



Another banner year? Venture capital already on pace to break records

Despite a slow start to fundraising, early indicators hint at an energetic year—even as persistent trends like lower deal volume and a sluggish exit environment continue to define venture capital.



Mega-funds dominate fundraising, even as micro-funds multiply

While micro-funds—which accounted for 50 percent of closed vehicles, the highest proportion since 2014—brought down the median fund size in 1Q 2018, mega-funds will likely lift aggregate capital raised for the rest of year.

\$8B

in total commitments across 54 vehicles

27

closed micro-funds

\$45M

median fund size, down from \$53M in 2017



Despite a slowdown in fundraising, billion-dollar funds could put 2018 on track to surpass last year's total capital raised. Although they represent less than 4 percent of closed funds this quarter, they account for 36.5 percent of total capital raised.

Closed billion-dollar funds

NORWEST VENTURE PARTNERS	\$1.5B
GENERAL CATALYST	\$1.4B
BV Battery Ventures	\$1.3B*

*across two vehicles, XII and XII Side Fund

Projected billion-dollar funds

SEQUOIA	\$5-8B
Lightspeed	\$1.8B
khosla ventures	\$1B
SOCIALCAPITAL	\$1B



Fewer deals, higher valuations continue to define venture space

Building upon previous fundraising momentum, deployed capital continues to increase despite a dip in deal volume, raising the median deal size across all stages.

