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YEARBOOK

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Contents

Note from NVCA

March 2024

Last year we celebrated NVCA's 50th anniversary by bringing members together across the country to commemorate the community that we have built over the last half century. The festivities culminated in December when I had the pleasure of ringing the closing bell of the New York Stock Exchange with several current and former NVCA Board Chairs. It was a real privilege to share that podium with such a crowd of visionaries. The men and women I stood with that day helped grow American venture capital from a boutique specialty into a global force that defines the frontiers of innovation for the rest of the world.

I take so much pride in NVCA's role as the chief advocate for America's entrepreneurial ecosystem. We've spent half a century coordinating between the public and private sectors to make sure that the future is built with American grit, determination, and creativity.

If I had to sum up my feelings about the VC ecosystem in 2023, it would be cautious. Many of the difficulties which arose in 2022 persisted into 2023, and in some cases they intensified. The stability we've enjoyed over the last few decades isn't what it once was. VC has felt the effects of this uncertainty with market activity reverting to pre-Pandemic levels.

Despite the uncertain climate, VC-backed companies did some incredible things in 2023. Last year VC-backed companies blazed new trails in artificial intelligence, space exploration, clean-tech, and life sciences.

The transformative potential of America's innovation ecosystem is immense, and some of the government's actions regarding capital formation and technology comimercialization could be the beginning of promising public/private/partnerships. However, over the last year, the government has proposed actions like expanded march-in rights and restrictions on capital formation, which would be ruinous to the innovation economy. If unaddressed, these measures would hamstring America's innovators in a race where they should own the finish line. NVCA wants America's innovators to have the best possible chance of success, so we are engaged in legal and advocacy campaigns on these, as well as other topics. While we are an eager partner of the government when it will advance the causes of American innovation and entrepreneurship, we are not afraid to engage constructively when we feel like the government is wandering down the wrong path.

2023 was a mixed year for venture in the United States. The facts and figures in this report go into more detail, but I promise you America's VC community isn't just waiting for the wind to change. America's VCs are combing the country, looking for opportunities to partner with tinnovators whose insight and tenacity has made America's economy the envy of the world.

Bobby Franklin
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Executive Summary

In 2022, the VC landscape changed a lot. In 2023, it didn't.

It's hard to overstate just how much changed in 2022. The VC sector was at the peak of a mature business cycle in 2021, and an eager world was starting to shake off the worst effects of the COVID-19 pandemic. Then Russia invaded eastern Ukraine and the ensuing events transformed the most productive business cycle in VC history and into a Byzantine quagmire of macroeconomic and geopolitical uncertainty that most active investors hadn't seen since at least the turn of the century.

Over the last 18 months, the aggregate value of quarterly venture deals is a relatively stable figure, and is a useful indicator of general market activity. Over the last decade, it has averaged 7% fluctuations quarter to quarter. Between the second and third quarters of 2022, it dropped by nearly 50% with the quarterly mean staying flat through the end of 2023. In the first quarter of 2022, low interest rates, minimal trade barriers, and hyper-efficient world-spanning supply chains could be assumed. One quarter later, they could no longer be taken for granted and, investors began to take defensive measures by aggressively fundraising and reducing outlays. By the end of 2023, the industry had stopped holding out for a revival of the old status quo and adapted to meet the new reality.

Fund Activity

In 2023, there was $170.6 billion invested into 13,608 deals. While the patterns associated with the investment are unlikely a surprise to even casual observers, there is a little more to them than meets the eye.

Stage activity in 2023 started off with a strong pre-seed/seed bias for the first two quarters before it became much more biased to later stages by the end of the year. While there are numerous possible explanations, it's worth noting that ChatGPT debuted in the middle of Q4 2022, and the subsequent quarters saw steep increases in the proportion of investment they had going into early-stage software companies which generally had artificial intelligence or machine learning as a key part of their value proposition. The switch to favoring later stages in the second half of the year was likely caused by investors working to extend the runway for their most promising companies. This is supported by the fact that inside rounds reached a decade high by the end of 2023.

The primary sectoral story of 2023 is the proliferation of consumer-facing artificial intelligence tools, especially generative AI tools like ChatGPT , Claude, and Midjourney. While AI functionality is not new, in back-end functions like process automation and load optimization across computing systems, systems that are accessible without a high level of technical skill are in their early days of implementation across the market. The effort to fill that white space is highlighted by the increasing investment shares of commercial products and services as well as software. Combined, they made up nearly 60% of total venture deal value in 2023.

The biggest uncertainty around the market right now is the exit environment. 2023 had the lowest exit activity in a decade. This is leading to a peculiar chicken-and-egg situation where market observers are left wondering if there need to be more successful exits to spur investment or if more investment will spur exits. Regardless of the semantics, the sector is in a bit of a conundrum. Industry dry powder has increased in size every year since 2014, and while that is not a problem in the face of increasing investment, it could be problematic as the amount of dry powder relative to deployed assets under management increases. And LPs might be reluctant to allocate to venture. Maintaining that level of optionality isn't free, and with interest rates at multi-decade highs GPs are under extra pressure to deliver strong returns for their investors.

Non-Fund Influences

2023 began with a fraught geopolitical environment. It only became more complicated as the year progressed. While the land war in Europe was the lead story for most of the year, tensions on the other side of the world also rose. For thirty years the United States and China fueled global growth, leveraging each other's strengths in a textbook example of comparative advantage. However, over the past year, China's relationship with many of its biggest trading partners has grown increasingly sour. Attempts by China to indigenize a variety of supply chains for high-tech goods like semiconductors have been met with export restrictions by America and its allies. Additionally, the Chinese economy appears to be going through a significant secular slowdown driven by overinvestment in sectors like real estate and infrastructure. When combined with a rapidly aging population and increasing dispersion of formerly concentrated manufacturing supply chains, these issues paint a challenging picture for the Chinese economy. It is premature to judge the outcomes of theses shifts in the Chinese economy, but assumptions regarding the geopolitical trajectory of East Asia are notably less certain than at any time in at least the last decade.

If ongoing crises in Europe and east Asia weren't enough, the Middle East has once again turned into a central point for international tension. In the aftermath of Hamas' attack on Israel and the ensuing war in the Gaza Strip, tensions have flared across the region. One area in which impacts are likely to be felt across the world is in the Red Sea where Yemeni militants have engaged in acts of piracy against global commercial shipping. While a naval task force has been dispatched to the region to deal with the issue, as of publication there continue to be tension in the region. The issues regarding shipping in the Red Sea go beyond the transportation costs associated with adding roughly 6000 miles onto a trip from Europe to Asia. Egypt gets a significant amount of its federal budget from Suez Canal tolls and a sudden loss in government income could further exacerbate regional tensions. Furthermore numerous ships delivering food and other staples to countries like Yemen and Somalia have been targeted by Yemeni militants. All of this combined with thinly-staffed global merchant marine and minimal slack in the global freight fleet combines to make the situation extremely tenuous.

