PitchBook nvca

Venture Monitor

Q1 2021

In partnership with

svb Silicon Valley Bank SECFI

Mega-deals flourish amid pandemic recovery
Page 11

IPO window remains open driving $100 billion exit value quarter
Page 30

Capital availability continues to swell as fundraising and SPAC issuance accelerate
Page 32

The definitive review of the US venture capital ecosystem

Contents

Executive summary	3
NVCA policy highlights	4
Overview	5
Angel, seed, and first financings	7
Early-stage VC	9
Late-stage VC	11
Regional spotlight	15
Deals by sector	16
SVB: Attracting and retaining pre-partner talent	20
Female founders	22
Nontraditional investors	24
Venture debt	26
Secfi: Why startup equity is the next untapped market	27
Exits	30
Fundraising	32
Q1 2021 league tables	34
Methodology	35

Credits & contact

PitchBook Data, Inc.
JOHN GABBERT Founder, CEO
ADLEY BOWDEN Vice President, Research & Analysis

RESEARCH
CAMERON STANFILL, CFA Senior Analyst, VC
KYLE STANFORD, CAIA Analyst, VC
JOSHUA CHAO, Ph.D. Analyst, VC

reports@pitchbook.com

DATA
ALEX WARFEL Data Analyst

Report & cover design by JULIA MIDKIFF and MEGAN WOODARD

National Venture Capital Association (NVCA)
BOBBY FRANKLIN President & CEO
MARYAM HAQUE Executive Director, Venture Forward
MICHAEL CHOW Research Director, NVCA and Venture Forward
DEVIN MILLER Manager of Communications & Digital Strategy

Contact NVCA
nvca.org
nvca@nvca.org

Silicon Valley Bank
GREG BECKER Chief Executive Officer
MICHAEL DESCHENEAUX President
ROB FREELEN Head of Venture Capital Relationship Management
SHAI GOLDMAN Managing Director, Venture Capital Relationship Management (VCRM)

Contact Silicon Valley Bank
svb.com
venturemonitor@svb.com

Secfi
FREDERIK MIJNHARDT Chief Executive Officer
VIEJE PIAUWASDY Head of Equity Strategy
CLIFF GOLDSTEIN VP of Partnerships

Contact Secfi
secfi.com
hello@secfi.com

Executive summary

2020 proved to be a record year for the VC industry, positioning the industry to start 2021 on a strong footing. The industry did not disappoint as Q1 investment, exit, and fundraising activity all exceeded first quarter results from last year.

Investors deployed $69.0 billion into VC-backed companies in Q1, an increase of 92.6% compared to last year's first quarter investments. Late-stage investments comprised the highest proportion of deals than at any point since 2010, with 75.2% of all investment dollars allocated to this investment stage. Despite this drop in the share of total investment, angel/seed and early-stage investment remained robust.

The trend toward ever larger deals continues, with median and average deal sizes for angel/seed, early-, and late-stage investments last quarter all higher than their respective annual counterparts for 2020. The 722 first financings reported is a historically low figure, but the associated $4.7 million per deal is among the highest quarterly figures on record. At the other end of the spectrum, 167 mega-deals ($100 million+) accounting for some $41.7 billion closed in Q1. For context, mega-deals accounted for $76.6 billion raised during all of last year.

The focus on late-stage investments may be the harbinger of a surge in exit activity with many portfolio companies possibly ready to go public or be acquired. Ebullient public markets may play a role in any such enthusiasm among investors and founders. The Dow, S&P 500, and Nasdaq all reached record highs in February or March, and valuations for public equities remain strong. So far, 50 venture-backed companies have been listed publicly this year; between 2015 and 2020, the number of first quarter IPOs only ranged from 9 to 21 public listings in any single quarter.

Not to be outdone by investment and exit performance, fundraising during the first quarter also proceeded at a record-setting pace with $32.7 billion raised across 141 funds. For perspective, $79.8 billion was raised in 2020, the current annual record. The very largest funds continue to grow. Funds sized $1 billion or larger that closed in Q1 accounted for $14.7 billion, or nearly 50% of all capital raised, the highest quarterly share of total capital raised by funds of this size over the last 16 years. The growing size of deals may, over time, be a consequence of larger and larger funds closing, as bigger checks must be written to obtain the same rate of return, all else being equal.

The boom in the life sciences sector continued unabated with a record high invested in Q1, building on the renewed interest in vaccines and antivirals. The tech sector is also prospering: The $57.0 billion invested in Q1 is the highest quarterly amount invested on record. As well, corporate venture capital investment, growth equity investment, and deal participation by non-traditional investors all continue to grow.

These are promising trends and speak to the overall health of a VC industry still weathering the effects of a global pandemic, but not everything came up roses in the first quarter. The share of female-founded companies as a proportion of total US VC deals, measured by both deal count and dollar volume, continued its downward trajectory. And SPACs also remain something of a question mark with regard to the impact on VC. The SPAC market started off with a bang in 2021 with $83.0 billion raised in newly registered vehicles, already exceeding the total amount raised in 2020. But questions remain about investment returns, regulatory scrutiny, and sufficient numbers of merger targets, all of which will be key to the success of this market.

While the shadow of COVID-19 has not yet been fully lifted, the national vaccination campaign is well underway, and the economy has started its road to recovery with unemployment falling to 6.0% and two consecutive quarters of strong GDP growth. With luck, things will continue in this vein, contributing to another strong year for the VC industry.

NVCA policy highlights

President Joe Biden was sworn into office in January and immediately began work on an economic relief package to help individuals and businesses adversely impacted by COVID-19 to weather the downturn. Signed into law in March, the $1.9 trillion American Rescue Plan (ARP) centered on $1,400 direct payments to low- and middle-income Americans, expanded unemployment benefits, aid to renters facing eviction, and other programs to help the poor. The ARP also included hundreds of billions of dollars intended to speed vaccinations and expand COVID-19 testing, funding for schools, and both direct spending and expanded tax credits intended to increase the availability of childcare.

With the relief package passed, President Biden is shifting focus to the administration's Build Back Better plan, which will focus primarily on investments in infrastructure, climate, education, and childcare. While expectations are that the Build Back Better package will run a deficit, some of the spending could be offset by increasing the corporate tax rate, raising taxes on ordinary income and capital gains (including carried interest), and implementing a drug pricing regime.

As work on the package progresses, NVCA will engage with lawmakers to let them know raising the rate on capital gains or carried interest is counter-productive to encouraging the long-term investments necessary to realize the goals of the administration's Build Back Better agenda. At the same time, NVCA will continue to work hard to engage Capitol Hill on key areas of the package that could benefit the venture industry, including federal R&D funding, technology commercialization efforts, and climate solutions. Inclusion of existing legislative proposals in this space, such as the Endless Frontier Act, would provide a bold recommitment to federal basic research funding and encourage new company formation throughout the US.

Recently, NVCA supported a proposal from the Centers for Medicare & Medicaid Service (CMS) that would provide four years of national Medicare coverage for FDA-designated breakthrough devices. The Medicare Coverage of Innovative Technology (MCIT) pathway would provide greater certainty into a complex coverage and reimbursement process that is critical to encouraging investment into innovative and lifesaving medical devices. The effective date of the MCIT pathway was delayed pending a second review and comment period, during which NVCA will reiterate our strong support for timely implementation of the MCIT.

On immigration, NVCA has long encouraged improvements to America's immigration policy that would make the US a more inviting place for talented immigrants to adopt as their home and destination of choice to found new companies. Two policies currently prioritized by NVCA are (1) the implementation of the International Entrepreneur Rule, which would use the parole authority of the Department of Homeland Security to allow world-class foreign entrepreneurs to launch high-growth companies in the US, and (2) the creation of a Startup Visa program, which would provide a special class of visas to qualified immigrant entrepreneurs who found companies in the US that create full-time US-based jobs and attract significant investment. Currently, at least 25 countries already have some version of a Startup Visa, including Canada, the United Kingdom, Australia, Germany, and Sweden. The continued absence of a Startup Visa places America at a serious disadvantage when attempting to attract the best and brightest from around the world to create the next generation of leading high-growth companies in the US.

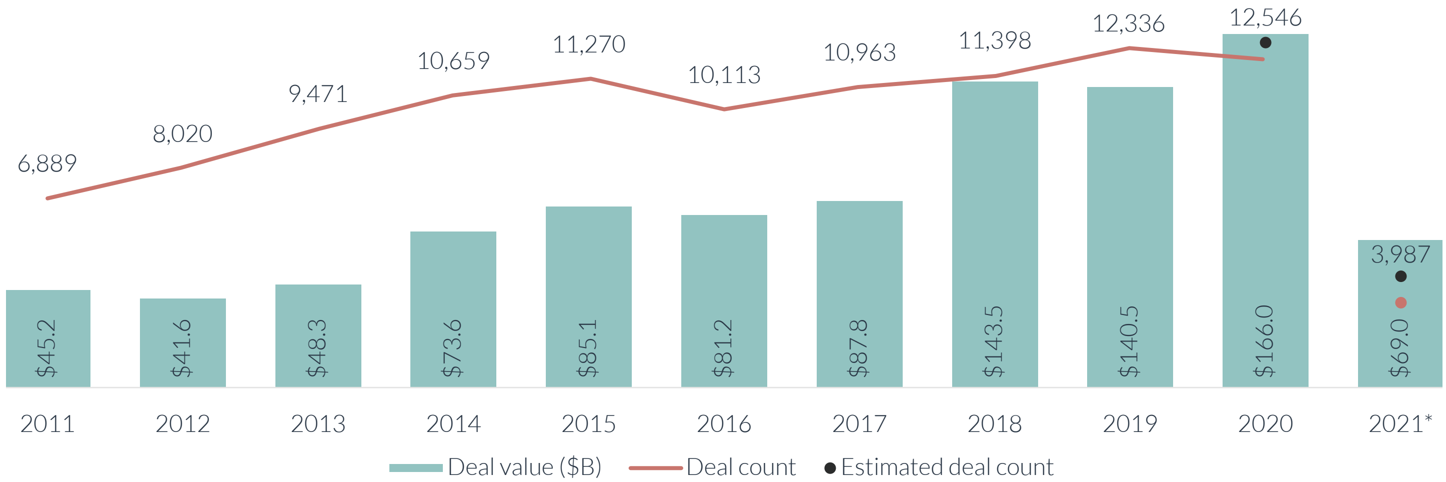
Bobby Franklin is the President & CEO of the National Venture Capital Association (NVCA), the venture community's trade association focused on empowering the next generation of transformative US-based companies. Based in Washington, D.C., with an office in San Francisco, NVCA acts as the voice of the US VC and startup community by advocating for public policy that supports the US entrepreneurial ecosystem.

Finally, NVCA is closely monitoring the increased scrutiny from lawmakers on America's largest tech companies. In late March, the CEOs of Facebook, Twitter, and Google testified at a hearing before the House Energy and Commerce Committee to discuss online disinformation and Section 230, which shields online intermediaries that host or republish speech from a range of laws that might otherwise hold these intermediaries legally responsible for what others say or do. NVCA is closely watching these conversations as they relate to the broader debate over antitrust laws and efforts to restrict acquisitions by large incumbent corporations, which could curtail the most popular exit strategy of venture-backed companies.

Overview

VC investment maintains momentum from second half of 2020

VC deal activity



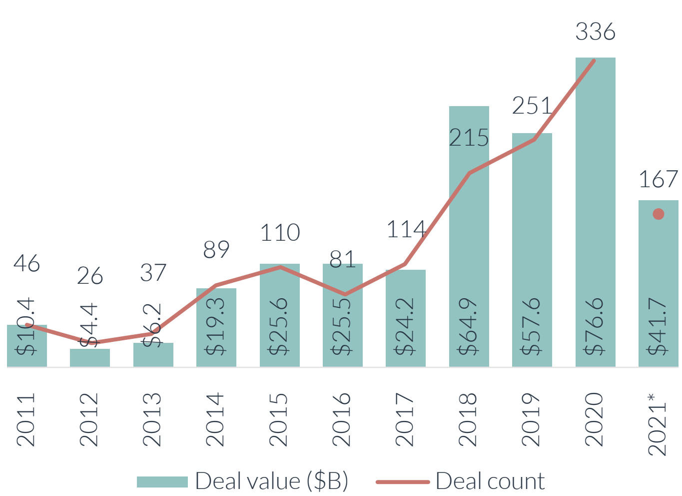
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Mega-deals dive further into the mainstream. 167 VC deals at or over $100 million closed in the quarter representing $41.7 billion in capital investment, which puts 2021 on track to easily set a new annual record for mega-deals on both a count and value basis. This also means that 13.5% of the recorded late-stage VC deals in Q1 fall under this category, demonstrating how these transactions—considered to be anomalies only a few years ago—have become commonplace.

2021 already delivering outlier exits. The largest exit of the quarter came in the form of Roblox's (NYSE: RBLX) direct listing, which valued the business at $41.9 billion. Looking forward in 2021, there are a handful of other multi-billion-dollar direct listings that we expect to close, including the imminent debut of Coinbase, followed perhaps by UiPath or Databricks—both of which we believe raised capital in Q1 to set the stage for a listing later in the year.

Mega-deals start 2021 on hot streak

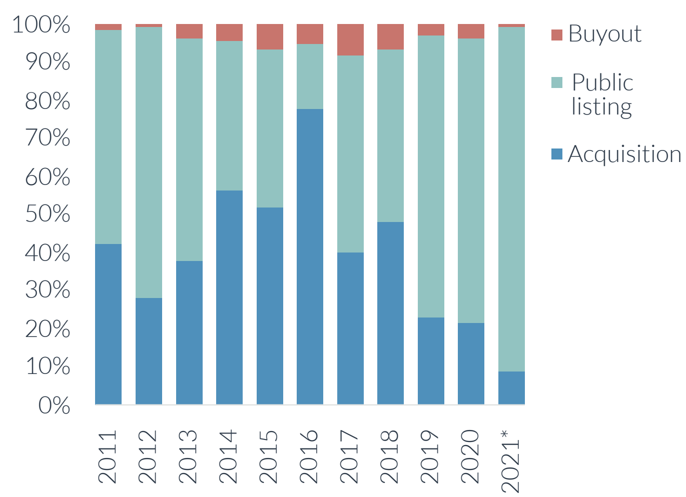
US VC mega-deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Public listings continue domination of exit market

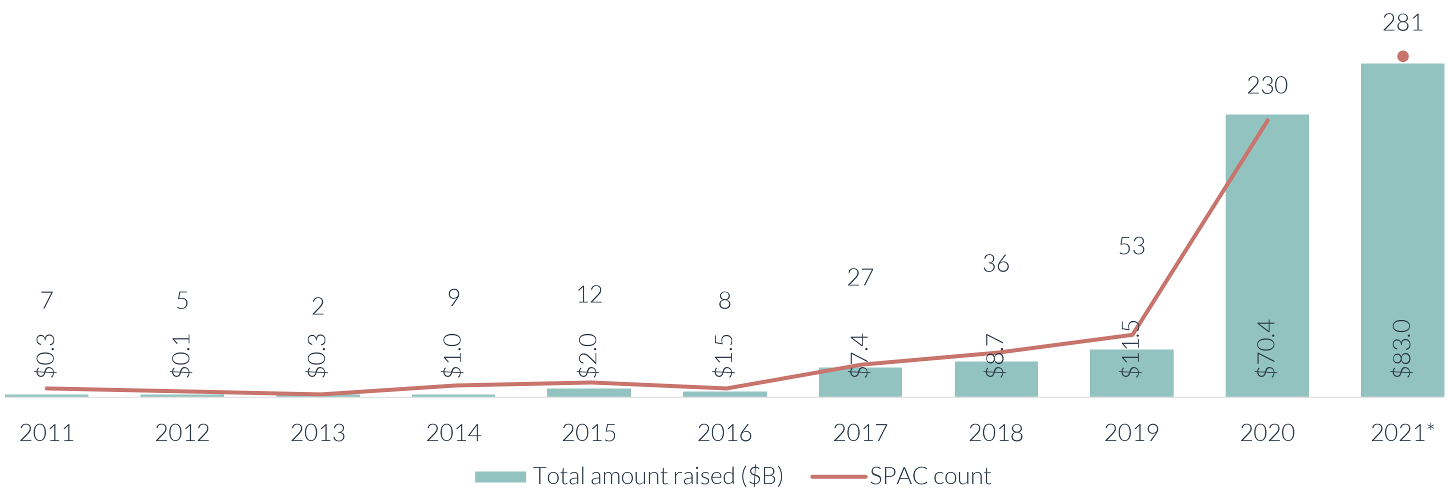
US exit activity by type ($B)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

SPACs set new annual record for capital raised in just one quarter

US SPAC IPO activity

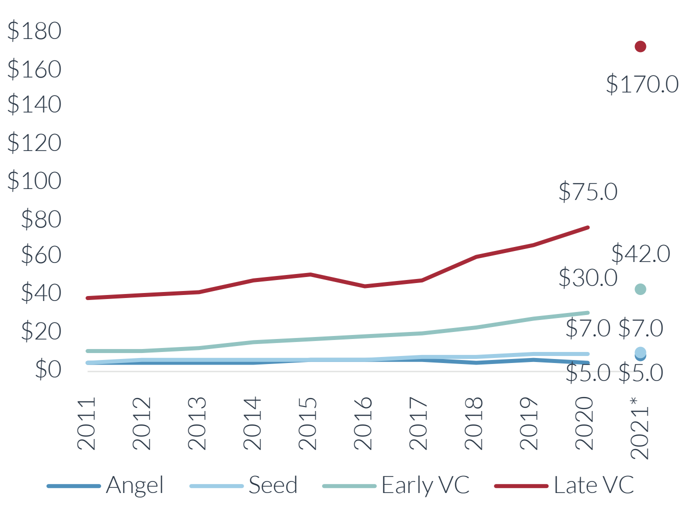


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Bifurcation of fundraising market persists in Q1. In 2021 thus far, we have seen 13 mega-funds ($500 million+) raised, with billion-dollar funds accounting for 44.8% of all capital raised in Q1. Conversely, only $1.4 billion of capital was raised across 25 funds by first-time VC managers, given the significant challenges that have persisted—especially the suspension of in-person meetings with LPs. For context, seven individual funds raised more than the aggregate first-time fundraising market.

