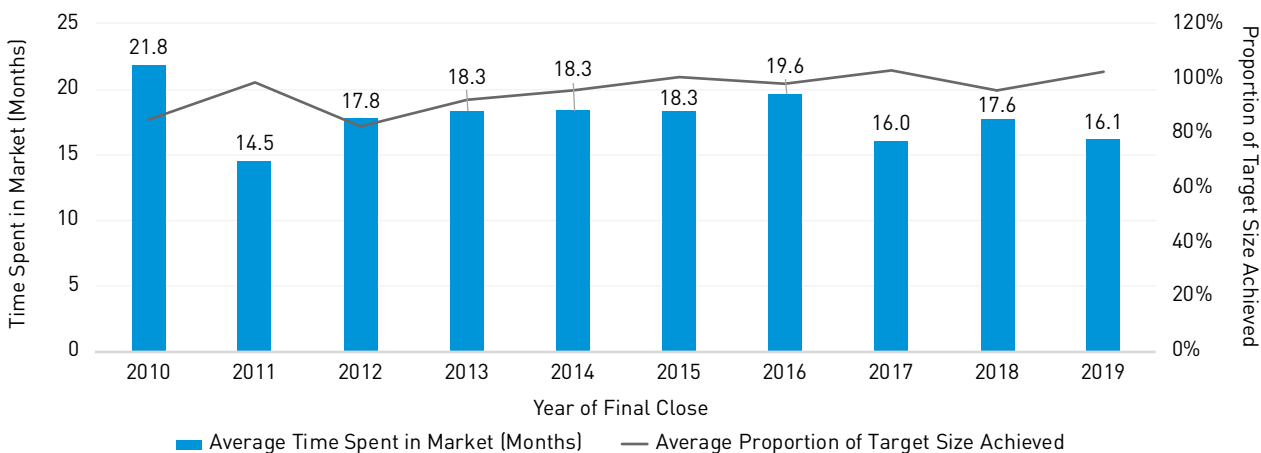
Source: Preqin Pro

\$1bn to investors, representing a return of over 2,900% on the initial fund size of \$38mn.

At the start of 2020, early-stage funds remain the preferred investment for micro-fund managers. Nearly 300 early-stage vehicles are currently fundraising, seeking a combined \$12bn (Fig. 20). Overall, North

America will continue to receive the vast majority of micro venture capital. However, more US-based funds are coming to market with a Europe, Asia, or Rest of World focus: the number of funds on the road targeting these regions is more than double the number that closed in 2019.

Fig. 18: US-Based Micro Venture Capital Fundraising Success, 2010 - 2019

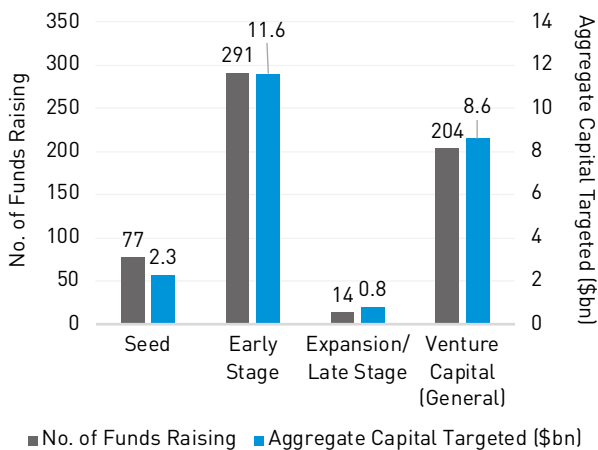


Source: Preqin Pro

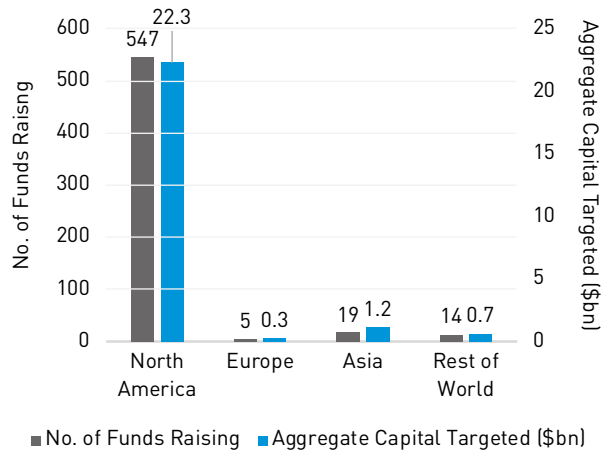
Fig. 19: Most Active Investors in US-Based Micro Venture Capital Funds by Number of Known Fund Commitments (Vintages 2010-2019)