Policy Responses

MONETARY POLICY: FEDERAL RESERVE ACTION

In the face of generationally high inflation, the Federal Reserve raised its benchmark interest rate by over 400 basis points between April 2022 and January 2023. As of March 2024 it currently sits at 4.33%. While the inflation rate has decreased, the current inflation rate of 6.25% is well above the Fed's target of 2%. Expected to continue further into 2023, these rate hikes represent a strong shift from the easy money policies that have characterized the Federal Reserve's policy since the 2008 financial crisis.

FISCAL POLICY: FEDERAL GOVERNMENT ACTION

As the worst of the COVID-19 pandemic has abated, the federal government authorized significant funds across a variety of programs to strengthen the nation's entrepreneurial ecosystem. The CHIPS and Science Act and the Inflation Reduction Act invest hundreds of billions of dollars to support the next generation of American businesses across a variety of industries. The funds for most of these programs still need to be appropriated in the 118th Congress. The fact that these laws have yet to be implemented hasn't stopped other countries from racing to implement similar initiatives. For example, in February 2022, the EU announced the European Technology Champions Initiative, which allocates at least €10 billion for growth-stage investments in promising European tech companies across key focus areas. While smaller in scope, the European program is already active and in search of promising companies to back.

Current State

American VC entered 2023 capitalized, consolidated, and cautious, with more money, fewer firms, and a demand for fresh capital that exceeded the supply. Tensions in the sector were heightened in mid-March, when federal action was required to limit the impacts brought about when two of the most active financial service providers for the startup ecosystem failed. For portfolio companies, 2023 was a time to refocus on fundamentals and profitability. For investors, terms on new rounds were expected to become increasingly favorable—a change from the operator-friendly terms that had normalized in recent years. However, the closed IPO window remained and continues to remain a major concern across the sector. While there is broad agreement that M&A opportunities abound, the continued inability of companies to go public drags significantly on the market. Raising new funds in 2023 wasn't expected to be easy. Rising interest rates meant that asset allocators have a variety of attractive options to invest in, and fund managers needed to prove that they can provide exceptional value in a competitive financial landscape. Barring major shifts in current macroeconomic and geopolitical conditions, the likelihood of returning to the status quo in 2024 seems unlikely, and the full impacts of the institutional failures of mid-March 2023 remain to be seen. However, there are opportunities for optimism. The relative strength of the VC community's financial position means that it is well-positioned to invest in potential opportunities. Furthermore, if the laws passed by Congress are successfully funded and implemented, they will provided generational investments in critical industries across the country.

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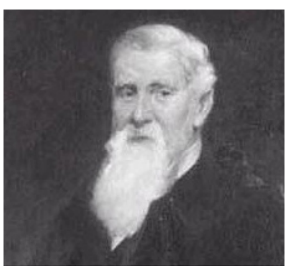
Venture Capital 101

Venture capital (VC) is a high-risk, high-reward asset class that supports entrepreneurs in their quest to turn ideas and basic research into high-growth companies. Venture capitalists help companies grow from individuals with ideas into mature organizations ready to change the world.

"So, we search for the exceptional man or woman, the entrepreneur. We become a partner in creating a dream. It is not a dream of just making money or creating capital gains. It is a dream of creating a company, a real business that changes our world." [1]

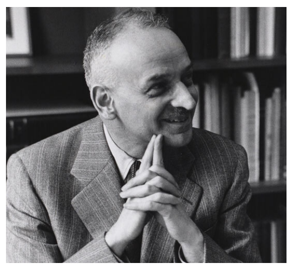
A Very Brief History of Venture Capital

Investments reminiscent of venture capital have been present since at least the 1850s, when merchant-banking interests in London and Paris syndicated with their junior partners in New York. Most notably, Ohio-born Jay Cooke made large equity investments in one of America's earliest



Jay Cooke, widely regarded as one of the fathers of American Venture Capital.

disruptive industries: railroads. The industry remained relatively small until the late 1940s, when Georges Doriot, Ralph Flanders, Karl Compton, and Merril Griswold came together led the founding of the American Research and Development Corporation (ARDC) in 1946.



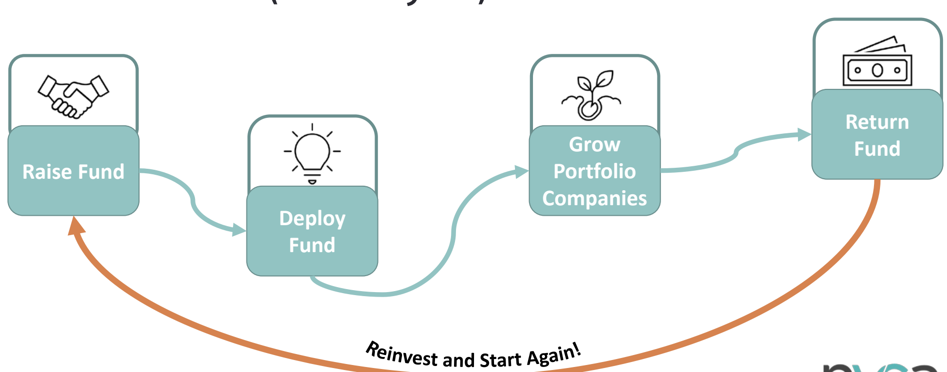
Georges Doriot Picture (Baker Library, Harvard Business School)

ARDC's founding encouraged institutional investors to back companies founded by servicemen returning from World War II. The company made hundreds of investments over the next few decades; one of the most famous was its $70,000 investment into Digital Equipment Corporation (DEC) which returned over fifty-thousand percent profit when DEC went public eleven years later. The success of ARDC and firms like it helped spur the development of the VC sector into a robust boutique industry focused on high-growth, high-tech industries centered around hubs like the San Francisco Bay Area and the Northeastern United States.

VC developed into its modern scale in 1979 when ERISA (the Employee Retirement Income Security Act) of 1979 instituted the "Prudent Man Rule." This allowed asset managers to assess the risk of an investment as part of a diversified portfolio rather than an isolated investment. This strategy spurred the evolution of VC from a boutique concern into a fully developed market segment. These venture firms invested into the region's nascent electronics and pharmaceutical industries, and helped turn companies like Apple, Cisco, Compaq, and Genentech, into household names.

VC's next evolution came in the 1990s when the first generation of major internet companies came into being. This generation included Amazon, Google, eBay, Yahoo, and PayPal. The ensuing Dot-com Bubble led to a frenzy in web-focused investment with capital commitments reaching an all-time high before bursting in mid-2000. The recession which followed the Dot-com Bubble led to a sharp contraction of the VC industry, but the next generation of VC-backed companies soon came onto the scene. Companies like Facebook (now Meta) Airbnb, Tesla, Dropbox, and Uber

What's Next? (It's a Cycle)



Source: NVCA 2024 Yearbook; Data provided by PitchBook

1: Dell'Acqua, Fabrizio and McFowland, Edward and Mollick, Ethan R. and Lifshitz-Assaf, Hila and Kellogg, Katherine and Rajendran, Saran and Krayer, Lisa and Candelon, François and Lakhani, Karim R., Navigating the Jagged Technological Frontier: Field Experimental Evidence of the Effects of AI on Knowledge Worker Productivity and Quality (September 15, 2023). Harvard Business School Technology & Operations Mgt. Unit Working Paper No. 24-013, pg 7. Available at SSRN: https://ssrn.com/abstract=4573321 or https://www.hbs.edu/ris/Publication%20Files/24-013_d9b45b68-9e74-42d6-a1c6-c72fb70c7282.pdf were all founded less than a decade after the Dot-com Bubble burst.