Valuations drive higher at early and late stage on the back of elevated capital availability

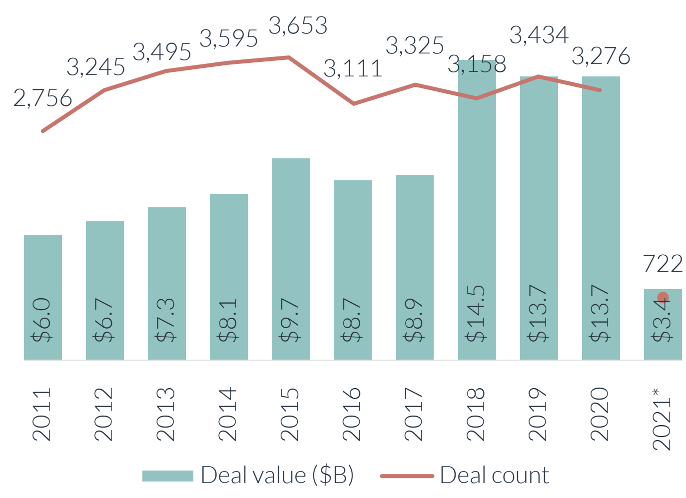
US median pre-money valuation ($M) by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Startups entering VC cycle steady over past few years

US first-financing VC deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Angel, seed, and first financings

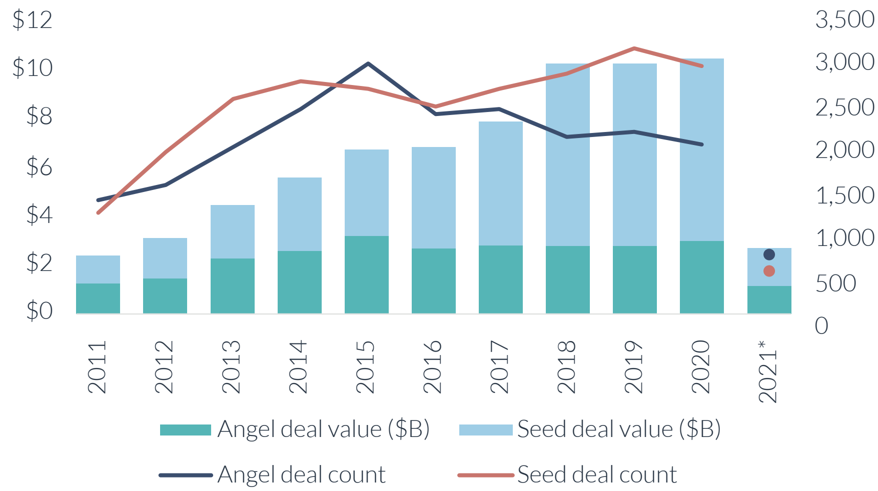
After a slight dip at the onset of the pandemic, angel and seed deal financings roared back to life during the second half of 2020, and that momentum carried through to Q1 2021. By our estimates, over 1,500 of these deals occurred during Q1, the highest quarterly total we have tracked in our dataset. Deal value generated from these investments has also remained high as interest continues to increase in these earliest venture deals from investors large and small. Angel investments topped $1 billion in deal value for the second consecutive quarter—the only two quarters to top that mark. This represents a significant increase given that from 2016 through Q2 2020, angel investment averaged just $700 million per quarter. For both angel and seed deals, the median deal size continued to rise in Q1, reaching $624,000 and $2.6 million, respectively, a somewhat unsurprising revelation given the current competitive nature of today's market.

In many ways, angel and seed investment is much more formulaic in nature than early-stage or late-stage investments, which tend to have widely ranging deal sizes and valuations. However, the capital exuberance that has been palpable at the other stages in recent years is starting to reach these earliest venture deals as well. Already in Q1, 10 angel and seed deals of at least $25 million have been completed. Banking startup Fair, whose CEO had previously founded IT solutions company AMSYS, raised its first round in Q1 as it prepares to launch a $20.0 million angel investment at a valuation of $200.0 million. The round was one of three angel or seed deals to receive a valuation of at least $100 million so far in 2021.

Breaking this data down further to include only the first rounds raised by startups, deal count and deal value remained high on a historical basis. This area of venture will see the highest post-quarter shift

Seed market has expanded significantly in recent years

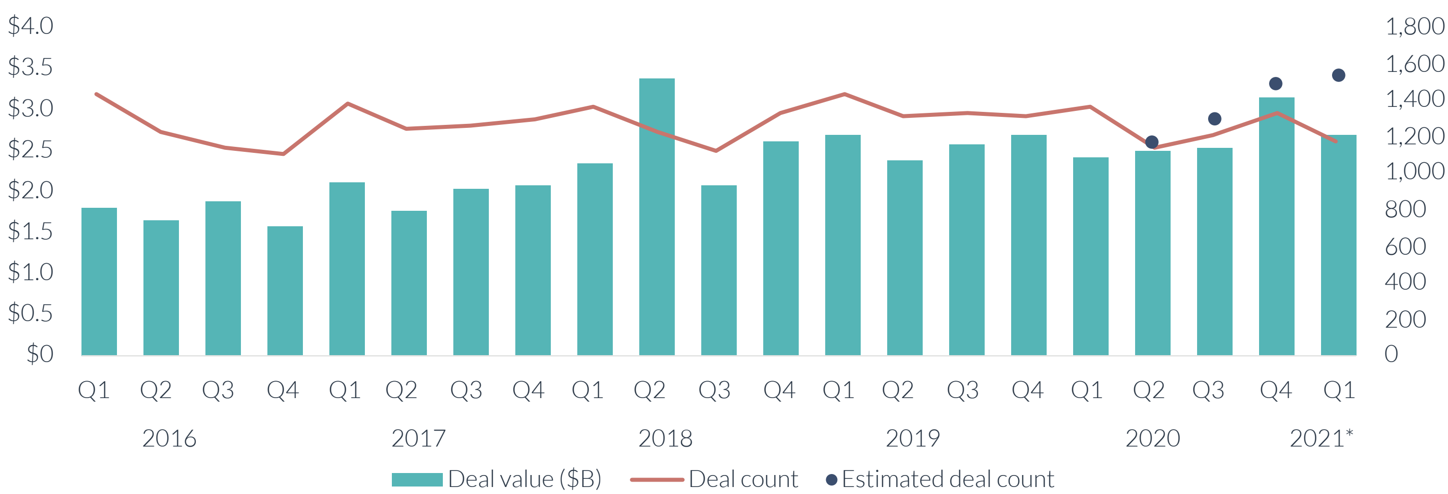
US angel and seed deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Rebound from pandemic dip has continued

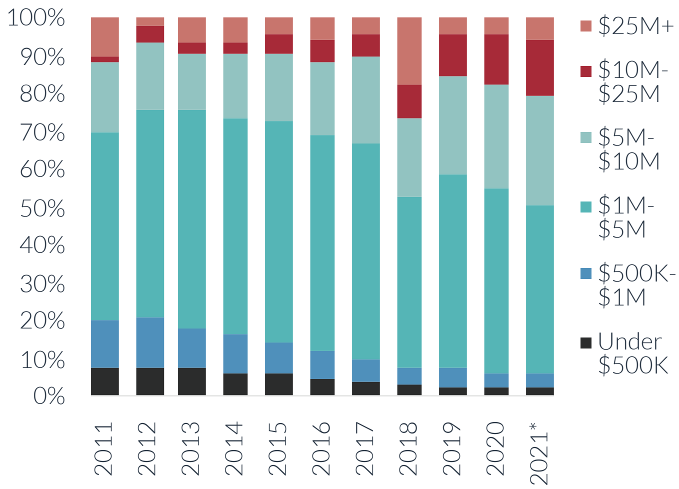
US angel and seed deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Deals of $10M+ represent 21% of capital invested

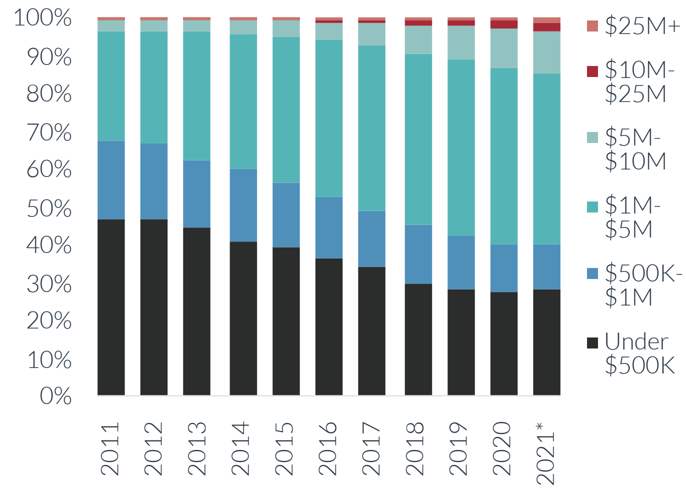
US angel and seed deal activity ($) by size



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Large deals flowing to angel and seed

US angel and seed deal activity (#) by size



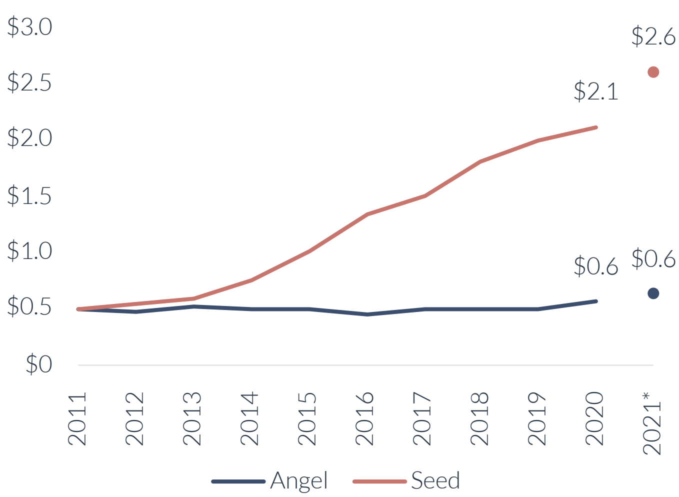
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

due to lagging announcements, and we expect Q1 2021 to be one of the highest quarters in our dataset and represent the third consecutive quarter of deal count growth in initial company fundings. This is an important barometer for the industry, as the number of companies entering the venture cycle can highlight potential excess or constraints in future supply of target companies. For now, supply remains abundant.

Although a one-quarter divergence from a trend does not signal that a new one has started, there are several datapoints hinting that a year of video conferencing investment is beginning to accelerate dealmaking outside of major venture hubs. Minneapolis raised a higher number of angel and seed financings during Q1 than it ever has, while the Bay Area received just 14.5% of angel and seed deals despite still turning in one of its most active quarters ever for angel and seed financings.

Large divergence in deal size

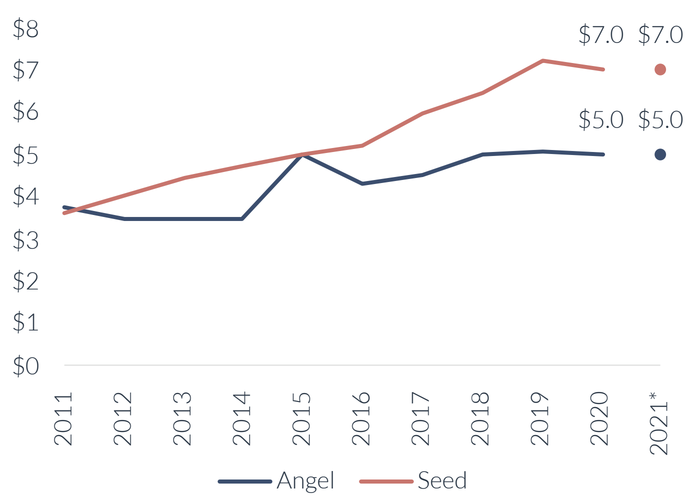
Median angel and seed deal size ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Valuations remain steady

Median angel and seed pre-money valuation ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

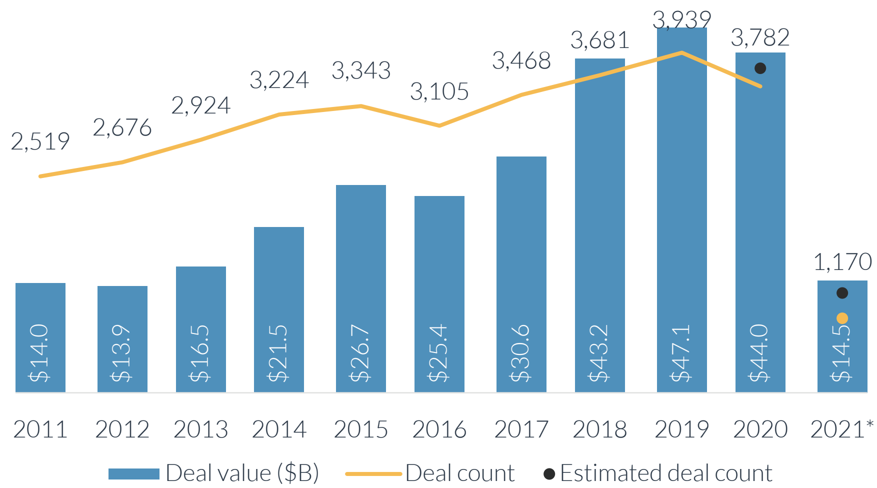
Early-stage VC

Early-stage VC deal activity has continued to operate from a position of strength in Q1, as $14.5 billion of early-stage capital was put to work across an estimated 1,170 deals. While much of the world has yet to return to a pre-pandemic normal, early-stage deal activity has quickly rebounded and is tracking to exceed the record levels seen the last few years. Indeed, Q1's estimated deal count has returned to 2019's pre-pandemic rolling-four-quarter average of 985 early-stage deals per quarter, following dampened deal counts last year.

With record levels of VC fundraising in 2020 and dry powder still sitting at all-time highs, GPs continue to write ever-larger early-stage checks. Outsized deals at the top end have continued to push the median and average higher. The median and average early-stage deal size in Q1 was a record $7.5 million and $20.4 million, respectively, showing a 15.3% and 28.7% increase over 2020's numbers. The largest bucket of check sizes—those exceeding $25 million—has continued to grow. In Q1, financing rounds exceeding $25 million accounted for more than 20% of all early-stage deal counts and a whopping 72.7% of early-stage deal value, totaling $8.6 billion.

Q1 deal value tracking to set a record

US early-stage VC deal activity

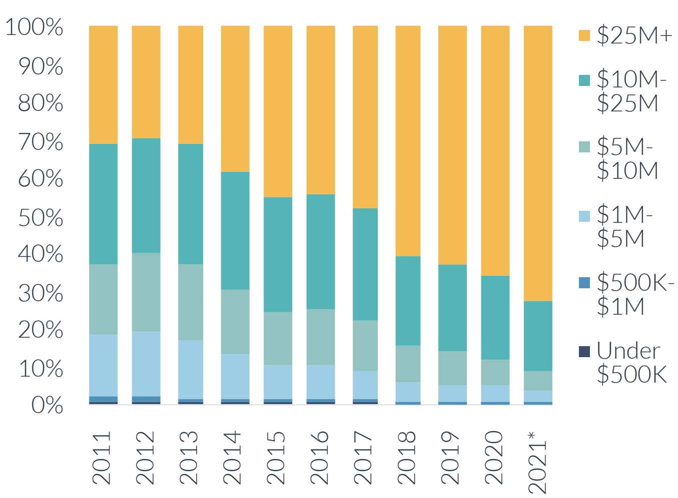


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Interestingly, while there has been much media fanfare over talent relocation to locales with cheaper costs-of-living, 20 of the top 25 largest early-stage deals were completed by companies based in either California (12 deals) or Massachusetts (eight deals). We have noted that the Bay Area still holds the keys to VC, and the early stage of the venture lifecycle shows that still holds true, even as some entrepreneurs and investors seek out emerging market ecosystems in Miami, Austin, and so on.