Investor	Type	No. of Known Commitments	Active VC Mandate?
Retirement Plans of Duke University	Private Sector Pension Fund	14	No
New York State Common Retirement Fund	Public Pension Fund	12	No
Grantham Foundation	Foundation	10	No
Naver	Corporate Investor	8	No
Industry Ventures	Secondary Fund of Funds Manager	8	Yes
Cendana Capital	Private Equity Fund of Funds Manager	8	Yes
Sobrato Family Holdings	Single-Family Office	7	No
Kapor Center for Social Impact	Foundation	7	No
Oregon Growth Board	Government Agency	6	No
Robert Wood Johnson Foundation	Foundation	6	No
University of Texas Investment Management Company	Endowment Plan	6	No
Oregon Community Foundation	Foundation	6	No
Prudential Financial	Insurance Company	6	No
Goldhirsh Foundation	Foundation	6	No
Augustana College (South Dakota)	Endowment Plan	6	No
International Finance Corporation	Government Agency	6	No
Commonwealth Financing Authority of Pennsylvania	Government Agency	6	No
Korea Venture Investment Corporation	Government Agency	6	Yes

Source: Preqin Pro

Fig. 20: US-Based Micro Venture Capital Funds in Market by Strategy

Source: Preqin Pro

Fig. 21: US-Based Micro Venture Capital Funds in Market by Primary Geographic Focus

Source: Preqin Pro

Fig. 22: Top Performing US-Based Micro Venture Capital Funds (Vintage 2010-2017)

Fund	Firm	Vintage	Fund Size (\$mn)	Fund Type	Geographic Focus	Net IRR (%)	Date Reported
CRCM Opportunity Fund	ChinaRock Capital Management	2013	38	Early Stage: Start-up	Diversified Multi-Regional	129.0	31-Dec-18
Foresite Capital Fund I	Foresite Capital	2012	100	Expansion/Late Stage	North America	67.5	30-Jun-19
Tusk Venture Partners I	Tusk Ventures	2016	36	Early Stage: Start-up	North America	64.6	30-Sep-19
Cervin Ventures II Opportunities Fund	Cervin Ventures	2016	14	Early Stage	North America	58.2	30-Jun-19
IA Venture Strategies Fund I	IA Ventures	2010	50	Early Stage	North America	52.8	30-Jun-19
Vertical Venture Partners Fund I	Vertical Venture Partners	2014	51	Early Stage: Start-up	North America	52.6	31-Mar-19
Social Leverage Capital Fund II	Social Leverage Capital	2015	20	Venture Capital (General)	North America	48.4	31-Dec-18
Cottonwood Technology Fund I	Cottonwood Technology Fund	2010	20	Early Stage: Start-up	North America	46.0	30-Jun-19
Brightstone Venture Capital Fund	Brightstone Venture Capital	2013	20	Venture Capital (General)	North America	45.0	30-Sep-18
500 Durians II	500 Startups	2016	50*	Early Stage: Seed	Asia	43.1	30-Jun-18

Source: Preqin Pro

*Denotes target size.