The Details

INVESTING

Venture capital is a unique asset class. With some room for exceptions, most companies funded by venture capital are new ideas that:

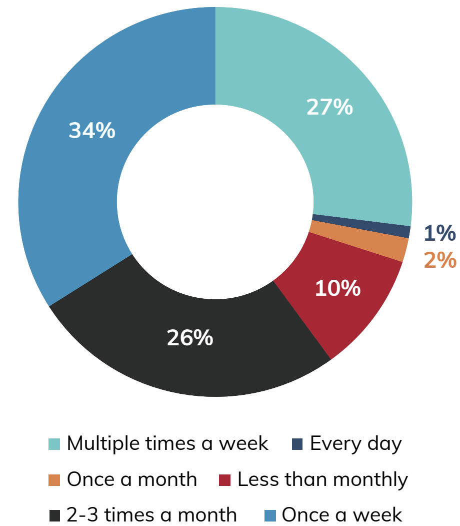
1. Cannot be financed with traditional bank financing;
2. Threaten established products and services in their respective verticals;
3. Require five to eight years (or longer!) to reach maturity.

Venture funds usually make equity investments in a company whose stock is essentially illiquid until it matures, and the VC fund exits its position. Generally, this takes at least five years, but eight or more years is not uncommon.

Venture funds find companies to invest in through a variety of methods. Sometimes they pursue deals, other times deals come to them. Once an investor finds a promising company, he or she researches the company to verify the legitimacy of its business model. This process, called due diligence, is often handled in-house, but depending on the size of the investment, external consultants or investigators might be engaged. According to a 2016 study, *How Do Venture Capitalists Make Decisions?* [2], for every company that a venture firm eventually invests in, the firm considers roughly 100 potential opportunities. The same study showed that the median venture firm closes about four deals per year. Team, business model, product/market fit and valuation are some of the factors venture investors consider when evaluating investments.

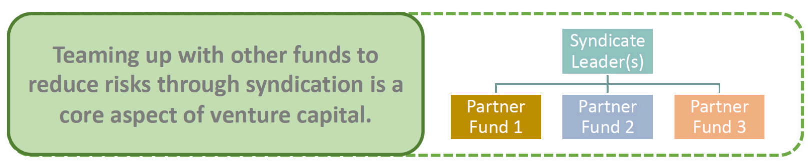
Upon completion of due diligence, a fund might make an investment solo, or pool its resources and syndicate its investment with other VCs.

Average Frequency of Contact With Portfolio Companies



Source: NVCA 2024 Yearbook; Data provided by PitchBook

Common Strategies for Fund Deployment



2023 US VC Deals by Sector ($B)

Sectors	Deals by Sector ($B)
Commercial Products & Services	$27.46
Consumer Goods & Services	$10.69
Energy	$3.91
HC Devices & Supplies	$6.77
HC Services & Systems	$13.12
IT Hardware	$6.34
Media	$1.39
Other	$10.63
Pharma & Biotech	$21.36
Software	$66.64
Transportation	$2.28

Source: NVCA 2024 Yearbook; Data provided by PitchBook

2: Paul A. Gompers, Will Gornall, Steven N. Kaplan, Ilya A. Strebulaev. 2016 Journal of Financial Economics, Volume 135, Issue 1,(2020) Pages 169-190, ISSN 0304-405X, https://doi.org/10.1016/j.jfineco.2019.06.011.

Syndication is a hallmark of venture capital. It allows funds to reduce their individual risk and pool prospecting resources. Generally, the fund which performed the prospecting and due diligence on a given deal is identified as the syndicate lead, a title which might lack any official benefits, but generally comes with both industry cachet and an implied more active relationship with the firm being invested into.

Venture differs from other forms of financing because investors don't expect to be paid back with interest. Rather they acquire a portion of a company at a given valuation. For example, ten million dollars invested at a hundred-million-dollar valuation means that the investor acquires ten percent of the company.

As a company grows, it might require follow-on investments which provide additional runway, allowing the company to maximize its potential before the investors exit their position. After several rounds with increasing valuations, investors' shares in the company can decrease in value relative to new ones. This process is called dilution. Non-equity funding instruments such as loans, are non-dilutive, however, they do generally need to be repaid with interest.

A VC investor's competitive advantage is twofold. First, the investor needs to pick good companies to fund. Then they leverage their expertise to provide value to the entrepreneurs in their portfolio. Upon investing in a given company, investors provide company management with strategic and operational guidance. They also connect entrepreneurs with potential investors, customers, and employees. VC investors become vital partners to the companies they back, and daily interaction with the management team is common. Any investor who has had a "home-run" investment will tell you that successful companies have active relationships with their investors and are always trying to leverage every resource to gain an advantage over their competition.

FUND STRUCTURE

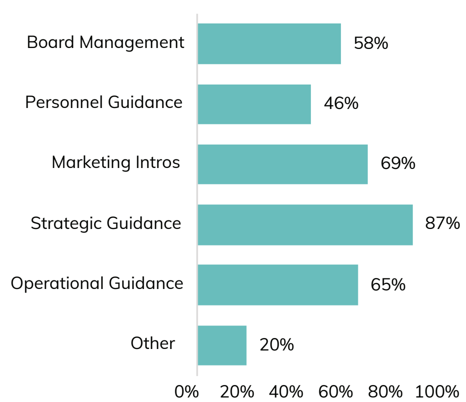
While the organizational structures used to create a venture capital fund are relatively common, the way venture capital leverages those structures is unique. First, the partners at a firm devise a thesis and a target size for the fund. Then, the firm pitches asset allocators like pension funds, insurance companies, family offices, and nonprofit endowments on their plan for the fund. After they reach their target amount of committed capital (the median fund was $35.7 million in 2023), they establish a limited partnership with the asset allocators as LPs and the firm itself as the general partner. Capital is disbursed by LPs through capital calls, which are legal rights of draw-down on an asset allocator's capital, usually exercised on the identification of a new investment.

For a typical investment, the VC will reserve three to four times the initial investment in case there is a need for follow-on financing. The investors in a venture fund only profit after the company they invest in is acquired or goes public. Although venture investors have high hopes for any company getting funded, the 2016 study, *How Do Venture Capitalists Make Decisions?*, found that, on average, 15% of a venture firm's portfolio exits are through IPOs while about half are through an M&A.

Primary Types of Exits

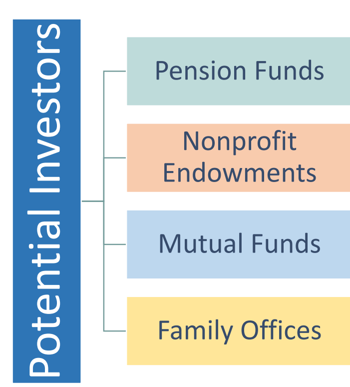
- Mergers and Acquisitions
- Public Listings
  - IPOs
  - Direct Listings
  - SPACs

Advice VCs Give Portfolio Companies



Source: NVCA 2024 Yearbook; Data provided by PitchBook

Who Invests in Venture Capital Funds?