Over 70% of early-stage deal value from $25M+ rounds

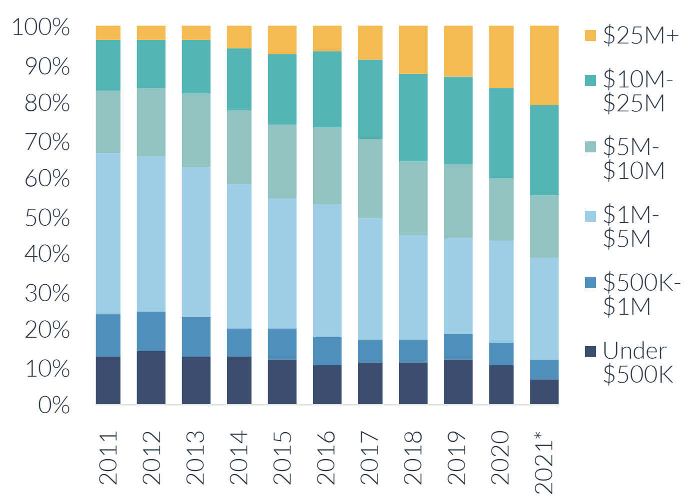
US early-stage VC deal activity ($) by size



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Larger check sizes continue to dominate early stage

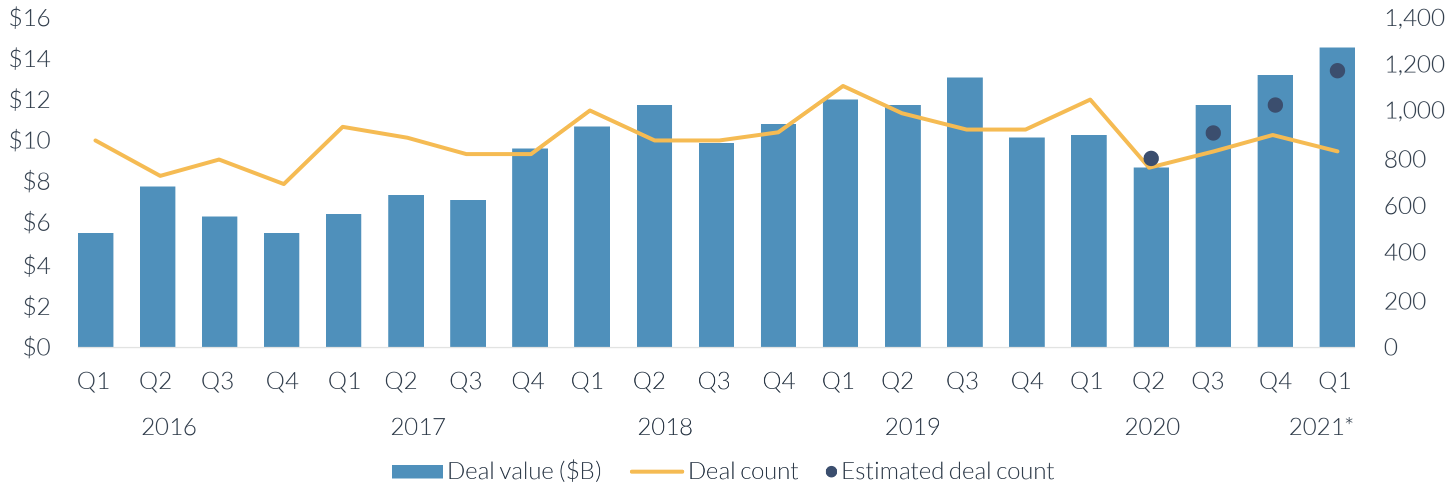
US early-stage VC deal activity (#) by size



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Quarterly deal counts return to pre-pandemic levels

US early-stage VC deal activity by quarter

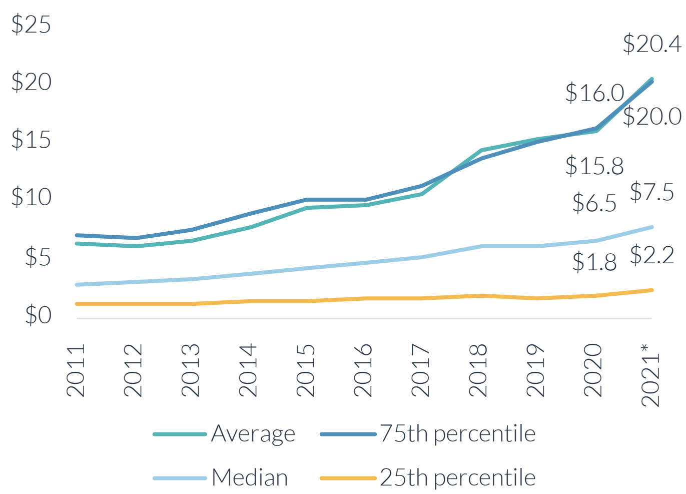


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

The largest early-stage deals in Q1 were dominated by companies based in Massachusetts. These include a $570.0 million Series B in EQRx—a Cambridge-based biotech company developing late-stage oncology drugs and improving access to low-cost medicines; a $300.0 million Series B in Valo Health—another Cambridge-based biotech company developing a computational health technology platform to transform drug discovery and development; and lastly, a $253.0 million Series A in Highland Electric Transportation—a Hamilton-based electric vehicle company building a fleet of electric school buses. Pre-revenue, pre-commercial companies such as these have markedly high burn rates and require large capital infusions to build out their research & development (R&D) pipelines, yet VC investors have not shied away from funding these revolutionary startups as many successfully generated outsized returns for investors in the exit market last year. Further, many early-stage mega-deals include nontraditional investor participation, which opens the playing field for syndicating VCs to have a seat at the table for these large transactions.

Outsized early-stage deals in Q1 continue to push median and average higher

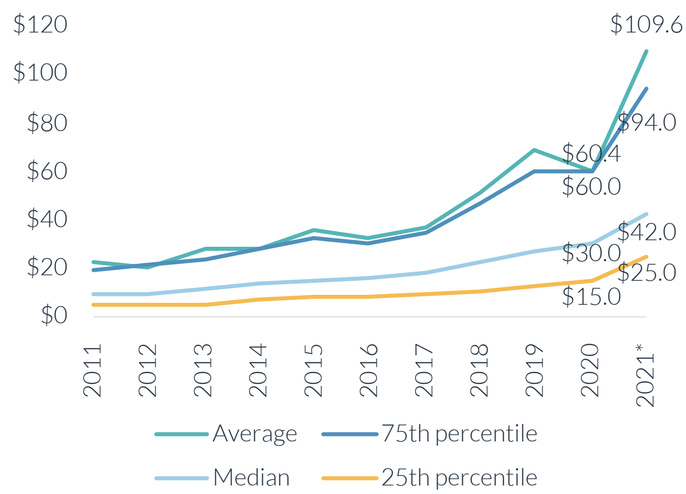
Quartile distribution of early-stage VC deal sizes ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Valuations continue to climb upwards

Quartile distribution of early-stage VC pre-money valuations ($M)

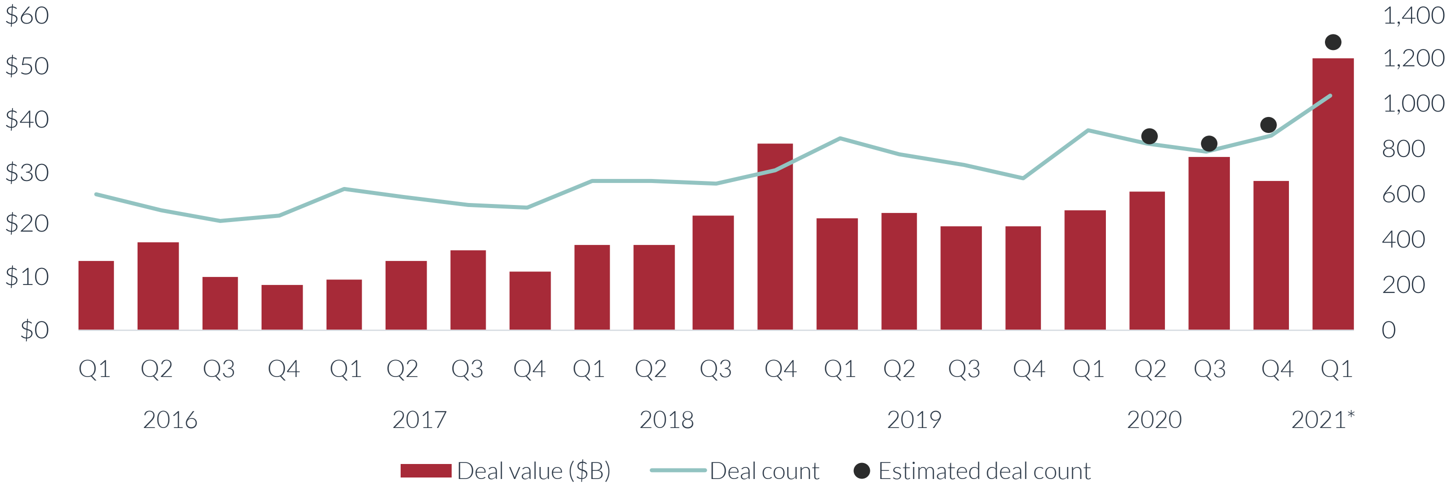


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Late-stage VC

Increased flow of mega-deals sets up new record quarterly capital investment in the stage

US late-stage activity by quarter



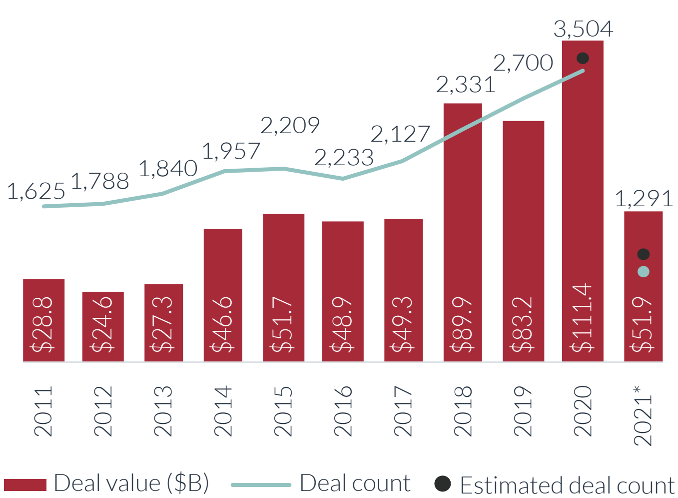
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Late-stage investment in Q1 2021 built on the momentum from the second half of 2020 to deploy more than $51.9 billion across an estimated 1,291 deals. By a wide margin, this is the largest quarterly total for capital investment we have ever recorded—a full $16.5 billion over Q4 2018, a quarter that included the massive $12.8 billion JUUL fundraise. The first quarter of this year also recorded a handful of billion-dollar deals that contributed to the new record including the $3.4 billion fundraise by Robinhood on the heels of the Gamestop saga as well as a $2.7 billion Series F raised by electric automaker Rivian Automotive. We would also be remiss to not mention Stripe's new round of funding in Q1 that raised $600.0 million and valued the company at $95.0 billion, making it the highest-valued VC-backed business in the US.

The fundraising success of these flagship VC-backed businesses continues the flight-

Most mature startups maintain elevated investor interest

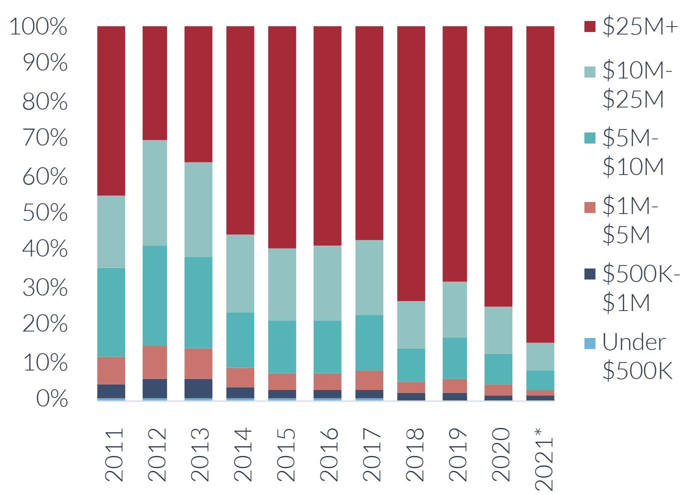
US late-stage activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Large deals increase domination of the late stage

US late-stage activity ($) by size



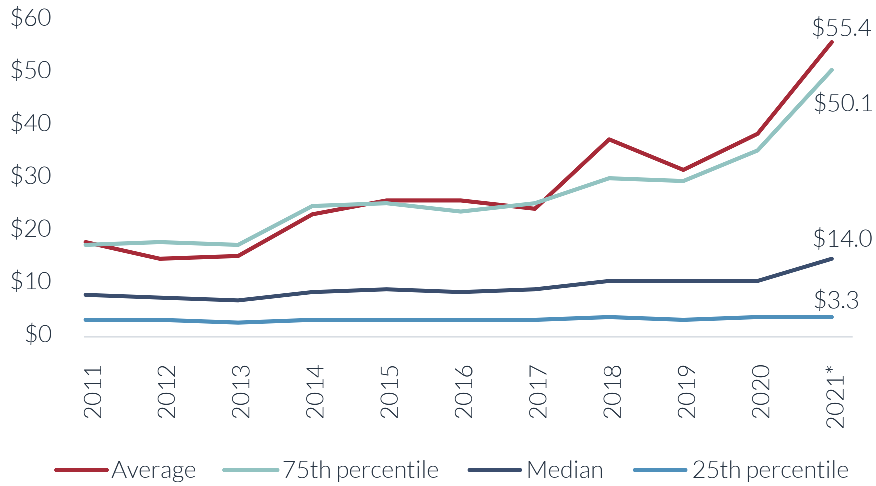
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

to-quality trend that crystalized in the uncertainty of 2020 when investors looked to establish ownership in the companies in which they have the highest conviction. This leads to a discussion around the proliferation of mega-deals (VC deals at or greater than $100 million), which have been completed at an extraordinarily rapid pace during Q1. 167 of these mega-deals closed in the quarter, representing $41.7 billion in capital investment, which puts 2021 on track to easily set a new annual record for mega-deals on both a count and value basis. This means that 13.5% of the recorded late-stage VC deals in Q1 fall under this category, demonstrating how these events—considered to be anomalies only a few years ago—have become commonplace.

For now, exit market activity has expanded to validate the valuations of businesses in this stage, demonstrated by valuation step-ups at exit. The explosion of special purpose acquisition companies (SPACs) over the last 15 months is likely to have mixed results on the late-stage investment market. As a new pool of capital that does target some late-stage businesses, SPACs may serve as another route to liquidity for VC backers, but they also have the potential to drive up late-stage pricing since SPACs combinations compete directly with the late-stage VC market. This will be a consideration for investors in the late stage for the next few years at least due to the rush of SPACs trying to make deals, but time will tell if the SPAC market remains as active as it is currently.

Gap widens between median and 75th percentile deal sizes

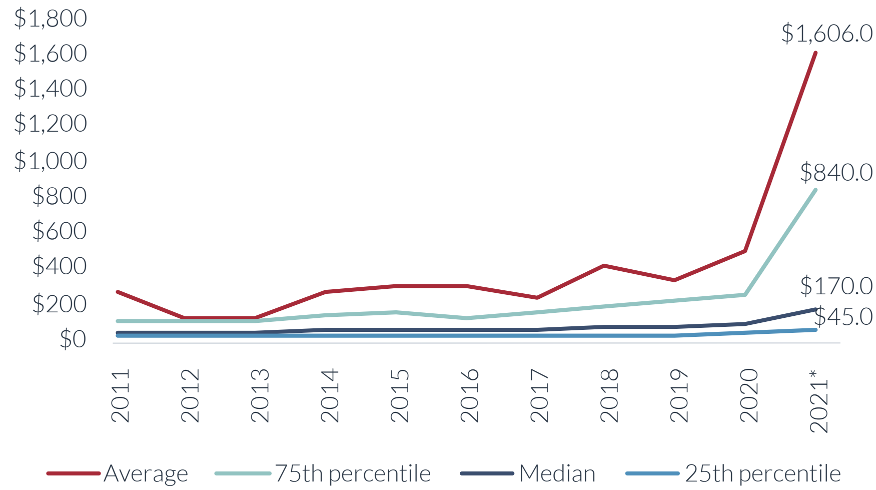
Quartile distribution of late-stage deal sizes ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Valuations explode at top of the market as capital availability swells