Performance

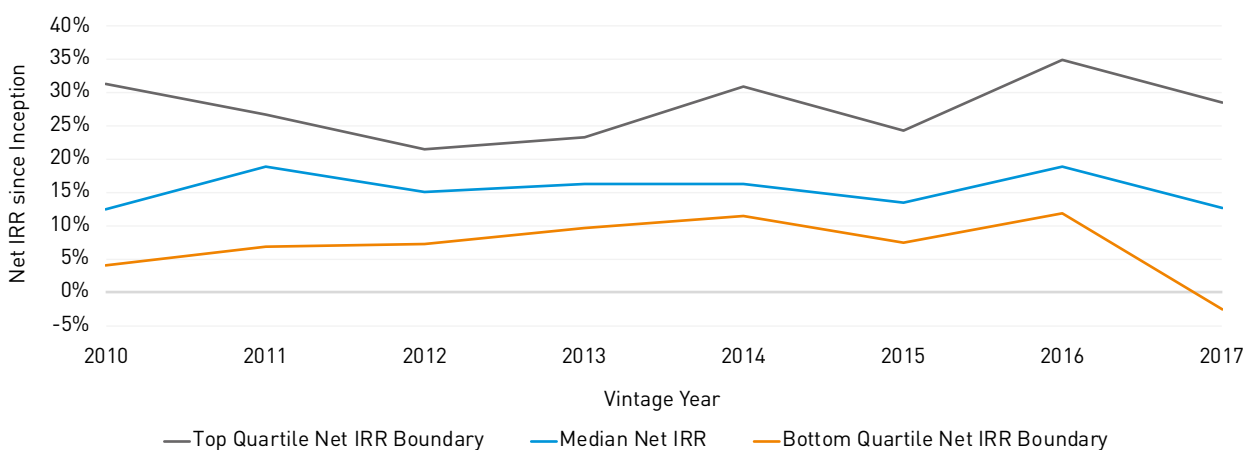
Net cash flow from US-based venture capital funds was negative for the third year in a row

US-based venture capital funds have posted double-digit median net IRRs from vintage 2010 onwards (Fig. 23). The high of 18.9% for vintage 2016 funds indicates early increases in the unrealized value of these funds' underlying investments. In fact, all vintages up to and inclusive of 2016 record positive returns for even the lower quartile net IRR boundary. Returns for some vintage 2017 funds are expected to increase over time as these funds' investments mature in the coming years.

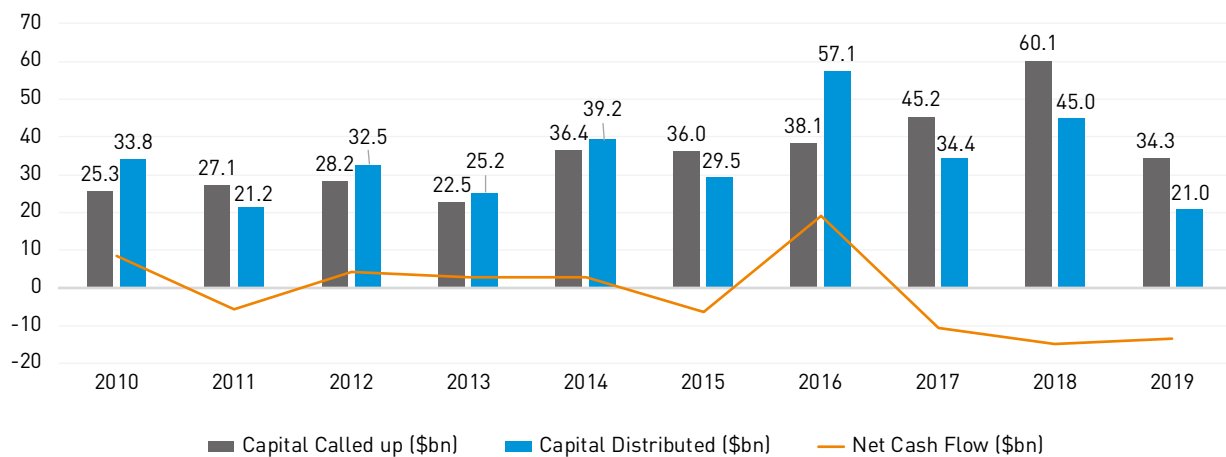
Both the annual capital called and distributed by US-based venture capital funds decreased in 2019 compared to 2018 (Fig. 24). With \$34bn called up and \$21bn distributed over the year, net cash flow remained negative for the third consecutive year (-\$13bn). The fall in annual capital called represents the first decline since 2015, indicating fund managers may be waiting for more favorable market conditions before investing via their recent vintage funds.

Among vintage 2010-2017 funds, Column Group II is the top performer with a net IRR of 411.9% as of 30 June 2019 (Fig. 25). This figure was achieved partly due to the significant early distributions made by the 2014 vintage fund, which has a net multiple of 2.30x. The California-based fund primarily invests in the biotechnology industry within the US. The remainder of the top 10 performing funds is made up of six other North America-focused funds, two Asia-focused funds, and one fund with a diversified multi-regional focus.