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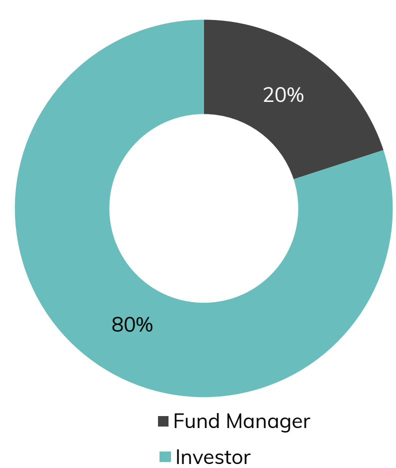
Typical Distribution of Profits Returned From a VC Fund



Source: NVCA 2024 Yearbook; Data provided by PitchBook

The Impact of Venture-backed Companies Beyond Financial Returns

The benefits of venture capital are not limited to their investors. A recent study by the Kauffman Foundation found that high-growth startups, like those backed by VCs, account for as many as 50% of gross jobs created annually between 1980 and 2010.[3]

There is a stark contrast between the level of job creation at VC-backed companies versus non-VC-backed companies. NVCA, Venture Forward, and the Kenan Institute of Private Enterprise at UNC released a 2022 report which found that employment at VC-backed companies grew 960% from 1990 to 2020 at a pace eight times higher than employment growth at non-VC-backed companies. The research also found that VC-backed jobs were resilient in economic downturns: after the 2008 financial crisis and during the Great Recession, annual job growth at VC-backed companies exceeded 4.0%. By comparison, total private sector employment shrank by 4.3% over the same period. And while California, Massachusetts, and New York have historically dominated VC activity, the report found that 62.5% of VC-backed jobs are outside those three states.[4]

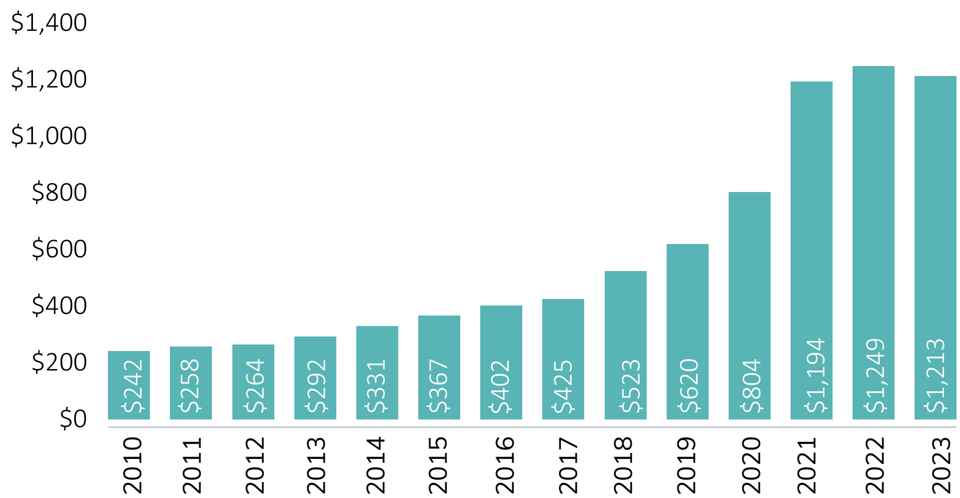
A 2015 study, The Economic Impact of Venture Capital: Evidence from Public Companies,[5] analyzed the impact venture-backed companies have had on the economy between 1978 and 2020. The study found that of the 1,677 U.S. companies that went public in that period, 834 (or 50%) were venture-backed. These 834 companies represent 77% of the total market capitalization on public markets,

VC AUM Summary Statistics

	2007	2015	2023
# of VC Firms in Existence	987	1,519	3,417
# of VC Funds in Existence	1,616	2,511	7,238
# of First-Time VC Funds Raised	47	217	117
# of VC Funds Raising Money this Year	199	581	474
VC Capitlal Raised this Year ($B)	$33.2	42.4	66.9
VC AUM ($B)	$219.2	366.8	1,212.90
Average VC AUM per Firm ($M)	$150.1	125.9	170.5
Average VC Fund Size to Date ($M)	$125.6	119.7	127.6
Average VC Fund Size Raised this Year ($M)	$184.4	92.1	157.5
Median VC AUM per Firm ($M)	$24.0	29.1	38.4
Median VC Fund Size to Date ($M)	$53.0	44	35.4
Median VC Fund Size Raised this Year ($M)	$100.0	20	36.5
Largest VC Fund Raised to Date ($M)	$3,000	$2,791.90	$4,000

Source: NVCA 2024 Yearbook; Data provided by PitchBook
* Number of firms in existence is based on a rolling count of firms that raised a fund in the last 8 vintage years.
* Number of VC funds in existence is based on a rolling count of funds that have closed in the last 8 vintage years
* AUM is calculated by adding together a firm's total remaining value and their total dry powder.

US Venture Capital AUM by Year



Source: NVCA 2024 Yearbook; Data provided by PitchBook
* Return data through 6/30/2023

3: Kauffman Foundation, The Economic Impact of High-Growth Startups (January 7, 2016). https://www.kauffman.org/-/media/kauffman_org/resources/2016/entrepreneurship-policy-digest/pd_highgrowth060716.pdf and Decker, Ryan, John Haltiwanger, Ron Jarmin, and Javier Miranda. 2014. "The Role of Entrepreneurship in US Job Creation and Economic Dynamism." Journal of Economic Perspectives, 28 (3): 3-24 https://www.aeaweb.org/articles?id=10.1257/jep.28.3.3
4: NVCA, Venture Forward, University of North Carolina Kenan Institute of Private Enterprise & Research. "An Analysis of Employment Dynamics at Venture-Backed Companies Between 1990 and 2020" February 2022. https://nvca.org/employment-dynamics