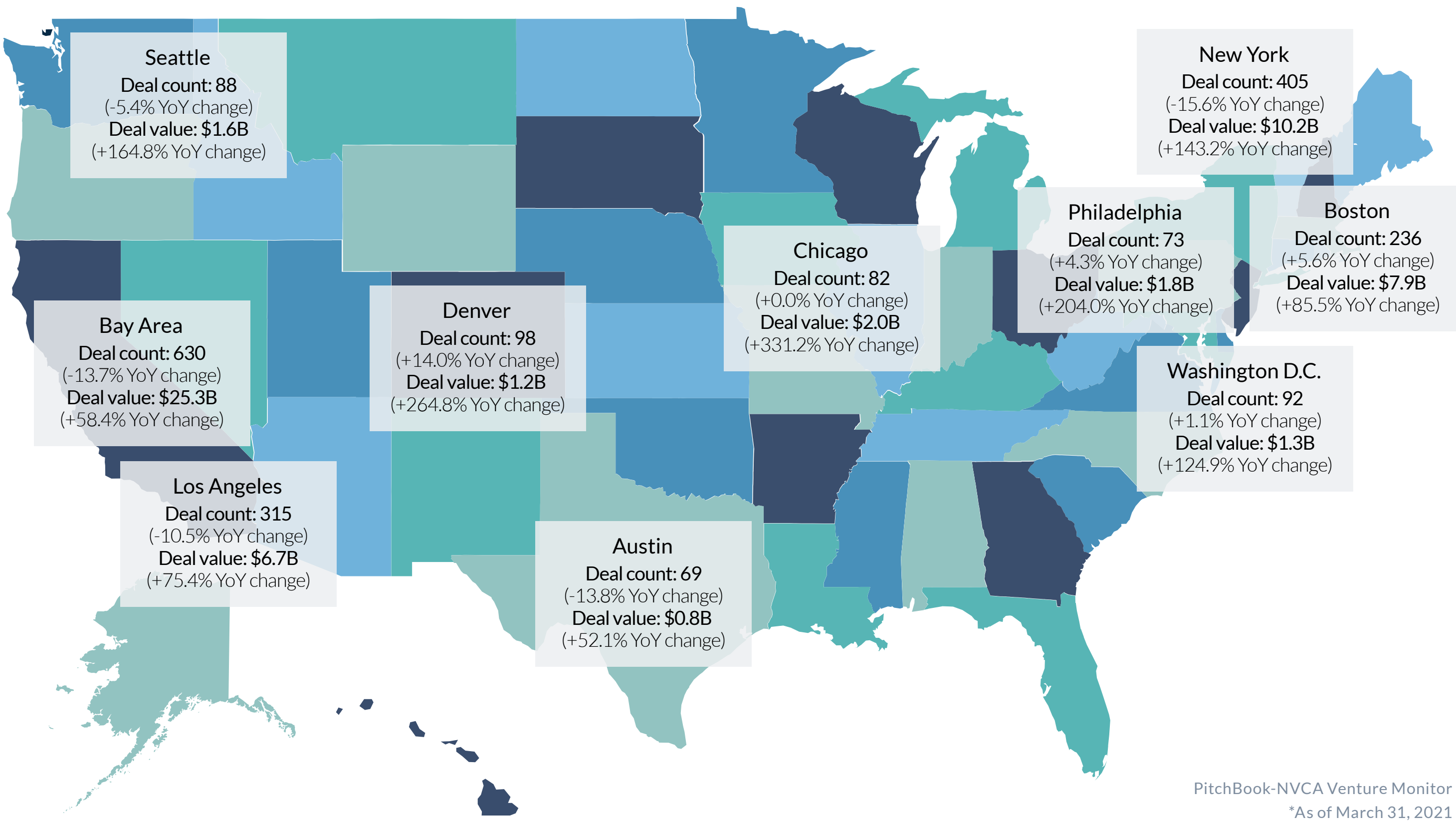
Quartile distribution of late-stage pre-money valuation ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Regional spotlight

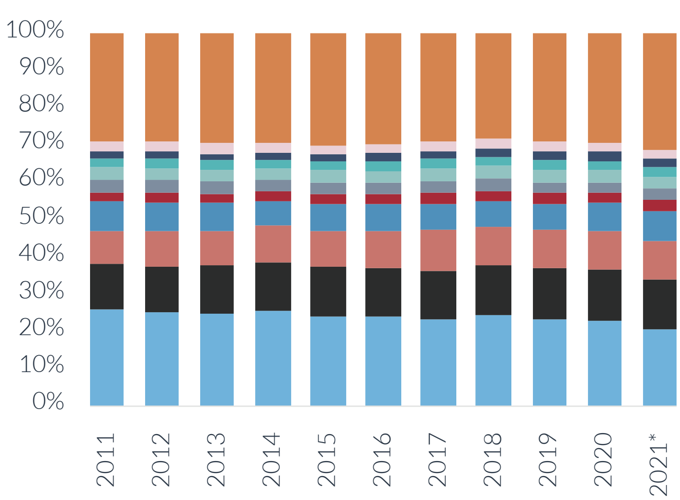
*Denver and Chicago see massive YoY spikes in capital investment**



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

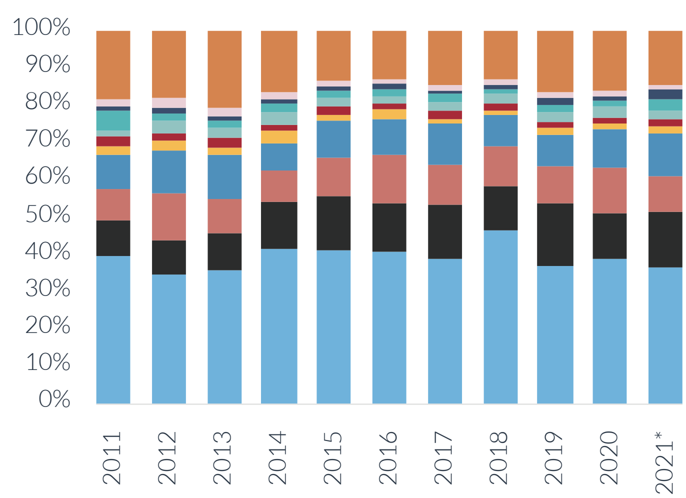
Bay Area hold on deal count continues to wane

US VC deal activity (#) by CSA



Capital flows shifted little over past few years

US VC deal activity ($) by CSA



Other, Philadelphia, Denver, Austin, Chicago, Washington, DC, Seattle, Boston, Los Angeles, New York, Bay Area

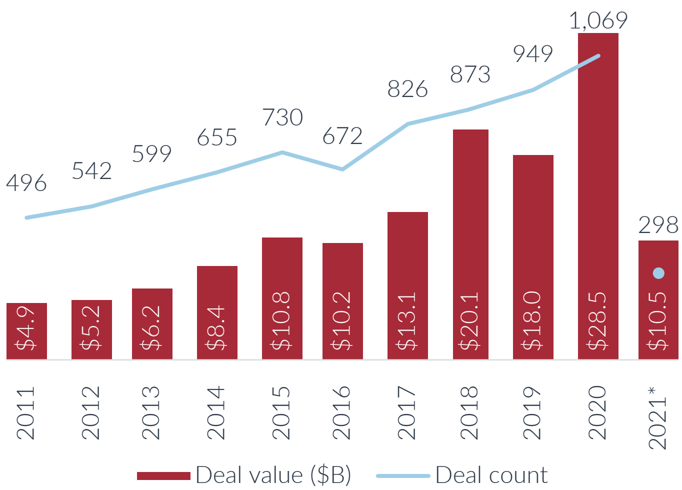
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Deals by sector: Biotech & pharma

Q1 tracking to exceed 2020's record-shattering year

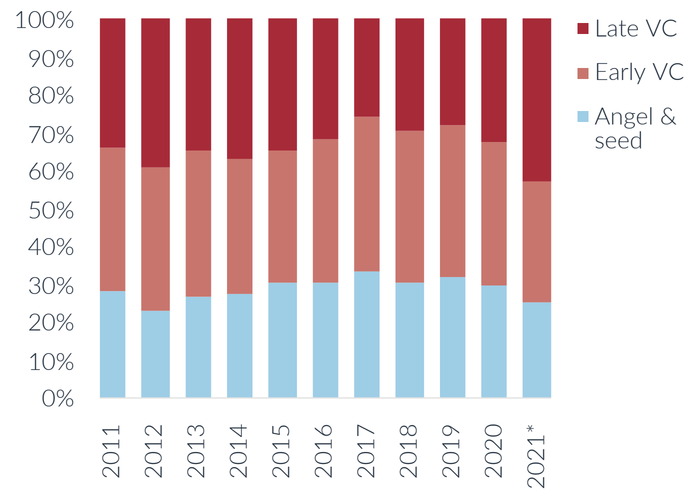
US VC biotech & pharma deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Late stage exceeds 40% of deals while IPO window remains open for biotech

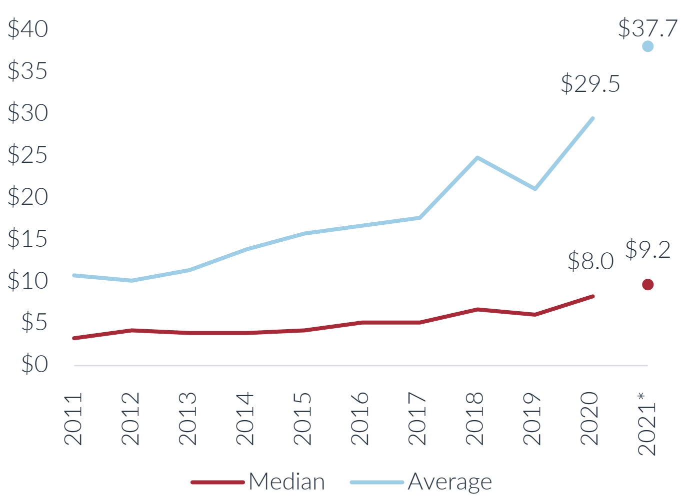
US VC biotech & pharma deals (#) by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Outsized Q1 deals push average to new heights

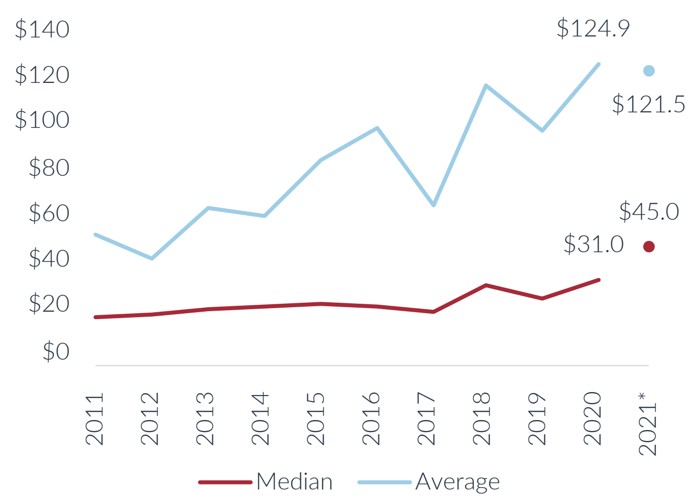
Median and average US VC biotech & pharma deal sizes ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Median valuation climbs as average stays steady

Median and average US VC biotech & pharma pre-money valuations ($M)

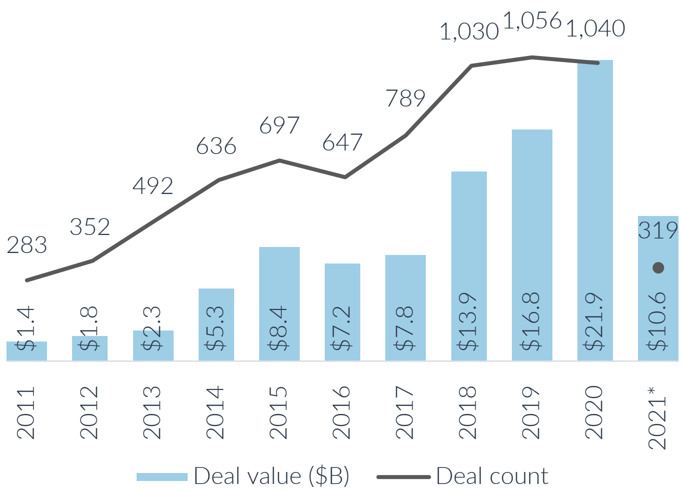


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Deals by sector: Fintech

Fintech investment on pace to set new records

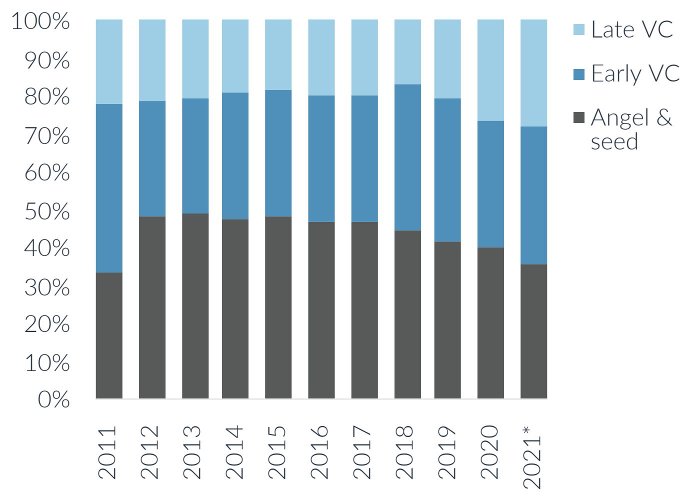
US VC fintech deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Maturity of fintech begins to show as late stage expands

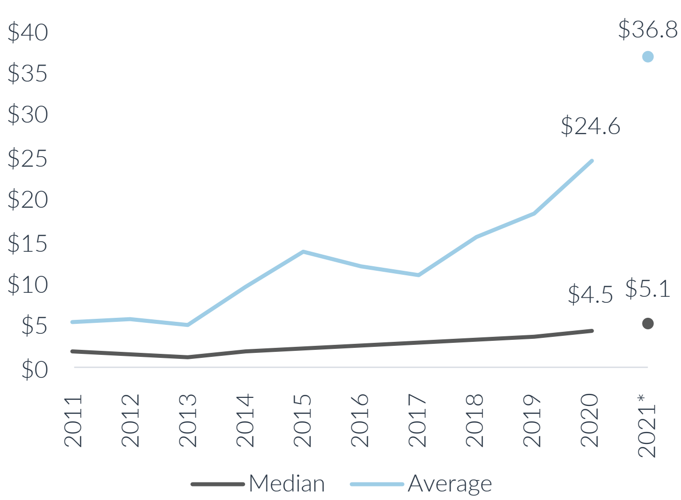
US VC fintech deals (#) by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Flight to quality pulling average deal size higher

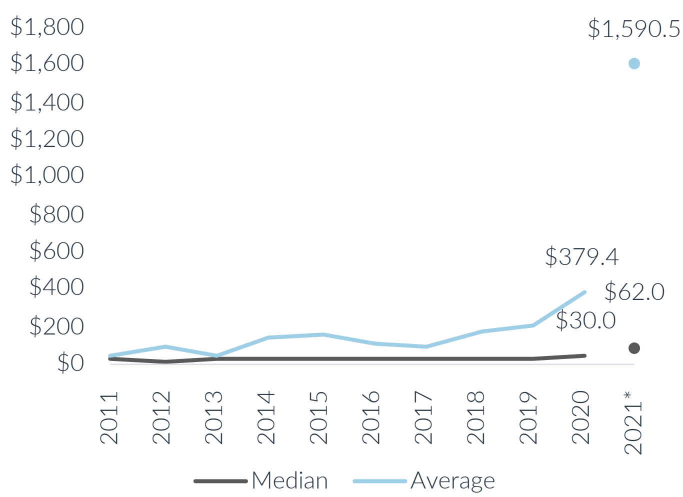
Median & average US VC fintech deal size ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Outlier transactions such as Stripe and others drive massive spike in valuations

Median and average US VC fintech pre-money valuations

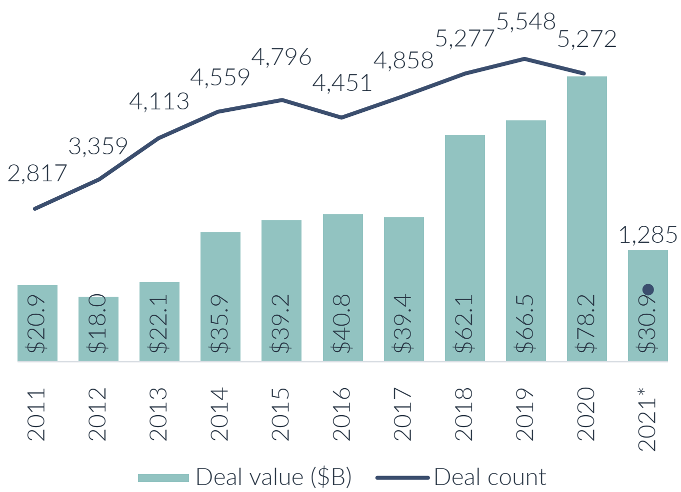


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Deals by sector: B2B tech

2021 B2B tech investment starts hot

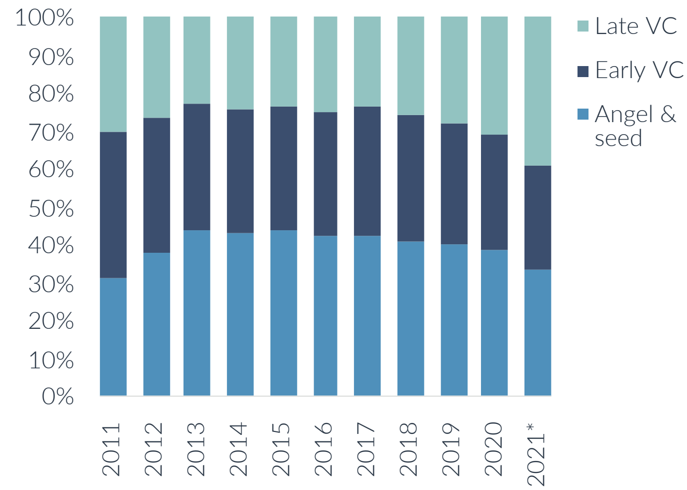
US VC B2B tech deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Late stage seeing high investor interest

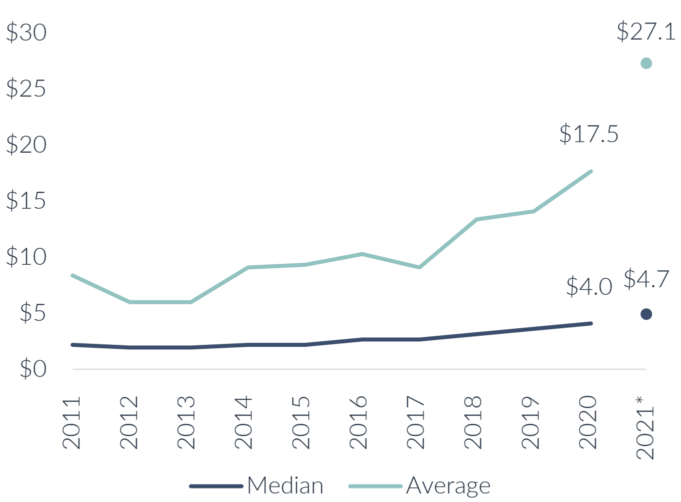
US VC B2B tech deals (#) by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Q1 deal sizes boom