Fig. 23: US-Based Venture Capital Funds: Median Net IRRs and Quartile Boundaries by Vintage Year



Source: Preqin Pro

Fig. 24: US-Based Venture Capital Funds: Annual Amount Called up, Distributed, and Net Cash Flow, 2010 - 2019

Source: Preqin Pro

Fig. 25: Top Performing US-Based Venture Capital Funds (Vintages 2010-2017)

Fund	Firm	Vintage	Fund Size (\$mn)	Fund Type	Geographic Focus	Net IRR (%)	Date Reported
Column Group II	The Column Group	2014	322	Early Stage	North America	411.9	30-Jun-19
CRCM Opportunity Fund	ChinaRock Capital Management	2013	38	Early Stage: Start-up	Diversified Multi-Regional	129.0	31-Dec-18
March Capital Opportunity Fund II	March Capital Partners	2017	145	Venture Capital (General)	North America	72.3	30-Jun-19
Foresite Capital Fund I	Foresite Capital	2012	100	Expansion/Late Stage	North America	67.5	30-Jun-19
DCM Hybrid RMB Fund	DCM	2011	150	Venture Capital (General)	Asia	65.4	30-Jun-18
Tusk Venture Partners I	Tusk Ventures	2016	36	Early Stage: Start-up	North America	64.6	30-Sep-19
DCM Ventures China Fund (DCM VII)	DCM	2014	330	Venture Capital (General)	Asia	62.6	30-Jun-18
Forerunner Partners III	Forerunner Ventures	2017	122	Early Stage	North America	62.4	30-Jun-19
Cervin Ventures II Opportunities Fund	Cervin Ventures	2016	14	Early Stage	North America	58.2	30-Jun-19
IA Venture Strategies Fund I	IA Ventures	2010	50	Early Stage	North America	52.8	30-Jun-19

Source: Preqin Pro

Fund Managers

Women-owned firms continue to close the gender gap in the venture capital fundraising space

Q4 2019 welcomed a new entrant to the list of the largest venture capital fund managers in the US (Fig. 26). Founders Fund, established in 2005 by Peter Thiel, focuses on early-stage technology companies. The firm closed two funds in 2019, one at and one above target size. Founders Fund VII, from its flagship series, held its final close in November at around \$1.5bn; this brought the firm to \$4.7bn in total venture capital funds raised in the past 10 years, tied for 10th in the US.

Sequoia Capital currently holds the most dry powder (\$3.8bn) of all US-based venture capital firms as of January 2020 (Fig. 27), albeit with a lower figure compared to last quarter (\$4.5bn). The California-based firm is currently raising Sequoia Capital China Principals Seed Fund I, which targets seed-stage investments in Chinese companies. Just two of the 10 largest US-based managers by dry powder are located outside California.

US-based managers raised a total of \$112bn for early-stage investment in 2019 (Fig. 28). Early-stage funds accounted for 48% of the \$346bn raised in the year, while seed-stage funds represented only 4% of capital.

Demand and awareness for female representation in venture capital is increasing each year. In 2019, women-owned firms in the US closed 41 funds for just under \$3bn in aggregate, which compares with a total of \$49bn raised across all venture capital firms. Although the gap is still large, capital raised by female venture capitalists is at its highest in the past 10 years; back in 2010, women-owned firms closed five funds for a combined \$535mn. Given the rising demand for female representation in venture capital, we should expect these figures to continue to grow as the industry tries to bridge the gender gap in the 2020s.

Among the 10 largest women-owned venture capital firms in the US, .406 Ventures has jumped up the rankings since our last study in Q3 2019 (Fig. 29). Founded in 2005, the firm makes early-stage technology and digital health investments in North America, and moved from 10th place to fifth after closing its fourth flagship fund on \$294mn. .406 Ventures Fund IV reached a final close in November having surpassed its target of \$225mn, attracting capital from both existing and new investors.