Fund and Firm Analysis

	Total Cumulative Funds	Total Cumulative Firms	Totoal Cumulative Capital ($B)	Existing Funds	Firms that Raised Funds in the Last 8 Vintage Years	AUM ($B)	Avg Fund Size ($M)	Avg Commitments + NAV ($M)	Median Fund Size ($M)	Median Commitments + NAV ($M)
2004	2305	979	$255.56	1612	867	$154.38	$116.80	$94.76	$51.00	$35.26
2005	2486	1049	$277.30	1627	923	$171.43	$119.38	$104.53	$50.30	$37.77
2006	2691	1113	$312.62	1661	954	$200.16	$122.92	$116.36	$51.20	$43.67
2007	2889	1180	$344.93	1606	947	$223.97	$127.11	$130.04	$53.10	$49.60
2008	3105	1252	$372.62	1434	852	$224.40	$128.54	$129.10	$53.80	$46.62
2009	3280	1309	$390.94	1387	831	$228.42	$128.35	$127.71	$52.90	$45.05
2010	3460	1382	$408.33	1422	853	$242.02	$128.31	$136.79	$52.00	$49.81
2011	3669	1467	$432.24	1519	903	$257.82	$127.58	$142.28	$50.00	$49.49
2012	3982	1610	$457.37	1677	1015	$263.91	$127.27	$137.95	$50.00	$43.57
2013	4323	1756	$479.87	1837	1114	$291.54	$124.36	$137.85	$50.00	$39.79
2014	4817	1998	$519.42	2126	1304	$330.78	$122.29	$135.58	$48.90	$33.72
2015	5400	2270	$561.86	2511	1519	$366.82	$119.63	$125.88	$45.00	$29.14
2016	6030	2554	$612.99	2925	1740	$402.23	$118.43	$123.33	$43.00	$29.45
2017	6695	2868	$659.65	3415	2013	$424.95	$115.87	$118.31	$40.16	$28.14
2018	7485	3217	$730.85	4025	2306	$523.14	$117.73	$130.04	$40.00	$30.77
2019	8271	3505	$804.61	4602	2541	$619.66	$117.73	$140.15	$40.00	$34.36
2020	9195	3822	$897.32	5213	2772	$803.72	$120.24	$152.98	$40.00	$36.92
2021	10739	4325	$1,069.07	6416	3181	$1,193.58	$122.33	$188.00	$38.48	$44.66
2022	12113	4731	$1,243.40	7296	3426	$1,248.59	$127.64	$180.56	$36.00	$44.35
2023	12638	4898	$1,317.27	7238	3417	$1,212.91	$128.48	$170.48	$35.70	$38.40

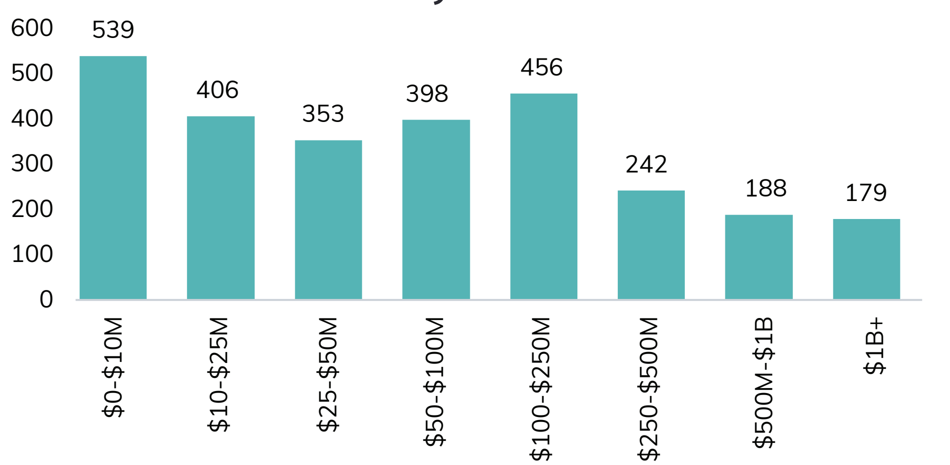
Source: NVCA 2024 Yearbook; Data provided by PitchBook

92% of national research and development expenditure, and 81% of total patents granted by the USPTO.[5]

At the end of 2023, VC-backed companies accounted for the seven largest publicly traded companies by market capitalization in the world: Microsoft ($2.95 trillion), Apple ($2.85 trillion), Alphabet ($1.77 trillion), Amazon ($1.6 trillion), Nvidia ($1.97 trillion), and Meta ($1 trillion). [6]

Furthermore, recent research released by Silicon Valley Bank found that 42% of FDA-approved U.S. drugs between 2009 and 2018 originated with venture capital funding. [7]

Distribution of Firms By AUM in 2023



Source: NVCA 2024 Yearbook; Data provided by PitchBook

*Methodology note: due to potential issues reconciling current fundraising data with VMR fundraising, we elected to specifically pull FR data for this section. As a result, fundraising numbers may not match the VMR exactly.

Criteria used: only US-Based and closed funds were counted. A fund is assumed to exist if it closed within the eight years preceding the as-of year. Median and average firm size is calculated using the dry powder and remaining value of all funds of a given investor as of a given year.

5: Gornall, Will and Strebulaev, Ilya A., The Economic Impact of Venture Capital: Evidence from Public Companies (June 2021). Available at SSRN: https://ssrn.com/abstract=2681841 or http://dx.doi.org/10.2139/ssrn.2681841

6: YCharts data as of December 31, 2021.

7: Silicon Valley Bank, "Trends in Healthcare Investments and Exits 2019" (Mid-year report 2019) https://www.svb.com/globalassets/library/managedassets/pdfs/healthcare-report-2019-midyear.pdf

Software Company Examples

chime, databricks, instacart, gopuff, flexport, Klarna, Rappi, stripe

Commercial G&S Company Examples

CloudKitchens, gusto, Sila, INDUSTRIOUS, CONVOY

Consumer P&S Company Examples

CAVA, HARRY'S, NOOM, via, OfferUp

Venture Capital Today

OVERVIEW

Modern venture capital is getting more diverse. An industry which was previously under the purview of a small number of people in a few of the nation's commercial centers is expanding to include a greater diversity of people, geographies, and disciplines. While most VC investment continues to be directed to the commercial hotspots of Boston, New York City, and the Greater San Francisco Bay Area, 2023 saw deals closed in every state, Puerto Rico, and District of Columbia.

SECTORS

The biggest sectoral story in 2023 was AI. While a somewhat amorphous category, it could generally be slotted into the software category which accounted for roughly 40% of all deals nationwide in 2023. However, the breadth of software as a category means that it includes everything from gaming companies to fintech to cloud computing, among others. It might be more helpful to visualize software as a category defined by its inputs, which are the efforts of software engineers.

Healthcare-related investment was the next-largest category for VC investment in 2023. It made up about 24% of all deals in 2023. Healthcare-related investments' three major sub-categories include: pharma/biotech, healthcare services and systems, and healthcare devices and supplies. While these three categories contain numerous specialties among them, they are united by their intended function, which is healthcare.

The next two largest categories fall under the goods and services category: commercial products and services and consumer goods and services. They accounted for 16% and 6% of all deals in 2023, respectively. Their point of meaningful differentiation is their customer. One is consumer facing while the other focuses on business-to-business transactions.

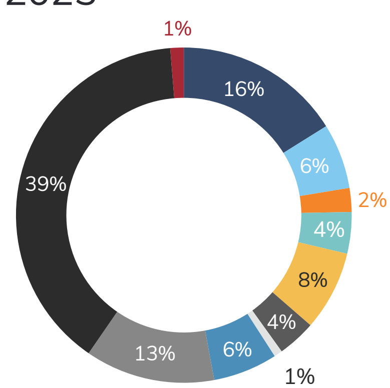
Those three categories, Software, Healthcare, and Goods + Services accounted for 90% of deals in 2023. The next largest category is "other" at 6% of deals in 2023. No other category accounted for more than 3% of deals in 2023.

STAGES

In 2023, 32% of overall deals went to angel or seed rounds. 33% went to early-stage rounds, 29% went to late-stage rounds, and 6% of deals went to venture growth.