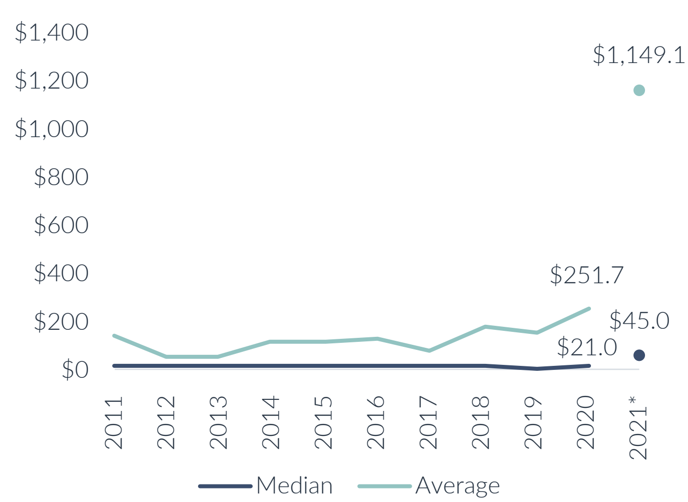
Median and average US VC B2B tech deal sizes ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Outliers influence average valuation to above $1B

Median and average US VC B2B tech pre-money valuations ($M)

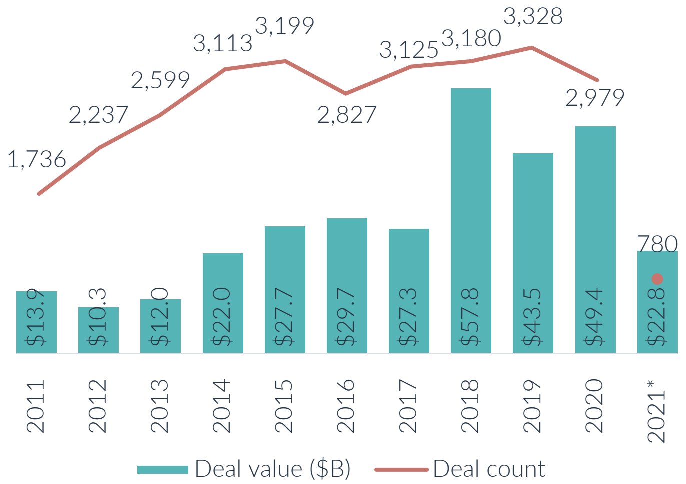


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Deals by sector: B2C tech

B2C investment maintains momentum

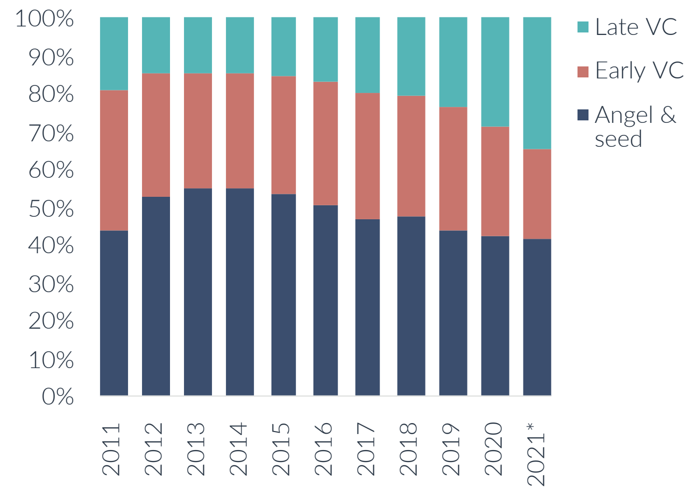
US VC B2C tech deal activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Early-stage proportion of deals contracts

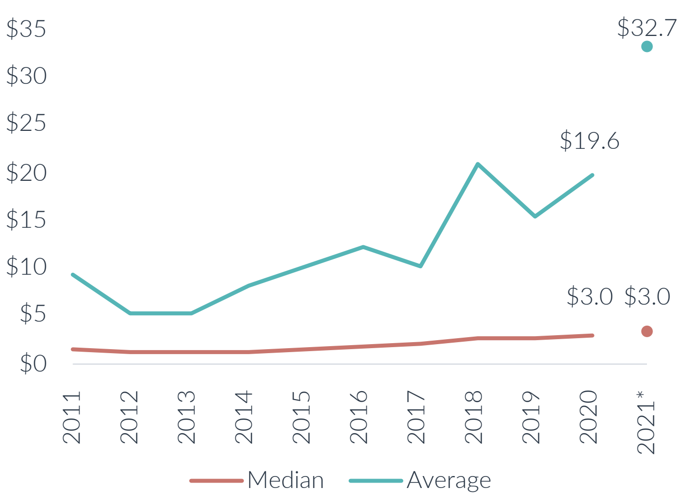
US VC B2C tech deals (#) by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Outlier deals persist, but median stays flat

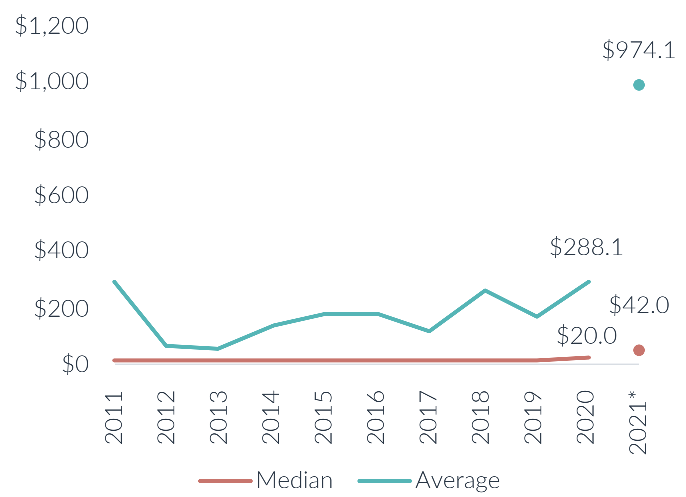
Median and average US VC B2C tech deal sizes ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Consumer tech retains strong demand with doubling of median valuation

Median and average US VC B2C Tech pre-money valuations ($M)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

SVB: Attracting and retaining pre-partner talent

Q&A with Shai Goldman

How competitive is the market for junior venture capital (VC) talent today?

This is the most competitive environment I've ever seen, in part because there are more funds in the market today than ever before. In addition to traditional venture funds, there's been an explosion of crossover funds run by private equity and hedge fund managers who are expanding into early- and growth-stage venture, single and multi-family offices, and corporate VCs. All of these funds are aiming to build strong teams to drive deal flow and help portfolio companies.

General partners aren't just vying for talent among themselves, either. Junior investors are sometimes launching directly into fund formation, either via the traditional route or by using platforms such as AngelList to raise capital from limited partners. Some are even flipping to the other side of the ledger to become startup founders themselves.

The end result: An ever-larger number of firms are looking for pre-partner employees who have lots of employment options on the table.

How can general partners find the best and the brightest amid this growing competition for talent?

The answer in many cases lies in looking beyond people with standard investment banking or MBA backgrounds and thinking more broadly about what kind of candidates might be a good fit.

One strategy that shows great promise is expanding geographical reach. There are excellent candidates outside of San Francisco, Los Angeles, New York, and Boston—and many of them want to stay right where they are. For instance, while I'm New York-based, I've been living in Miami recently, and I've met a number of talented local pre-partners who would love to join a VC firm—if they could stay here.

Of course, GPs aren't always open to overseeing a geographically dispersed team, even after we've all worked from home for the last year. There are genuine concerns about how to develop and oversee junior hires in a remote environment, and some VC firms' cultures depend heavily on face time. Still, for firms that are open to a distributed team, the talent pool may be much deeper.

GPs are increasingly looking to hire team members with diverse backgrounds. How are you seeing that play out?

It's happening in a number of ways. First, GPs are opening the aperture when it comes to the experience they look for in pre-partners. De-emphasizing the importance of a rarified set of credentials means VC firms can access a much more diverse array of pre-partner talent—people with varying perspectives, backgrounds, and experiences who can add substantial value.

Firms are also starting to consider people who are trend spotters or thought leaders in a specific sub-sector. These candidates are publishing on Substack or finding an audience on social platforms such as Clubhouse, and while they may not have a traditional VC background, they're demonstrating a depth of knowledge and insight on topics that are relevant to the VC ecosystem. What's more, their posts are public, which gives GPs a chance to really understand how these individuals think and write—even before the first meeting.

SHAI GOLDMAN
Managing Director, Venture Capital Relationship Management (VCRM)

Shai Goldman has more than 15 years of experience working with the startup and venture capital community. He moved to NYC from the Bay Area in 2011 to help build out the SVB office and launch a new group serving early-stage founders. His current focus is on engaging the local VC community in NYC. Previously, he was a Venture Partner at 500 Startups, where he conducted investing, fundraising, community building and portfolio management.

Additionally, new platforms are emerging to help firms identify and develop a more diverse array of pre-partner candidates, and SVB is actively involved in supporting these initiatives. Our venture firm clients are sourcing talent from HBCUs, for example, and offering internships and fellowships to individuals from underrepresented groups. There are also online venture capital education programs, such as NVCA-sponsored Venture Forward's VC University or Venture Deals by Brad Feld and Jason Mendelson. SVB is a founding partner of NVCA's Venture Forward initiative, as well as All Raise, which aims to increase the number of female decision-makers (e.g., checkwriters) at US tech venture firms with more than $25 million in AUM from 9% to 18% by 2028. Recently, SVB partnered with Valence, a network of Black professionals, to provide recruitment opportunities for SVB and our investor and startup clients.

What role does a VC firm's culture play in talent attraction?

Offering an inside look at how you think is important on both sides of the recruiting equation. That's especially true when it comes to a firm's culture and values. Many pre-partners would prefer to work for a firm whose values are clearly stated and align with their own thinking. For some VCs, this approach is in their DNA; others shy away from making public statements about social issues. GPs who have strong internal consensus on values and ethics might consider going more public with their stances as a way to both attract and retain junior talent.

What retention strategies are you seeing to keep junior talent?

They vary widely. Some operate under the assumption that pre-partners will only stay for two to three years. In this scenario, an active retention strategy doesn't make financial or logistical sense, as certain investors intend to cycle through a pre-partner position early in their careers and then go on to start their own company or fund.

Other firms, however, take an active and intentional approach to training and mentoring junior talent through a culture of apprenticeship. They may seek board observer seats for pre-partners or offer them enhanced exposure to portfolio companies. These firms have an obvious advantage when it comes to attracting and retaining pre-partners who are looking for a structured or linear approach to career development. That's especially true in the Covid-19 era, as GPs have become even busier, chasing a faster deal cycle. In this landscape, VC firms with an explicit commitment to developing junior talent really stand out.

How does compensation fit into the picture?

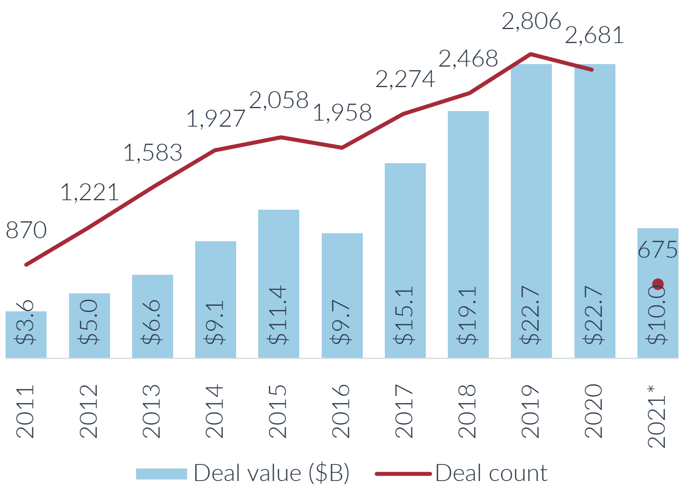
It's obviously important. However, there's an inherent tension: Pre-partners are always looking for higher total compensation and greater access to carry. For their part, GPs are often unwilling to share carry equally with junior investors. That stance may be worth reconsidering, as carry has emotional weight: Pre-partners want a piece of the action as recognition for their contributions and their role on the fund team. At times, that emotional value may outweigh purely economic calculations. For instance, a pre-partner might be more interested in a lower salary plus carry than one that offers a higher salary and no carry.

Recent compensation research from the Emerging Venture Capitalists Association (EVCA) is a good starting place for empirical comparisons. Pre-partners and GPs alike can look at how their compensation models, including access to carry, compare across roles and titles.

Female founders

Q1's strong start tracking to set record annual deal value

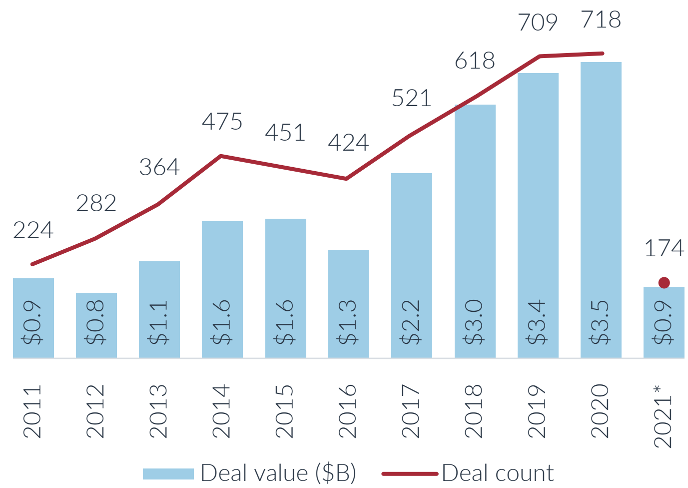
US VC deal activity for female-founded companies



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Companies with all female founders raise nearly $1 billion in Q1

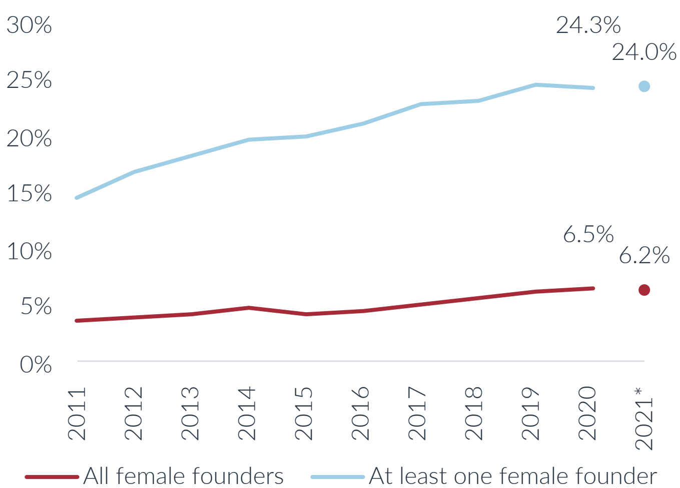
US VC deal activity for companies with all female founders



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Deal count proportion on par with 2020's values

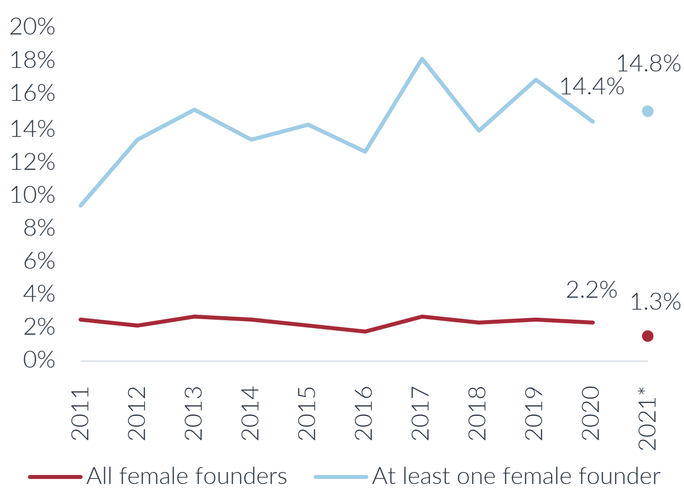
Female-founded companies as a proportion of total US VC deals (#)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Q1 deal value proportion shows sharp decline for all female founded companies

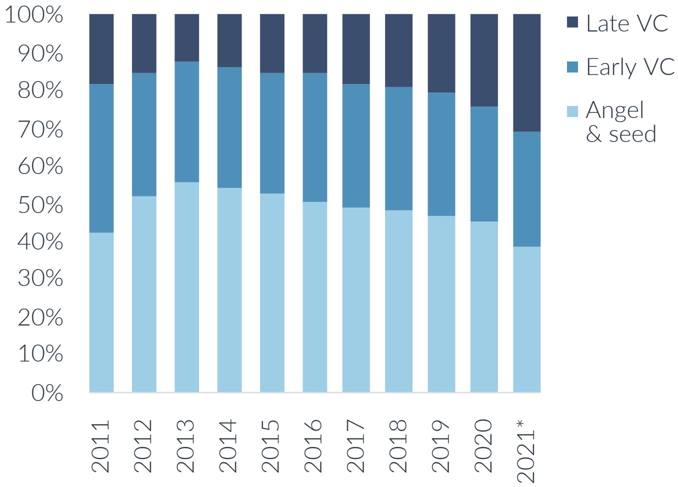
Female-founded companies as a proportion of total US VC deals ($)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Angel & seed deal count proportion continues to contract in recent years