Fig. 26: Largest US-Based Venture Capital Fund Managers by Aggregate Capital Raised in the Past 10 Years

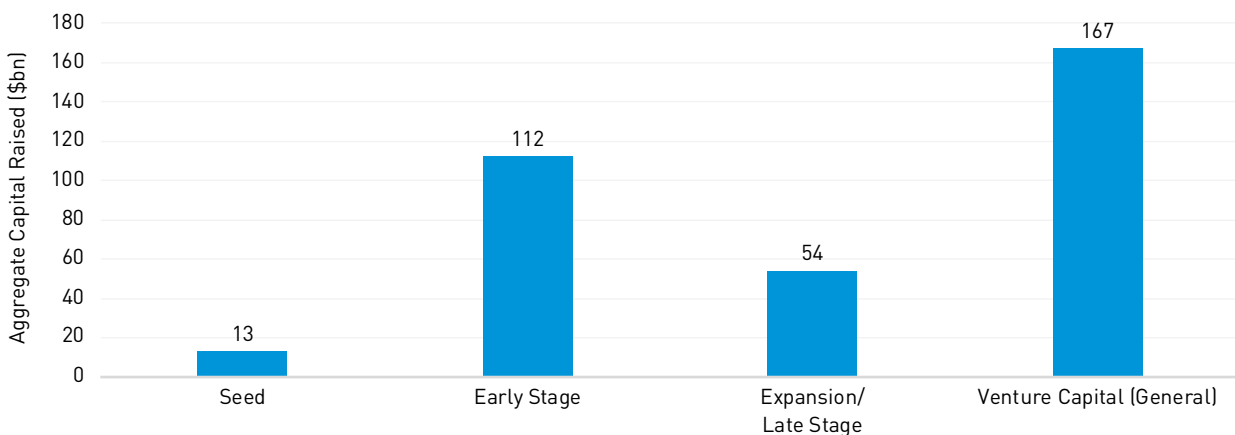
<u>Firm</u>	<u>Headquarters</u>	<u>Total Funds Raised in Past 10 Years (\$bn)</u>
Tiger Global Management	New York, NY	13.0
Sequoia Capital	Menlo Park, CA	12.3
Andreessen Horowitz	Menlo Park, CA	9.1
New Enterprise Associates	Menlo Park, CA	9.1
Lightspeed Venture Partners	Menlo Park, CA	7.0
Accel	Palo Alto, CA	6.1
Kleiner Perkins Caufield & Byers	Menlo Park, CA	6.1
Deerfield Management	New York, NY	5.5
Technology Crossover Ventures	Menlo Park, CA	5.5
Founders Fund	San Francisco, CA	4.7
GGV Capital	Menlo Park, CA	4.7
Institutional Venture Partners	Menlo Park, CA	4.7

Source: Preqin Pro. Data as of January 2020

Fig. 27: Largest US-Based Venture Capital Fund Managers by Estimated Dry Powder

<u>Firm</u>	<u>Headquarters</u>	<u>Estimated Dry Powder (\$bn)</u>
Sequoia Capital	Menlo Park, CA	3.8
Andreessen Horowitz	Menlo Park, CA	3.4
Tiger Global Management	New York, NY	3.4
Norwest Venture Partners	Palo Alto, CA	3.1
Technology Crossover Ventures	Menlo Park, CA	3.1
Accel	Palo Alto, CA	2.2
TPG	Fort Worth, TX	2.0
Founders Fund	San Francisco, CA	1.8
New Enterprise Associates	Menlo Park, CA	1.8
Apple Advanced Manufacturing Fund	Cupertino, CA	1.7

Source: Preqin Pro. Data as of January 2020

Fig. 28: Aggregate Capital Raised by US-Based Venture Capital Fund Managers in 2019 by Strategy

Source: Preqin Pro

Fig. 29: Largest US-Based Women-Owned Venture Capital Fund Managers by Aggregate Capital Raised in the Past 10 Years

<u>Firm</u>	<u>Headquarters</u>	<u>Total Funds Raised in Past 10 Years (\$mn)</u>
Oak HC/FT Partners	Greenwich, CT	1,900
Scale Venture Partners	Foster City, CA	1,290
Greycroft Partners	New York, NY	799
Forerunner Ventures	San Francisco, CA	725
.406 Ventures	Boston, MA	686
Arboretum Ventures	Ann Arbor, MI	610
DBL Partners	San Francisco, CA	551
Biomatics Capital Partners	Seattle, WA	500
Canvas Ventures	Portola Valley, CA	475
Defy.vc	Woodside, CA	413

Source: Preqin Pro

Investors

US venture capital attracts interest from a wide range of investor types

Among the most active investors in US venture capital, the top three are pension funds. Holding onto the top position is San Francisco Employees' Retirement System with 69 known commitments to vintage 2010-2019 US-based venture capital funds (Fig. 30). In fourth place is University of Texas Investment Management Company; the endowment plan has made 52 known commitments to US venture capital funds in this vintage range.