For more information on U.S. VC in 2023 please consult the appendices to this report.

Share of US VC Deal Value by Sector in 2023



Source: NVCA 2024 Yearbook; Data provided by PitchBook

Learn more: *If you're interested in an introductory certificate course on VC, check out VC University ONLINE. And more detailed history of VC is available here.*

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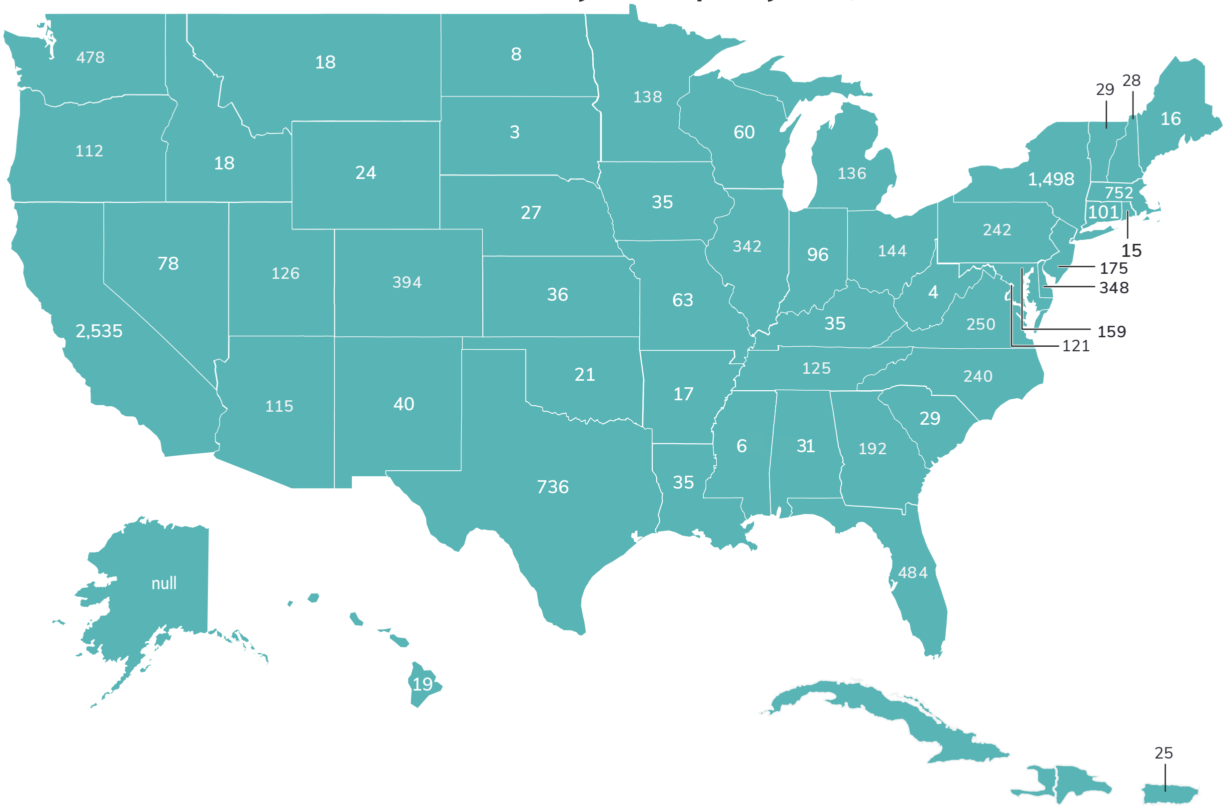
Data provided by PitchBook

Active Investor Count in 2023 Deals by Company HQ State



Source: NVCA 2024 Yearbook; Data provided by PitchBook

Number of Active Investors

	# of Active Investors	# of Active 1st Round Investors	# of Active Life Science Investors	# of Active VC Investors	# of Active VC 1st Round Investors	# of Active VC Life Science Investors	# of Active US Investors	# of Active US 1st Round Investors	# of Active US Life Science Investors	#Active US VC Investors	#Active US VC 1st Round Investors	#Active US VC Life Science Investors
2004	2243	826	787	1181	502	451	1750	703	614	968	436	373
2005	2401	960	811	1209	526	458	1874	798	617	1025	471	374
2006	2587	1112	812	1260	601	482	2017	906	656	1064	521	408
2007	3130	1328	1011	1452	673	566	2419	1074	811	1222	586	476
2008	3337	1337	973	1509	636	545	2555	1060	779	1267	541	458
2009	2891	1148	844	1311	532	494	2198	922	685	1100	473	428
2010	3373	1445	833	1440	610	479	2514	1118	672	1217	533	413
2011	4452	2067	943	1667	784	511	3084	1535	760	1386	687	443
2012	5265	2292	981	1860	814	546	3522	1625	813	1559	707	473
2013	6153	2408	1066	2025	812	537	3780	1549	830	1684	725	450
2014	6635	2018	1154	2057	628	555	3819	1084	836	1751	534	468
2015	8792	3619	1514	2524	1150	681	4446	1900	999	2072	960	569
2016	8867	3493	1326	2828	1326	680	4598	1903	948	2320	1100	575
2017	9833	3684	1723	3357	1666	903	5046	2087	1218	2680	1349	736
2018	11426	4089	2177	3856	1848	1114	5639	2352	1420	2984	1470	875
2019	12868	4512	2388	4306	2005	1213	6320	2547	1580	3389	1642	963
2020	14181	5089	2837	4619	2121	1480	6658	2748	1838	3568	1751	1157
2021	20217	8040	3647	5975	3097	1797	8578	3692	2261	4385	2383	1354
2022	17525	7414	2616	5498	2996	1409	8054	3640	1818	4136	2322	1098
2023	11543	4732	2147	4640	2498	1252	6289	2757	1534	3525	1920	990

Source: NVCA 2024 Yearbook; Data provided by PitchBook

*Active investor definitions are as follows. Active Investors are Investors hq'ed globally who made 1+ venture capital type investments in US Companies. Active VC Investors are Venture Capital, Corporate Venture Capital, or Not-for-profit Venture Capital investors who are headquartered globally and made 1+ venture capital type investments in US companies.