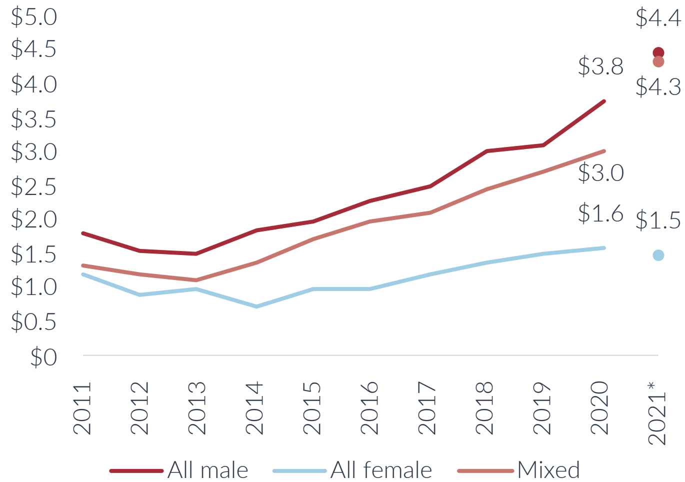
US VC deals (#) for female-founded companies by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Mixed founding teams see the biggest growth in median deal size

Median deal sizes ($M) by founder gender mix



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Top 5 US CSAs by capital raised ($B) for companies with all female founders (2017-2021)

Combined statistical area	Capital raised ($B)
New York-Newark, NY-NJ-CT-PA	$3.9
San Jose-San Francisco-Oakland, CA	$3.1
Los Angeles-Long Beach, CA	$1.4
Boston-Worcester-Providence, MA-RI-NH-CT	$1.0
Other	$0.6

PitchBook-NVCA Venture Monitor
*As of March 31, 2021

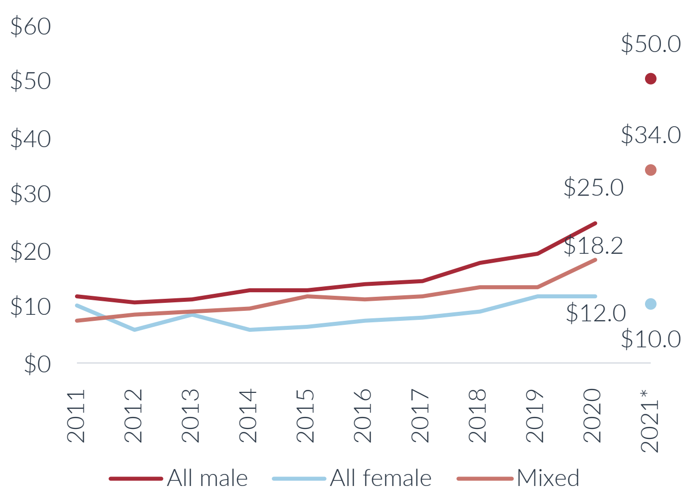
Top 5 US CSAs by deal count (#) for companies with all female founders (2017-2021)

Combined statistical area	Deal count
New York-Newark, NY-NJ-CT-PA	545
San Jose-San Francisco-Oakland, CA	479
Los Angeles-Long Beach, CA	357
Boston-Worcester-Providence, MA-RI-NH-CT	144
Seattle-Tacoma, WA	110

PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Mixed and all male-founded valuations rise while all female-founded valuations drop

Median pre-values ($M) by founder gender mix

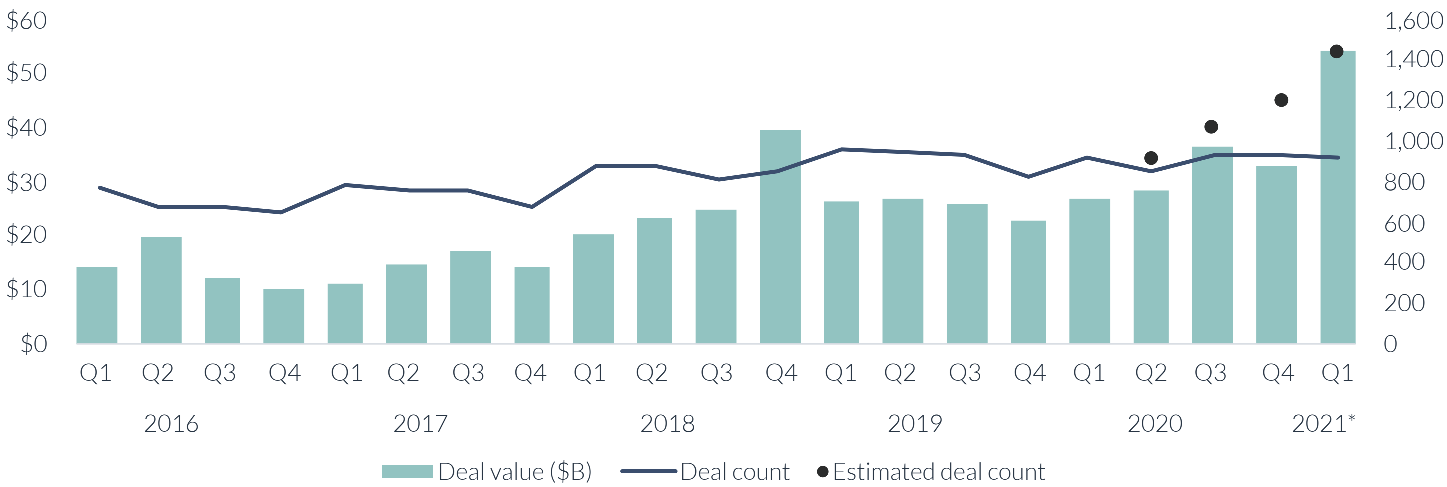


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Nontraditional investors

Q1 highest level of nontraditional activity on record

US VC deal activity with non traditional VC investor participation



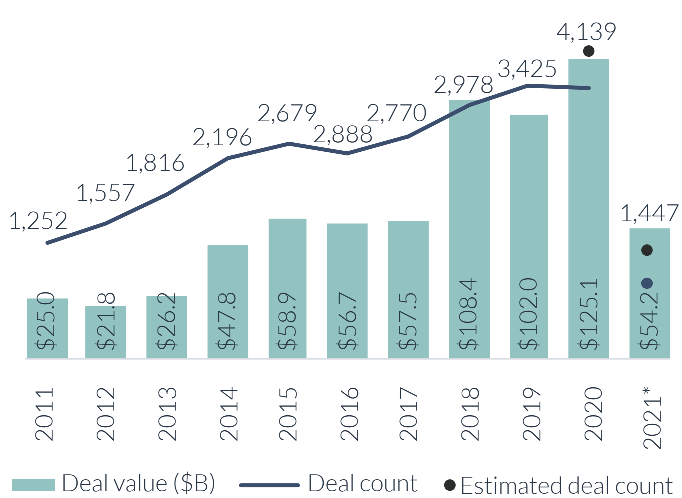
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

If any story has come to encapsulate the current venture market, nontraditional investment activity is likely to be just that. 2020 ended with a record nontraditional participation in venture for both deal count and deal value, reaching past 4,000 deals and $125 billion, respectively. Q1 has shown much of the same activity from these institutions—in fact, our deal count estimates project Q1 to be the most active quarter on record for nontraditional activity.

Deal value participation from these investors is especially staggering. A whopping 75%, or $125.0 billion of the $166.0 billion invested during 2020 was generated by deals with nontraditional participation. That proportion increased in Q1, with 78.6% ($54.2 billion) of deal value being generated by deals with nontraditional participation. For reference, more has been invested in VC deals including nontraditional investors during Q1 than was invested in the whole of US venture for any year in our dataset prior to 2013, likely all the way back to the dotcom boom.

Fast start to nontraditional investment in Q1

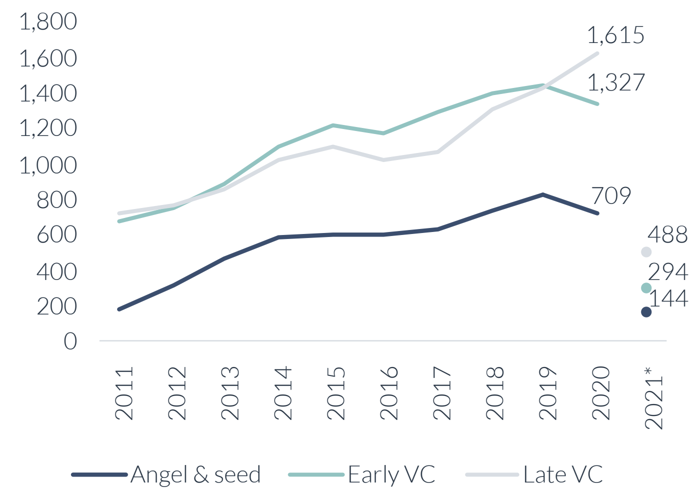
US VC deal activity with nontraditional VC investor participation



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Late stage commanding most deals

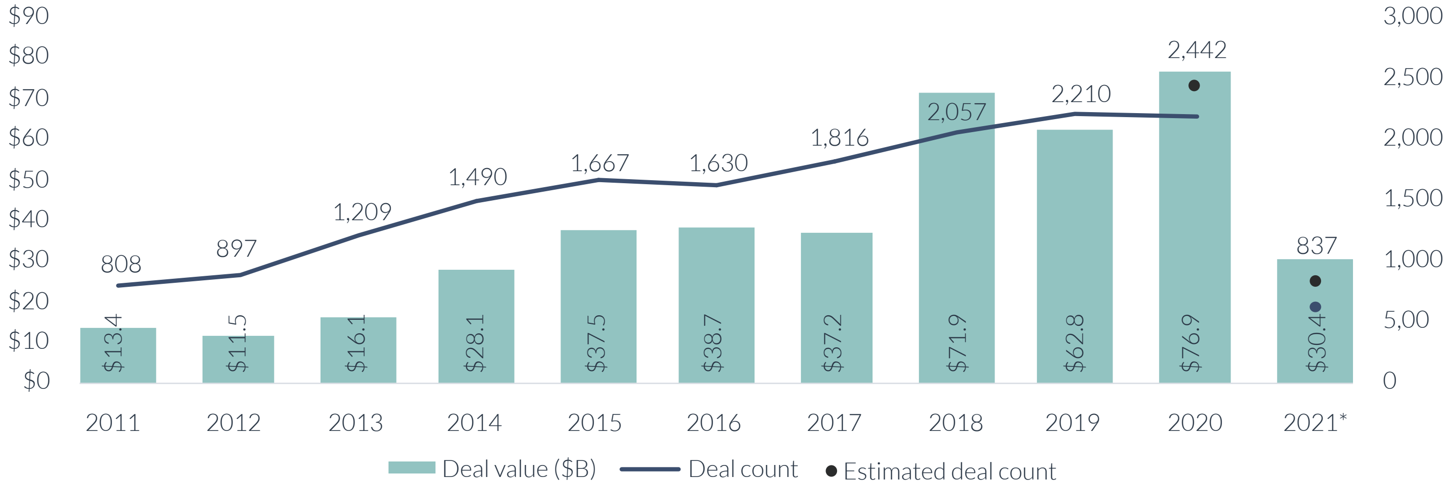
US VC deal activity (#) with nontraditional VC investor participation by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

CVC continues to rise

US VC deal activity with CVC participation

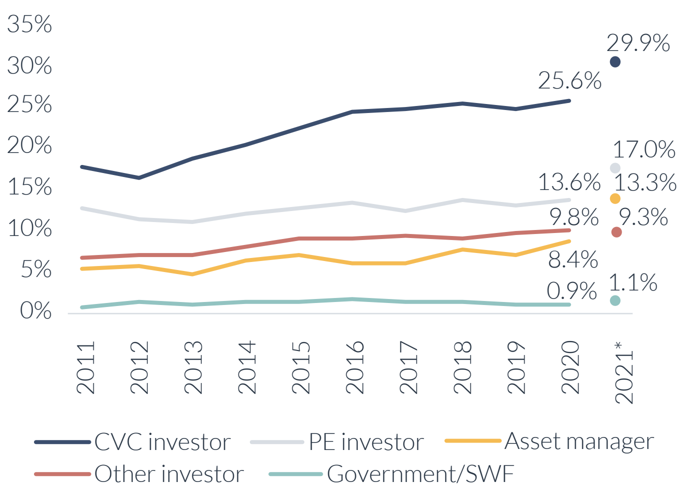


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Nontraditional investment isn't simply a major story in VC because of the large deals in which these firms participate. The activity of these investors has helped drive the trend of companies staying private longer to raise more capital and continue to grow. Despite the record venture fundraising levels of recent years, nontraditional capital is needed for the large late-stage deals that now occur. $111.4 billion was invested into late-stage financings alone during 2020, $30.0 billion more than was raised by VC funds during the record year. It's also important to note that late-stage deals outpaced early-stage deals in Q1 quite handily—an estimated 1,291 late-stage vs. 1,170 completed early-stage deals—a datapoint not typical of the venture landscape. This highlights the extension of the venture lifecycle, which has allowed nontraditional investors to capitalize on this new investment universe in which most venture investors are unable participate due to fund-size constraints. It should also be noted that for many nontraditional investors, waiting to invest in a company until its IPO could potentially mean missing out on billions in valuation growth. For instance, the average valuation for a public listing in 2021 has been $3.1 billion, a figure that stood at just $500.0 million in 2015.

Late stage participation has driven high proportions of deal value

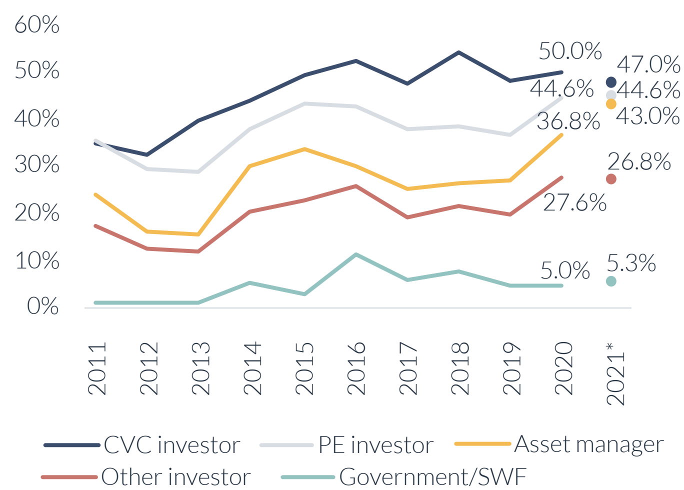
Deals with alternative VC investor participation as proportion of overall US VC deals ($)



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Activity seeing uptick across all investor types

Deals with alternative VC investor participation as proportion of overall US VC deals (#)

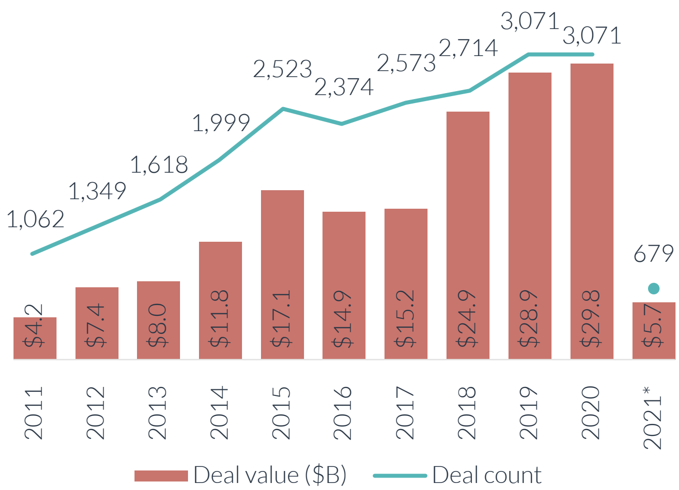


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Venture debt

Venture debt coming off record year

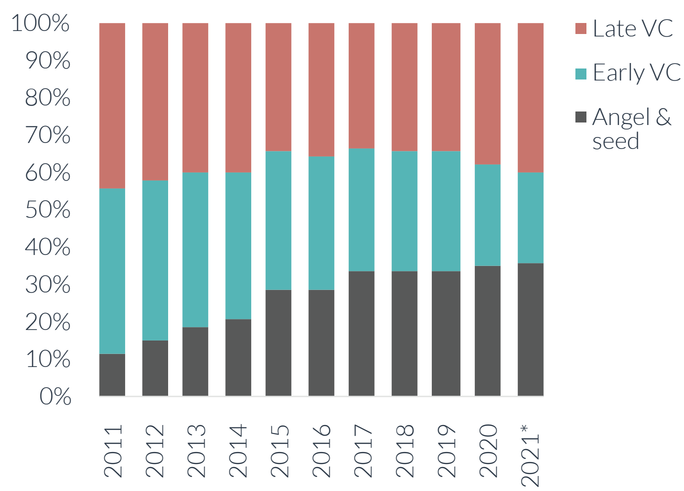
US venture debt activity by year



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Early stage venture debt starting 2021 off strong

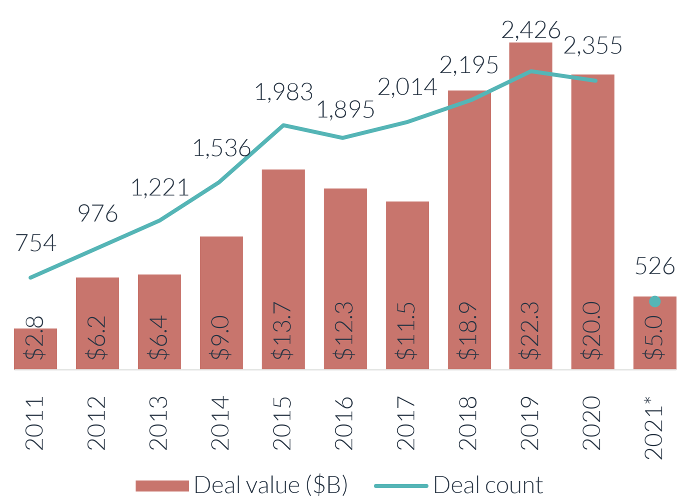
US venture debt activity (#) by stage



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Tech industry borrowing remains high in Q1

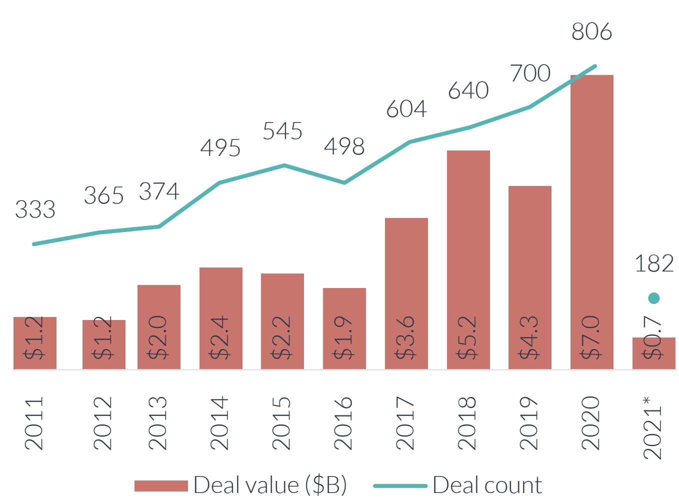
US venture debt activity for tech by year



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Healthcare startups reaching for debt more often

US venture debt activity for the healthcare sector by year



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Secfi: Why startup equity is the next untapped market

Q&A with Frederik Mijnhardt

Looking back over the past year, what trends have you discovered regarding the use of stock options by startup employees?