\$9.2M

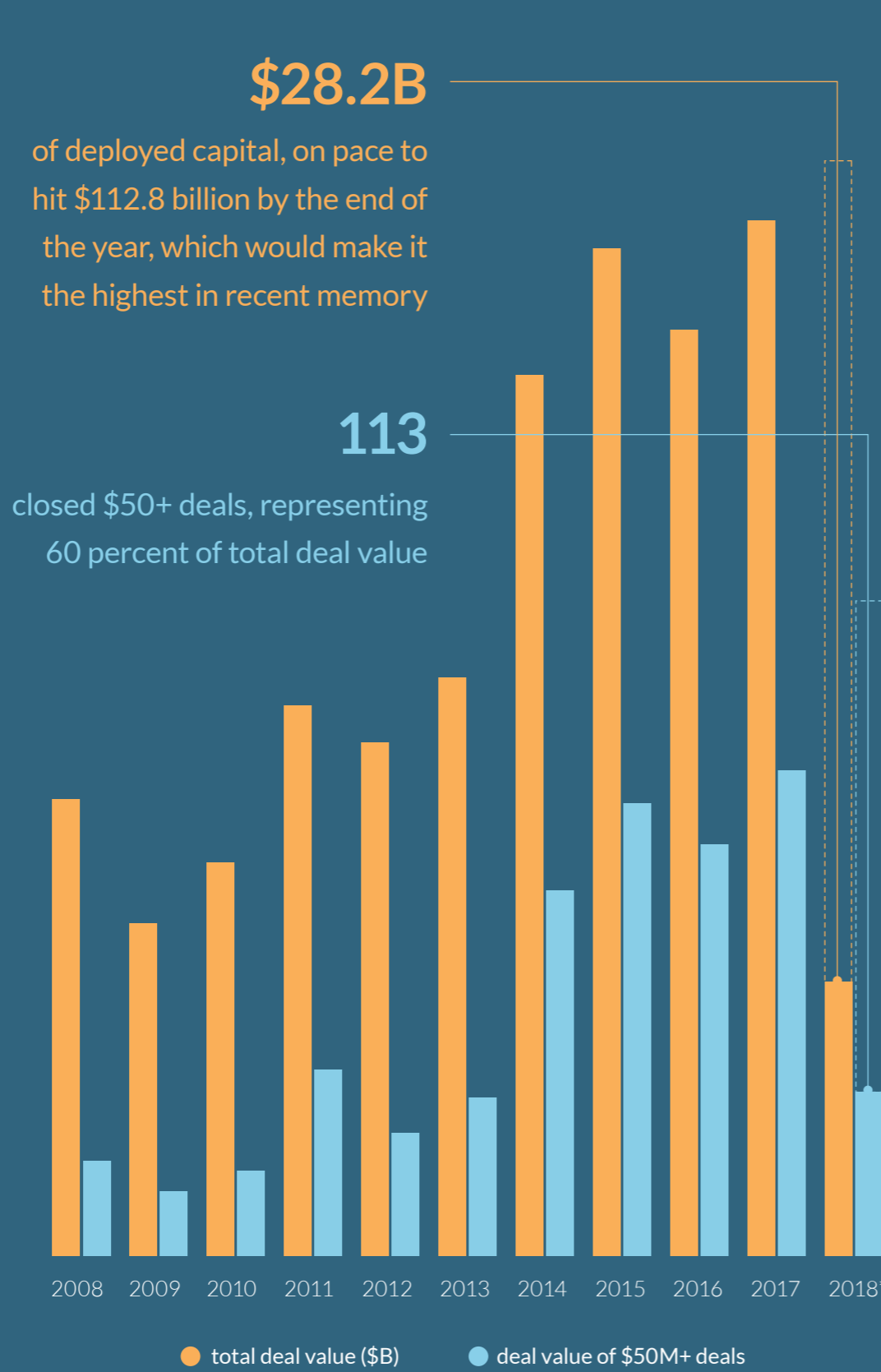
median early-stage deal size

↑ 3x higher than 2012

\$15M

median late-stage deal size

↑ 2.1x higher than 2012

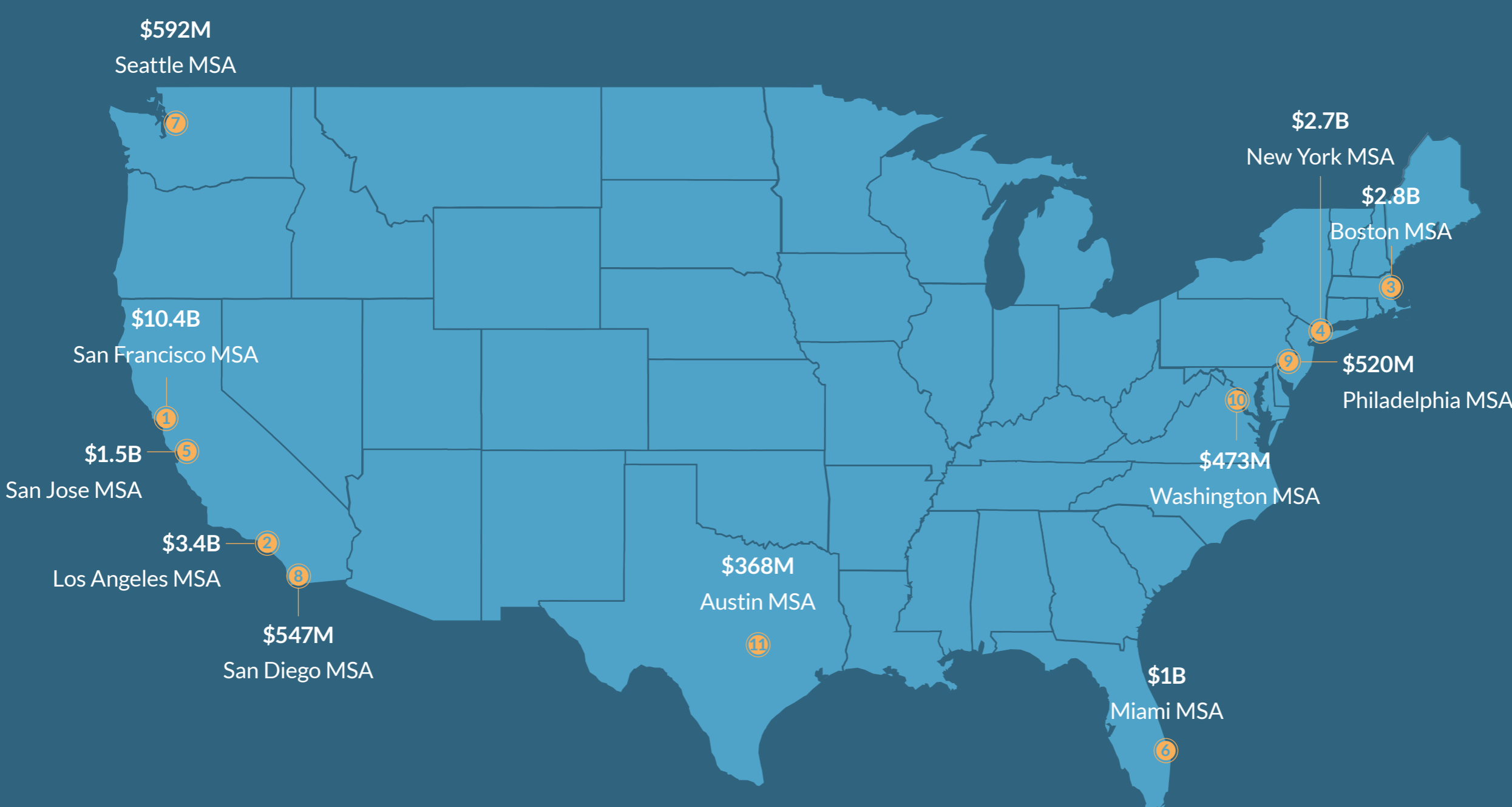


Largest deals of the quarter

The top five deals attracted a combined \$5.1B—nearly a fifth—of the total capital deployed to venture-backed companies.

- lyft**
\$1.7B Late Stage VC
- Faraday Future**
\$1.5B Early Stage VC
- UBER**
\$1.3B Late Stage VC
- magic leap**
\$963M Series D
- KATERRA**
\$865M Series D

A map of capital invested by metro



Swirling optimism despite sluggish exit market

Strong IPO activity and recent tax reforms—like lower corporate rates resulting in an influx of capital—could set the stage for a promising exit environment despite a flat venture-backed M&A landscape.

188

VC-backed exits, the lowest since 4Q 2011



Top VC-backed exits

ring \$1.2B M&A	ThreatMetrix \$811M M&A	Dropbox \$756M IPO
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A string of successful enterprise tech IPOs spark resurgence in market

<p>Dropbox March 23</p> <p>\$756M raised in IPO</p> <p>\$21 price per share</p>	<p>Direct listing</p> <p>Spotify April 3*</p> <p>\$29.5B initial market cap</p> <p>*occurred in 2Q, not included in dataset</p>	<p>In IPO registration</p> <p>DocuSign \$551M raised to date</p> <p>smartsheet \$100M raised to date</p>
<p>\$8.2B last valuation</p> <p>23.2% Sequoia ownership</p>		