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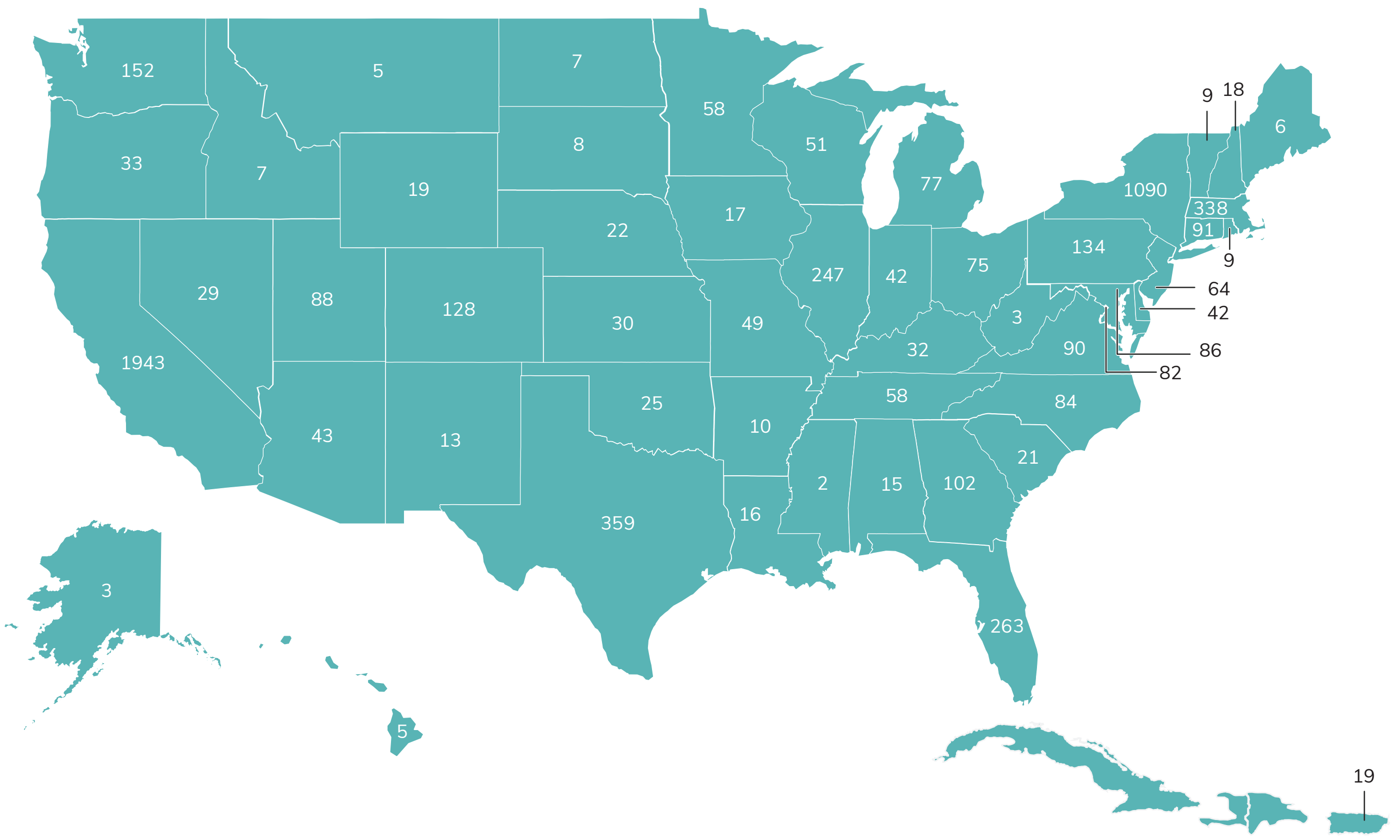
Data provided by PitchBook

At-a-Glance: The US Venture Industry

Active US Investor count in 2023 deals by Investor HQ state



Source: NVCA 2024 Yearbook; Data provided by PitchBook

Overview

2023 was an unsurprising year in venture capital. $170.6 billion was invested into 13,600 deals, touching every state and territory of the United States. While this 30% drop-in activity was unwelcome, it was not unexpected. The VC market began a period of retrenchment in Q3 2022, and the levels of overall market activity have remained flat from the beginning of Q3 2022 to the end of Q4 2023. The current generation of investors, who came of age in the era of globalization, had been able to depend on low interest rates, minimal trade barriers, and hyper-efficient world-spanning supply chains. But by mid-2022, investors realized that the world had changed. And by the end of 2023, they realized that it wasn't changing back anytime soon.

Going Into 2023

Deal activity in Q1 2023 was relatively strong compared to the last two quarters of 2022. $54.6 billion was a remarkably high level of activity any time other than the heady days of 2021. After Q1 activity dropped off sharply, the overall quarterly average was $42 billion for the year. Fundraising was modest across the entire year, but beyond discussions about geopolitics or monetary policy, it's also worth noting that from 2018 to 2022 every year had, consecutively, been the highest ever for VC fundraising and the industry began the year with record amounts of dry powder. So, while uncertainty and high interest rates meant lower fundraising numbers were significantly more likely than not, it also stands to reason that funding would have dropped off somewhat for a sector that was already funded at record levels.

Market Shifts

Under ideal market conditions, investors need a robust product/market fit, a strong business model, and a capable management team to make decisions. However, 2023 brought new challenges. The world reopened after the first major pandemic in a century. The first European war of conquest in 75 years heightened anxiety across the globe. The highest inflation in a generation hit consumers and impacted purchasing power. And an increasingly aggressive China provided the United States with an economic and political challenge not seen since at least the turn of the century. Combined, these conditions upset decades of market orthodoxy and offer a bounty of perils and opportunities for enterprising investors.

Coming Out Of 2023

While there was no inevitability to the tepid investment environment of 2023, it would have probably needed some of the non-market stressors that had developed over the prior years to be resolved. That didn't happen. Instead interest rates continued to go up, the war in Ukraine continued to intensify, and China's political and business relationships with America and its allies continued to sour. Numerous other macroeconomic issues appeared in 2023 and remain unresolved. Hamas' attacks on Israel and the ensuing war in the Gaza Strip have also has numerous impacts on the global economy. One which remains to be resolved is the threat to global shipping from Iran-backed Yemeni militants. Their attacks on commercial vessels transiting the Red Sea have resulted in dramatic increases in transit costs for countless goods as ships divert around the Cape of Good Hope.

Active US Investor count in 2023 deals by Investor HQ state

Company State	Investor Count
California	1943
New York	1090
Massachusetts	338
Texas	359
Illinois	247
Florida	263
Washington	152
Pennsylvania	134
Colorado	128
Connecticut	91
Georgia	102
Virginia	90
Maryland	86
Michigan	77
North Carolina	84
Ohio	75
New Jersey	64
District of Columbia	82
Utah	88
Tennessee	58
Minnesota	58
Missouri	49
Wisconsin	51
Arizona	43
Indiana	42
unknown	69
Oregon	33
Delaware	42
Nevada	29
Kentucky	32
South Carolina	21
Kansas	30
Nebraska	22
Iowa	17
Louisiana	16
Oklahoma	25
Alabama	15
New Hampshire	18
Wyoming	19
New Mexico	13
Rhode Island	9
Maine	6
Arkansas	10
Hawaii	5
Vermont	9
Idaho	7
Puerto Rico	19
South Dakota	8
Montana	5
West Virginia	3
North Dakota	7
Mississippi	2
Alaska	3
Virgin Islands	1

Source: NVCA 2024 Yearbook; Data provided by PitchBook

Going Forward

The VC sector is entering 2024 much the same way it did 2023—capitalized, consolidated, and cautious. Despite record levels of dry powder, investors weren't profligate in 2023. Instead, they made a small number of high-dollar investments with a special focus on sectors like artificial intelligence and commercial products & services.