2020 was the most active year for US IPOs, with a record 402 companies going public. That's even higher than the IPO craze of the 2000 dot-com boom, which had 397.

This IPO frenzy pushed more and more startup employees to seek help in understanding what they should do with their stock options. Over the past year, the number of employees signing up on Secfi.com to better understand their equity potential should their company IPO more than tripled.

So, we thought this was a great opportunity to dive into our data set to uncover defining trends for employees from late-stage unicorns during this unprecedented year. What we found in our first State of Stock Options report was astonishing and illuminates the need for more education, tools, and attention devoted to employee equity across the entire startup community.

First, startup employees left $4.9 billion on the table by not exercising their stock options pre-IPO. While there are several reasons why employees may or may not exercise their options (level of know-how, length of employment, company growth trajectory, views on company exit potential, etc.), we found that surprisingly high exercise costs are a key factor.

For the group of employees we analyzed, exercise costs topped 2 times their annual household income, on average, placing stock options out of financial reach for most. What's worse is that 85% of these costs are attributed to taxes. And that number only skyrockets as company valuations increase. As an example, for companies with a 409a valuation of $10B+, exercise costs soared to 5.5 times their annual household income.

The fact that taxes can make stock options so expensive is widely unknown or misunderstood given its complex nature. But the reality is that exercise costs can be reduced significantly for those who exercise their options earlier in their tenure (thanks to long-term capital gains taxes).

What should startup founders be mindful of when it comes to equity compensation?

In working with employees from 80% of all US unicorns, representing $12B+ in equity value, we're seeing a distinct growth trend where employees are not only looking for more education and context on their stock options, but they are also demanding it from their companies.

Since options comprise a large portion of startup compensation packages, we see employees taking a more active role in understanding what this means for their individual situations. This starts with evaluating compensation packages before accepting a job offer, and it continues throughout their career with the company. In some cases, options become a determining factor for whether to stay or leave.

On the other hand, we often speak with founders who are frustrated when employees don't value the equity component of their compensation. In these situations, it's often that employees care a lot about their equity but don't have the education and tools to truly understand the real value.

The most forward-looking companies are leaning in to proactively help their employees get as much value out of their equity as possible. It's not enough to just offer an equity package. Companies are now being challenged to provide educational programs about how stock options work and be transparent about outstanding shares and current valuations. Additionally, many are bringing in companies like Secfi to offer customized forecasting tools and personalized planning resources.

FREDERIK MIJNHARDT
CEO

Frederik Mijnhardt is CEO of Secfi. Previously, he was the Corporate Development Lead at Karhoo and was a Strategy Consultant for digital transformation projects for Accenture's Global Strategy division.

As founder of the UUBC startup incubator, he was awarded the Google Internet Impact Award for groundbreaking research into the intersection of business and technology. He has deep expertise in startups, innovation, private equity, corporate strategy, business development, engineering, and product.

It's interesting how we've seen this unfold. On one side, we're seeing more employee interest in their equity. On the other, we're working with founders and executive teams directly on their personal equity plans—and they want their entire employee base to have access to the same level of knowledge and resources. They realize this is an important way to demonstrate stewardship, and it shows that they are looking out for their employees' best interest.

A few companies we have seen lead the charge in taking special care of their employees with equity education programs include DoorDash, Palantir, Happy Money, and Upgrade, to name a few.

Given the discussion around permanent changes to traditional approaches to work due to COVID-19, how do you foresee flexible working arrangements changing the nature of stock options, if at all?

With many companies looking to switch to a remote working model, we're seeing employees move to low- or no-income tax states. Employees living in traditional tech epicenters, such as California or New York, are subject to the highest state income taxes in the country. In addition to salaries being subject to these high state income taxes, equity compensation packages are often taxed similarly.

Those executives and employees with significantly appreciated equity compensation packages have potentially a lot to gain by properly planning around their equity and subsequently moving to no income tax states such as Texas or Florida. Many employees who have stock options can look to limit California's or New York's tax reach by exercising their options now, and then moving out of the state prior to their company's exit.

We're also seeing more employees reaching out to us to help them limit their exposure to these high-income-tax states by exercising today. While exercising early can often result in significant tax savings already, those that also choose to move out of California or New York can also see amplified tax savings.

As more companies adopt flexible and remote work plans, we're expecting to hear from a lot more employees who want to discuss their equity plans as they move across state lines.

What key regulations and/or related legislation pertaining to stock options are you monitoring most closely?

Prior to November's election, President Joe Biden released a tax plan that may have a large impact on startup employees if enacted. Given the pandemic and political environment, we don't know when or if a tax plan will be a priority for Congress. Furthermore, what ends up in a passed bill may still vary greatly from Biden's proposed plan. Nevertheless, we are watching this closely and urge the startup community to do so as well.

In short, Biden has proposed raising the long-term capital gains rate up to the highest ordinary income tax rate on income over $1 million. This means there will no longer be preferential tax rates for those who make over $1 million.

This may impact startup employee equity as those who have large windfalls of $1 million or greater could pay ordinary income tax on those gains. It's important to note that many important details haven't been released yet. For instance, does the $1 million refer to capital gains or ordinary income? Or is the first $1 million still taxed at preferential rates?

Biden's plan also included a payroll tax that may subject startup employees to an additional tax when they exercise their stock options. So, while the capital gains tax could remove the benefit of exercising early, an additional payroll tax may create a counter benefit for the employee to exercise their stock options early.

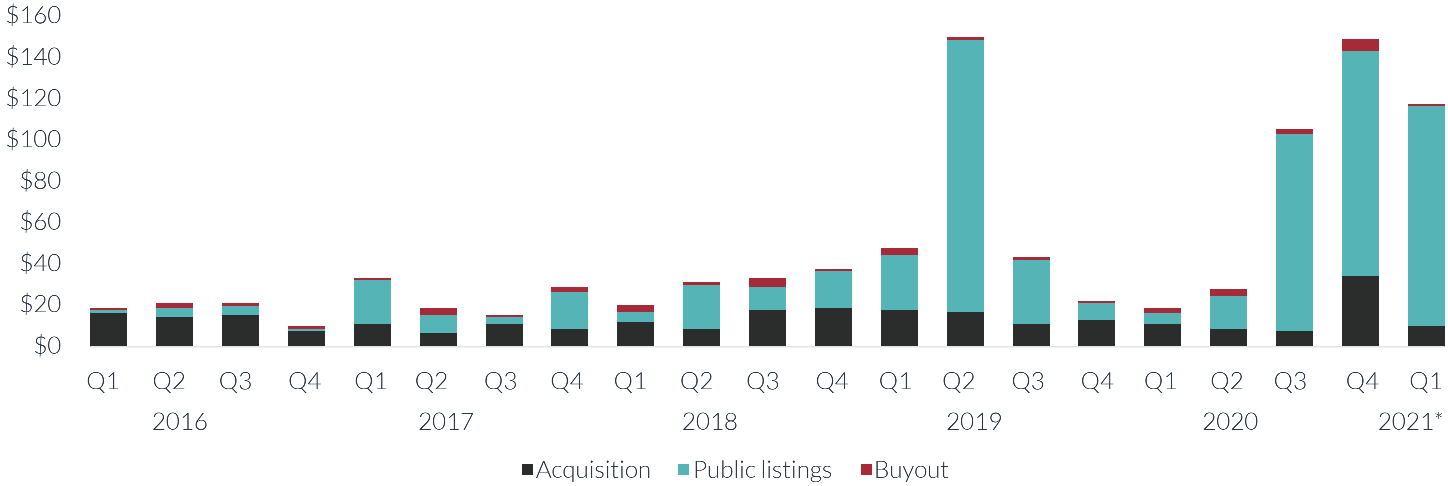
Other considerations, such as the Qualified Small Business Stock (QSBS) exemption that allows early employees and founders to sell stock tax free, are also up in the air. The timing of these changes, if enacted, will also have a significant impact on planning opportunities.

At this point, there are more questions than answers around what tax changes may look like—if they happen at all. Startup employees may not necessarily need to act as if any potential tax changes are inevitable, but they should start planning around them.

Exits

Public listings see third straight quarter of robust results

Quarterly US VC exit activity ($B) by type



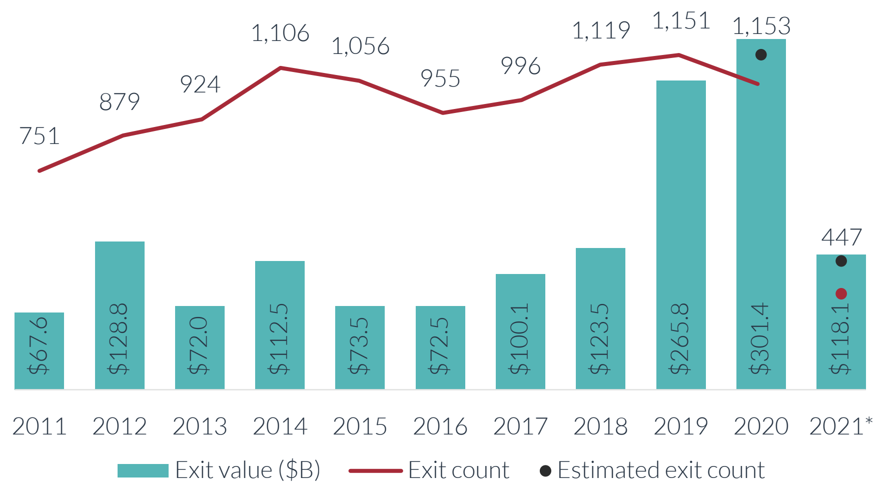
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

VC exits matched the strength seen in the rest of the ecosystem with $118.1 billion becoming liquid across 447 estimated exit events. Outlier transactions remain the crucial factor in retaining the pace of exits that we've recorded over the last two years, and 2021 has already delivered a few of these headline-grabbing exits. The largest exit of the quarter came in the form of Roblox's (NYSE: RBLX) direct listing, which valued the business at $41.9 billion. Looking forward in 2021, there are a handful of other multi-billion-dollar direct listings that we expect to close, including the imminent debut of Coinbase followed perhaps by UiPath or Databricks—both of which we believe raised capital in Q1 to set the stage for a listing later in the year. Direct listings have remained slightly under the radar during the last few quarters, but we still believe this route to liquidity will continue to be utilized by the most valuable VC-backed businesses because of the time and cost savings.

The broader public listing market[1] also remained robust in the first quarter and dominates total exit value at 90.1% of quarterly exit value, paralleling what we recorded in 2019 and 2020. Traditional IPOs still found success during the quarter—specifically with notable IPOs from point-of-sale lender Affirm (NASDAQ: AFRM) and health insurance startup Oscar (NYSE: OSCR), which were valued at $10.6 billion and $6.5 billion, respectively, as well as platform-as-a-service provider Tuya Smart (NYSE: TUYA), which listed at

Multi-billion public listings drive exit value over $100 billion in one quarter

US VC exit activity

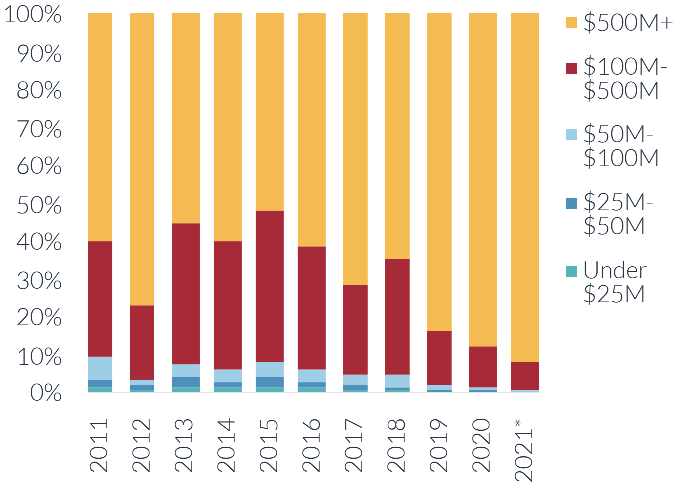


PitchBook-NVCA Venture Monitor
*As of March 31, 2021

1: One slight methodology update is the categorical change from "IPO" to "public listings" to accommodate the different ways we track VC-backed companies' transitions to the public markets. To give readers a fuller picture of the companies that go public, this updated grouping includes IPOs, direct listings, and reverse mergers via SPACs.

Large exits driving extremely disproportionate amount of capital out of the VC strategy

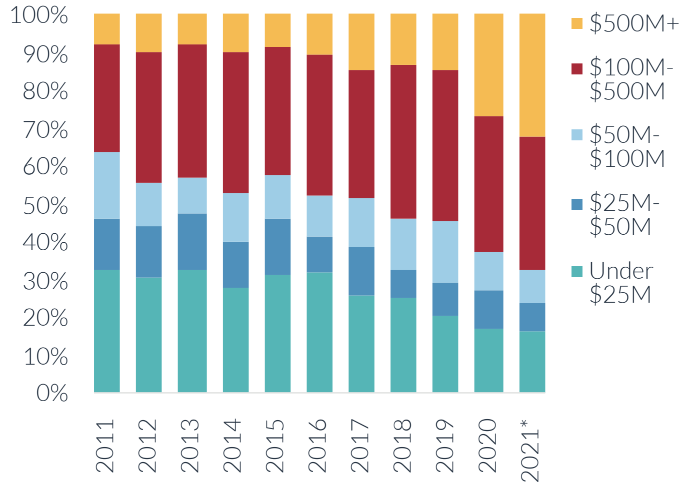
US VC exits ($B) by size



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Q1 sets pace to be highest quarter for exit count since 2014

US VC exits (#) by size



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

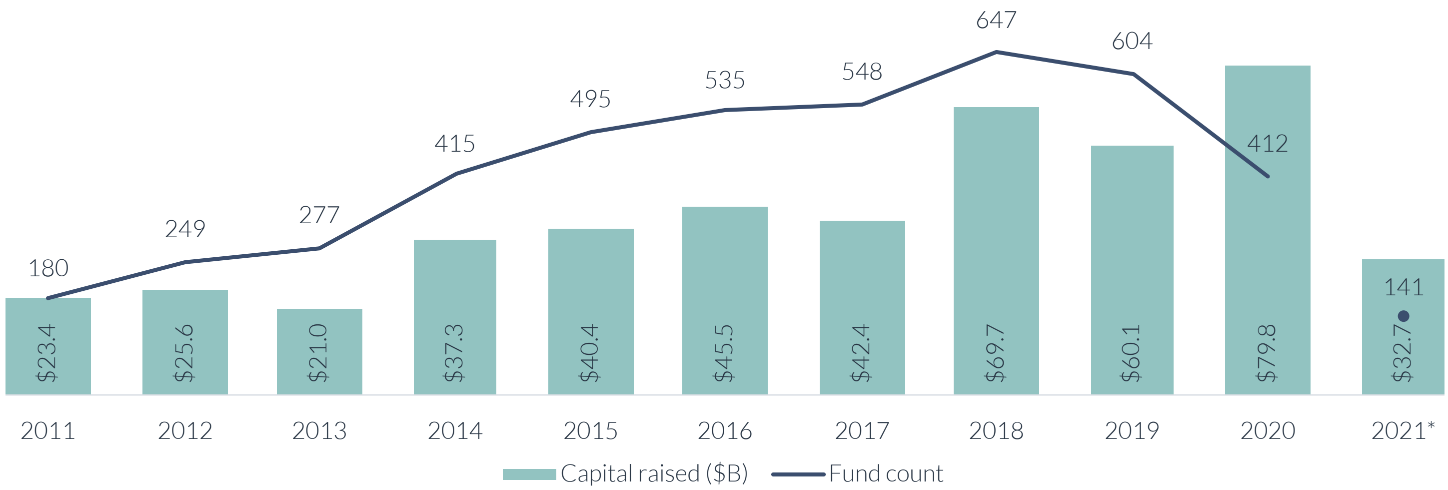
a $10.8 billion valuation. While these exits may have been the most valuable, biotech & pharma startups continued their exit momentum from 2020 with 24 exits to the public markets via either traditional IPOs or SPAC combinations. This represents 48.0% of the total public listings in the quarter, highlighting the importance of this activity to the aggregate public listing statistics as well as a key path to liquidity for biotech investors. Public market demand has been critical for VC backers as these 24 public listings match up with only nine biotech acquisitions closing in the quarter. This relationship has historically been closer to parity between counts of M&A and public listings, only recently becoming skewed in favor of public listings on the back of increased demand from public market investors and now the tailwinds from the SPAC boom. M&A activity in general has remained at a brisk pace on a count basis through Q1 2021, with 212 acquisitions closing representing $10.6 billion in value. While we recorded three M&A exits at valuations over $1 billion, the large exits have been dominated by public listings over the past two years, diminishing the impact of these successful M&A exits in the aggregate datasets.