The spread of investor types actively committing to US-based venture capital funds is wide, as seen in Fig. 32. Foundations still account for the largest proportion (19%) of the investor pool, followed by private sector (13%) and public (13%) pension funds. The investor base is less diverse in terms of geography, however,

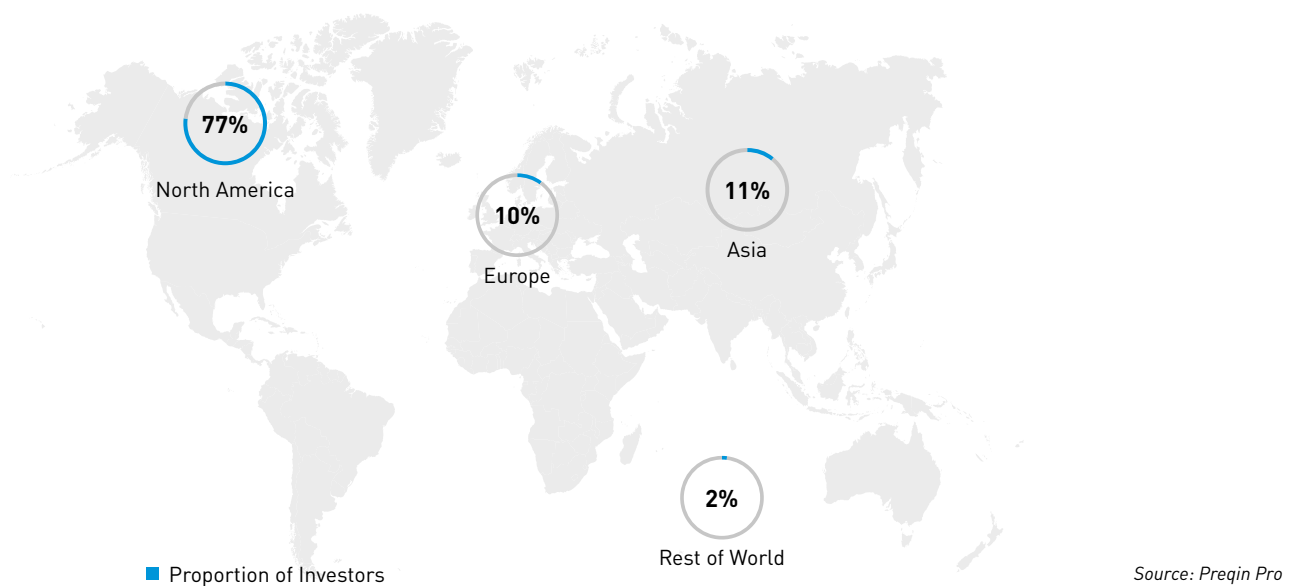
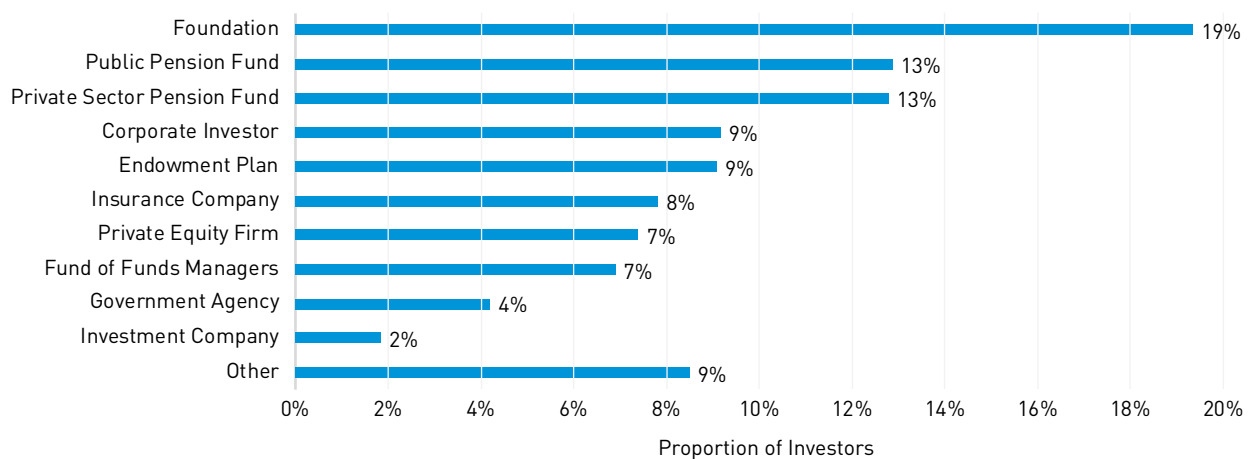
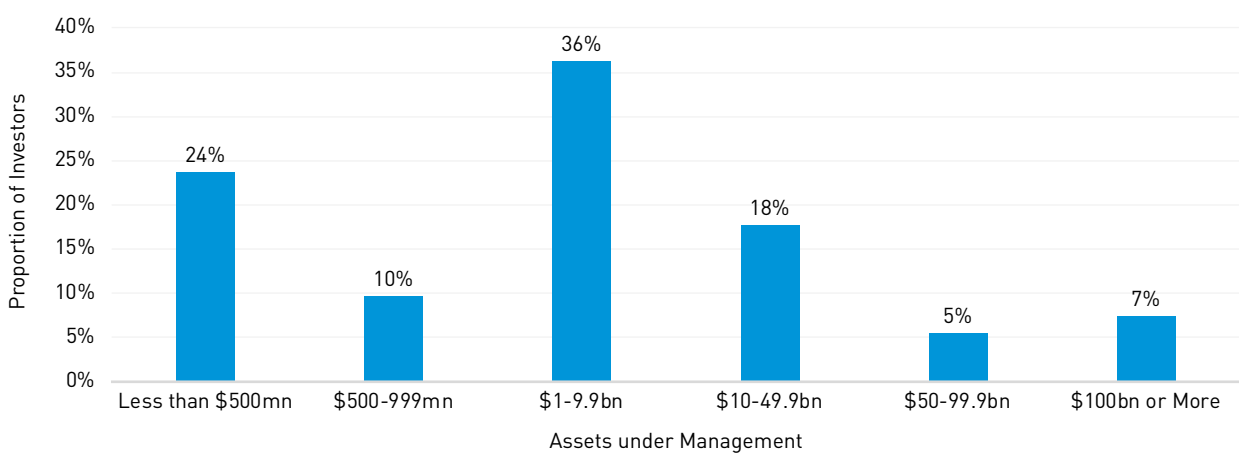
with the majority (77%) of investors in US-based venture capital funds located in North America (Fig. 31).