It wouldn't be a proper investigation of VC exit activity in Q1 2021 without a discussion about SPACs. Now that we are a year or more into the recent explosion of SPAC IPOs, the acquisition activity by these blank check vehicles is finally starting to trickle in. With notable deals closing for Clover Health (NASDAQ: CLOV), Chargepoint (NYSE: CHPT), Metromile (NASDAQ: MILE), AppHarvest (NASDAQ: APPH) and dozens of others announced, it's likely that exits from this route will begin to inch higher, further influencing the total exit values over the rest of the year. Given the extremely rapid pace of new SPAC IPOs in Q1, SPAC acquisition activity should continue gaining momentum until at least the end of 2022. We expect this accelerating activity to have a material effect on exit valuations and late-stage VC valuations—especially in the specific industries or business models where SPAC mergers tend to congregate, such as the mobility space.

Fundraising

Robust Q1 fundraising on pace to crack $100 billion annually

US VC fundraising activity



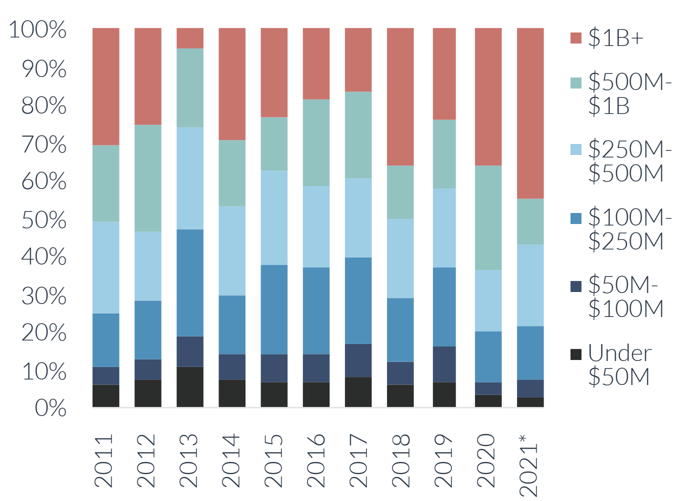
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Many of 2020's fundraising tailwinds continued into 2021 as US VC fundraising activity garnered $32.7 billion across 141 funds in Q1. If this robust pace of fundraising continues, 2021 could see total fundraising exceed $100 billion for the first time ever. Much of this is due to the increase in mega-funds—those closed at or exceeding $500 million. In 2021 thus far, we have seen 13 mega-funds raised, with billion-dollar funds accounting for 44.8% of all capital raised in Q1. These mega-funds, combined with a significant contraction in small micro-funds (those under $50 million), has pushed the median and average fund size to $80.0 and $235.2 million, respectively.

H2 2020's strong IPO market was a considerable tailwind bolstering Q1 2021's robust fundraising activity, as public market liquidity returned capital to institutional investors and LPs alike. Further, not only were a large number of LPs still under-allocated to venture coming into the year, $13.4 billion of distributions in six months

Billion-dollar funds account for nearly half of all capital raised in Q1

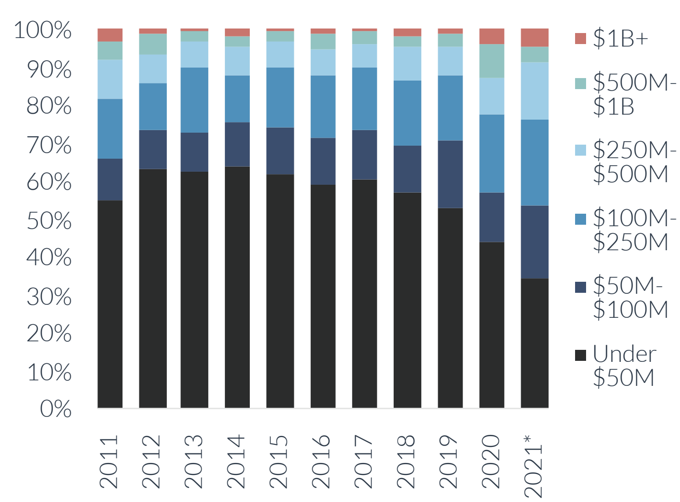
US VC fundraising activity ($) by size



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Significant shrinkage of micro-funds closed in Q1

US VC fundraising activity (#) by size



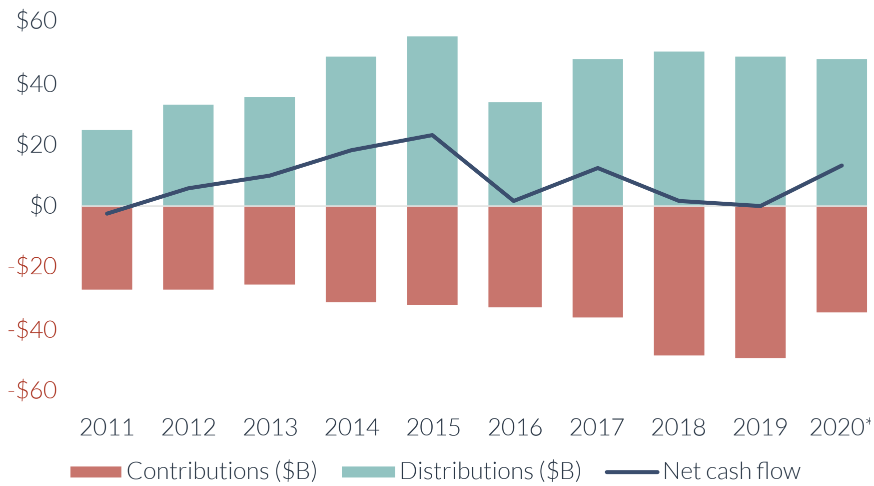
PitchBook-NVCA Venture Monitor
*As of March 31, 2021

point toward favorable net cash flow; however, the returns alone likely justify increased allocations. While benchmark interest rates remain near all-time lows, the uptick in treasury yields seen in Q1 could cool down some of this fundraising fervor as LPs readjust their asset allocations.

Conversely to mega-funds, first-time fundraising continued to struggle in Q1. Only $1.4 billion of capital was raised across 25 funds by first-time VC managers. Given the significant challenges that have persisted—especially the suspension of in-person meetings with LPs—GPs raising first-time funds experienced notable difficulty as LPs tended to favor and commit capital to GPs with strong previous relationships and solid past fund performance. For perspective, seven VC firms raised individual funds in Q1 that each exceeded the aggregate $1.4 billion raised by first-time funds, further cementing the success that established managers have found during the pandemic.

Elevated distributions drive positive cash flow

US VC cash flows ($B)

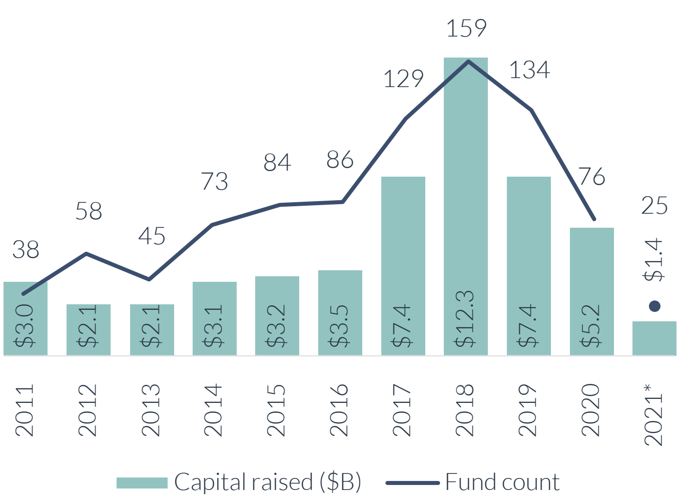


PitchBook-NVCA Venture Monitor
*As of June 30, 2020

Notable mega-funds that closed in Q1 include TCV's Fund XI at $4.0 billion, the largest VC fund raised since Sequoia Capital's Growth Fund III of $8.0 billion in 2018. Others include Bessemer Venture Partners' Fund XI at $2.5 billion, Bond Capital's Fund II at $2.0 billion (which closed just two years after Mary Meeker's firm raised its first fund), and ARCH Venture Partners' Fund XI at $1.9 billion (which closed less than a year after ARCH closed a pair of funds totaling $1.5 billion in 2020). This rapid cadence, coupled with the sheer size of these VC mega-funds, indicates both how willing LPs are to commit to an established firm's flagship fund and how capable GPs with strong track records are at deploying large sums of capital.

First-time funds continue to struggle

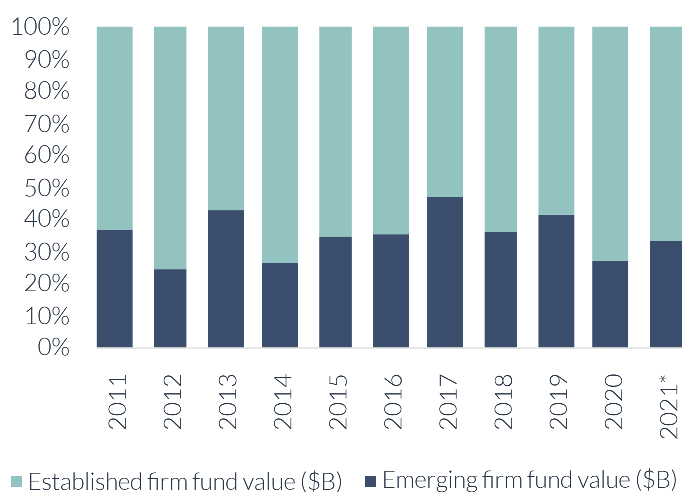
US VC first-time fundraising activity



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Emerging firms show early signs of recovery

US VC funds ($) by emerging and established firms



PitchBook-NVCA Venture Monitor
*As of March 31, 2021

Q1 2021 league tables

Most active investors angel & seed

1	Plug and Play Tech Center	27
2	Ulu Ventures	13
2	Connecticut Innovations	13
4	Y Combinator	12
4	SOSV	12
4	Elevate Ventures	12
7	Techstars	10
7	Alumni Ventures Group	10
9	Innovation Works	9
9	BoxGroup	9
11	Gaingels	8
11	Operator Partners	8
13	MaC Venture Capital	7
13	Social Starts	7
13	500 Startups	7
13	Mark Cuban	7
13	NFX	7
13	8VC	7
19	Brighter Capital	6
19	Center for Innovative Technology	6
19	Shrug Capital	6
19	IndieBio	6
19	Keiretsu Forum	6
19	Craft Ventures	6
19	Precursor Ventures	6

PitchBook-NVCA Venture Monitor

Most active investors early stage

1	Andreessen Horowitz	23
2	Gaingels	18
3	Keiretsu Forum	17
4	Y Combinator	15
5	Growth Technology Partners	14
6	General Catalyst	13
7	Janus Henderson Investors	12
8	Sequoia Capital	11
8	Greycroft	11
8	Alumni Ventures Group	11
11	Asymmetry Ventures	10
11	RA Capital Management	10
11	Slow Ventures	10
14	Coinbase Ventures	9
14	New Enterprise Associates	9
16	F-Prime Capital	8
16	Cormorant Asset Management	8
16	Logos Capital	8
16	SOSV	8
16	Accel	8
16	Felicis Ventures	8
16	8VC	8
23	Slack Fund	7
23	GGV Capital	7
23	500 Startups	7
23	Battery Ventures	7
23	Craft Ventures	7

PitchBook-NVCA Venture Monitor

Most active investors late stage

1	Tiger Global Management	37
2	Keiretsu Forum	25
2	Insight Partners	25
4	Andreessen Horowitz	23
5	Gaingels	20
5	T. Rowe Price	20
7	Salesforce Ventures	17
7	Fidelity Management & Research	17
9	New Enterprise Associates	15
9	Coatue Management	15
11	GV	14
12	Sequoia Capital	13
12	Bessemer Venture Partners	13
14	8VC	12
14	Accel	12
16	D1 Capital Partners	11
16	Khosla Ventures	11
16	Greycroft	11
16	BlackRock	11
16	Alumni Ventures Group	11
21	Index Ventures	10
21	Northpond Ventures	10
21	SoftBank Investment Advisers	10
21	Perceptive Advisors	10
21	General Catalyst	10
21	Casdin Capital	10
21	ICONIQ Capital	10

PitchBook-NVCA Venture Monitor

Methodology

Deals

We include equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, VC firms, corporate venture firms, corporate investors and institutions, among others. Investments received as part of an accelerator program are not included; however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US, with any reference to "ecosystem" defined as the combined statistical area (CSA). We include deals that include partial debt and equity.

Angel & seed: We define financings as angel rounds if there are no PE or VC firms involved in the company to date and we cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. Finally, if a news story or press release only mentions individuals making investments in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than $500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.

Early-stage: Rounds are generally classified as Series A or B (which we typically aggregate together as early stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Late-stage: Rounds are generally classified as Series C or D or later (which we typically aggregate together as late stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Nontraditional investors: "CVC" includes rounds executed by established CVC arms as well as direct equity investments by corporations into VC-backed companies. "PE" includes VC deals by investors whose primary classification is PE/buyout, growth, mezzanine or other private equity.

Exits

We include the first majority liquidity event for holders of equity securities of venture-backed companies. This includes events where there is a public market for the shares (IPO) or the acquisition of majority of the equity by another entity (corporate or financial acquisition). This does not include secondary sales, further sales after the initial liquidity event, or bankruptcies. M&A value is based on reported or disclosed figures, with no estimation used to assess the value of transactions for which the actual deal size is unknown. IPO value is based on the pre-money valuation of the company at its IPO price. One slight methodology update is the categorical change from "IPO" to "public listings" to accommodate the different ways we track VC-backed companies' transitions to the public markets. To give readers a fuller picture of the companies that go public, this updated grouping includes IPOs, direct listings, and reverse mergers via SPACs.

Fundraising

We define VC funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional VC firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as growth-stage vehicles are classified as PE funds and are not included in this report. A fund's location is determined by the country in which the fund's investment team is based; if that information is not explicitly known, the HQ country of the fund's general partner is used. Only funds based in the United States that have held their final close are included in the fundraising numbers. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close.

A perfect partnership: PitchBook and the National Venture Capital Association

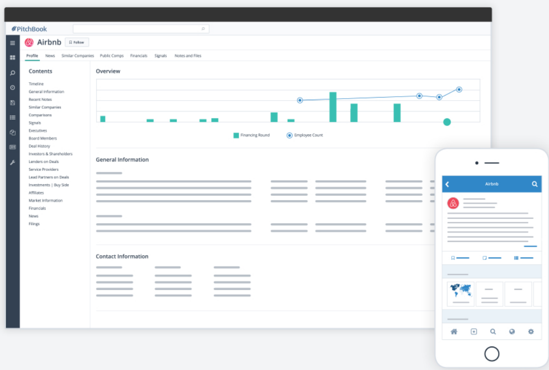
Why we teamed up

NVCA is recognized as the go-to organization for venture capital advocacy, and the statistics we release are the industry standard. PitchBook is the leading data software provider for professionals in venture capital, serving more than 4,000 customers across the private markets. Our partnership with PitchBook empowers us to unlock more insights on the VC ecosystem and better advocate for our evolving industry.

The PitchBook-NVCA Venture Monitor

Informed by PitchBook data, our quarterly Venture Monitors dive deep into venture capital activity and deliver insights to inform your investment strategy. PitchBook data also bolsters our annual year-in-review publication.

THE PERKS OF PARTNERSHIP



The PitchBook Platform

As an NVCA member, your free access to the PitchBook Platform includes five advanced searches and five profile views per month.

Fundraise faster with targeted searches for limited partners who will likely be interested in your fund.

Conduct better due diligence by diving deep into a company's round-by-round financing history, executive team and market traction.

Price deals with confidence using pre- and post-money valuations, public and private comps, cap tables and series terms.

Find promising investors quickly by zeroing in on other firms or strategic acquirers whose investment preferences match your portfolio company.

More data. Less dough.

NVCA member firms are eligible for a one-time 10% discount on a new PitchBook subscription or their next subscription renewal, or one complimentary PitchBook seat for a subscription cycle.

Help us help you

We will email quarterly surveys to each member firm, which will give you the opportunity to report your activity to PitchBook. The data you provide will not only power PitchBook-NVCA reports, but also ensure your firm is represented accurately in the PitchBook Platform. If you'd like to send your quarterly activity report directly to PitchBook, email research@pitchbook.com.

Ready to get started with the PitchBook Platform? Go to pitchbook.com/nvca