The US venture capital industry continues to attract larger, more sophisticated investors. The majority (66%) manage at least \$1bn in assets, including 13% that manage at least \$50bn (Fig. 33). Importantly, smaller investors still represent a sizable portion of the investor pool, with 34% managing less than \$1bn.

Fig. 30: Most Active Investors in US-Based Venture Capital Funds by Number of Known Fund Commitments (Vintages 2010-2019)

<u>Investor</u>	<u>Type</u>	<u>No. of Known Commitments</u>	<u>Active VC Mandate?</u>
San Francisco Employees' Retirement System	Public Pension Fund	69	No
Royal Borough of Kensington and Chelsea Superannuation Fund	Public Pension Fund	64	No
Texas County & District Retirement System	Public Pension Fund	53	Yes
University of Texas Investment Management Company	Endowment Plan	52	No
Los Angeles Fire and Police Pension System	Public Pension Fund	51	No
MetLife Insurance Company	Insurance Company	51	No
Retirement Plans of Duke University	Private Sector Pension Fund	48	No
University of Michigan Endowment	Endowment Plan	47	No
Alaska Permanent Fund Corporation	Sovereign Wealth Fund	44	No
Liberty Mutual Retirement Benefit Plan	Private Sector Pension Fund	42	No
Industry Pension Insurance	Private Sector Pension Fund	41	No
Michigan Department of Treasury	Public Pension Fund	41	Yes

Source: Preqin Pro

Fig. 31: Investors in US-Based Venture Capital Funds by Location (Vintages 2010-2019)**Fig. 32: Investors in US-Based Venture Capital Funds by Investor Type (Vintages 2010-2019)****Fig. 33: Investors in US-Based Venture Capital Funds by Assets under Management (Vintages 2010-2019)**



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