It would be a fool's errand to try to anticipate likely market behavior in 2024. Fundamentally it looks similar to 2023, where well-capitalized investors can focus on efficiency and fundamentals. However, the record levels of dry powder represent something of a mixed blessing for the industry. Maintaining that level of optionality isn't cost free for GPs or LPs, and eventually GPs will need to decide whether they're going to invest their funds or return them to their LPs unspent. It's not possible to know what the right choice is, but when the capital structure of the market is visualized, with a huge amount of committed capital on one side and a miniscule amount of exit activity on the other, it resembles a blocked pipe. What happens after it's unstopped remains to be seen.

AUM by State by Year ($M)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Alabama	$136.49	$158.68	$150.85	$133.45	$156.81	$135.49	$173.76	$232.20	$236.98	$197.04
Alaska	$2.13	$2.19	$2.39	$2.65	$3.14	$4.31	$117.90	$131.59	$148.07	$132.60
Arizona	$567.90	$623.63	$692.62	$739.37	$869.58	$1,121.92	$1,240.83	$1,898.43	$1,731.29	$1,516.97
Arkansas	$0.46	$0.48	$157.36	$171.12	$184.34	$213.65	$243.89	$336.88	$297.84	$268.06
California	$168,575.28	$188,021.78	$213,064.95	$223,792.65	$282,849.98	$331,711.41	$435,455.64	$638,205.43	$661,163.70	$644,487.45
Colorado	$3,553.12	$4,077.36	$3,545.94	$3,919.15	$3,953.11	$4,557.61	$5,164.75	$7,490.78	$8,698.10	$8,292.38
Connecticut	$7,913.06	$6,580.02	$6,480.00	$7,022.23	$7,007.63	$6,992.22	$7,511.76	$13,068.41	$13,393.95	$12,842.94
Delaware	$159.03	$152.04	$178.94	$173.52	$181.88	$184.15	$169.75	$232.18	$209.03	$296.86
District of Columbia	$3,053.72	$3,570.65	$4,161.29	$4,253.74	$4,335.68	$5,548.22	$8,397.05	$11,240.20	$14,019.45	$13,122.11
Florida	$2,645.58	$3,019.07	$3,129.89	$3,409.35	$4,007.66	$10,513.72	$13,817.44	$23,413.38	$35,511.85	$33,621.84
Georgia	$1,936.17	$2,026.10	$1,859.00	$1,985.96	$1,997.16	$3,138.47	$3,550.30	$5,179.10	$6,663.51	$6,263.23
Hawaii	$31.29	$28.70	$25.55	$45.52	$51.70	$56.34	$512.35	$1,797.58	$1,789.36	$1,766.44
Idaho	$386.69	$352.30	$375.78	$351.62	$260.69	$211.66	$226.33	$244.94	$212.06	$213.39
Illinois	$7,046.22	$7,757.12	$9,650.44	$10,496.23	$13,077.53	$15,176.64	$21,671.69	$29,732.27	$30,972.96	$28,851.59
Indiana	$637.99	$650.47	$683.42	$607.98	$749.78	$717.97	$759.90	$1,319.13	$1,275.41	$1,247.67
Iowa	$25.54	$23.24	$70.94	$156.51	$210.37	$207.25	$286.41	$693.62	$658.72	$629.87
Kansas	$3.96	$5.30	$4.70	$4.79	$58.20	$92.16	$134.34	$174.90	$199.43	$165.74
Kentucky	$343.74	$372.97	$335.47	$249.39	$217.82	$203.09	$230.58	$185.60	$138.13	$159.97
Louisiana	$205.06	$189.25	$171.97	$180.16	$194.06	$162.95	$308.56	$351.76	$335.35	$324.50
Maine	$255.79	$270.96	$253.35	$254.67	$266.58	$329.60	$272.90	$371.39	$328.16	$203.01
Maryland	$11,750.56	$14,604.66	$15,020.75	$17,733.64	$17,113.71	$20,740.30	$22,675.62	$30,792.56	$25,439.97	$27,999.84
Massachusetts	$45,268.92	$47,587.54	$51,634.31	$52,003.49	$61,128.63	$70,473.57	$91,073.19	$130,498.01	$125,704.68	$121,709.91
Michigan	$1,002.10	$1,192.36	$2,460.18	$2,659.69	$2,976.43	$3,612.10	$3,917.37	$5,869.55	$5,349.62	$5,123.79
Minnesota	$1,578.00	$1,550.78	$1,441.07	$1,528.64	$1,388.54	$2,198.23	$2,478.58	$4,010.62	$3,877.40	$3,515.29
Mississippi	$2.35	$2.58	$2.96	$2.73	$3.15	$3.76	$4.16	$5.08	$4.07	$4.23
Missouri	$2,126.46	$2,111.18	$2,053.37	$2,364.50	$2,599.10	$2,979.83	$3,302.31	$4,639.04	$4,091.89	$4,049.06
Montana	$4.17	$4.11	$25.99	$28.01	$71.76	$80.60	$87.20	$471.02	$462.66	$435.25
Nebraska	$89.41	$82.53	$117.74	$121.28	$119.21	$129.31	$136.36	$258.94	$194.96	$192.20
Nevada	$17.94	$54.89	$51.06	$572.25	$635.19	$735.77	$1,152.50	$1,638.49	$1,418.02	$1,377.16
New Hampshire	$90.97	$90.91	$96.83	$178.46	$356.14	$616.22	$929.26	$1,891.49	$2,289.75	$2,089.77
New Jersey	$4,911.57	$4,762.88	$4,340.23	$2,991.05	$3,096.24	$2,808.90	$2,686.04	$4,200.12	$3,872.01	$3,559.63
New Mexico	$76.51	$56.26	$72.21	$70.62	$97.85	$119.88	$236.44	$295.40	$314.62	$253.86
New York	$42,808.24	$51,980.81	$54,568.28	$58,961.20	$73,096.76	$88,187.61	$118,011.40	$184,564.87	$198,149.49	$194,483.16
North Carolina	$1,299.15	$1,417.68	$1,623.52	$1,555.44	$1,612.64	$2,365.73	$2,778.88	$4,618.95	$4,553.76	$3,981.84
North Dakota	$3.24	$3.34	$3.64	$5.91	$6.85	$8.92	$8.89	$11.23	$10.62	$8.38
Ohio	$1,954.48	$1,970.74	$2,331.38	$2,302.68	$2,456.49	$3,360.27	$4,339.24	$5,802.69	$5,457.70	$4,633.89
Oklahoma	$42.86	$50.88	$46.63	$46.46	$41.57	$43.87	$61.79	$121.85	$111.54	$234.19
Oregon	$269.20	$282.12	$363.63	$381.22	$508.82	$574.13	$652.84	$1,034.51	$1,101.62	$999.81
Pennsylvania	$4,290.87	$4,652.29	$4,472.02	$4,011.50	$3,927.58	$4,320.61	$4,645.02	$6,512.86	$6,378.04	$6,850.07
Rhode Island	$1.21	$5.95	$1.61	$1.85	$9.99	$40.45	$5.33	$28.30	$3.20	$2.78
South Carolina	$286.10	$324.61	$294.65	$296.26	$222.99	$228.76	$282.07	$359.41	$319.33	$302.82
South Dakota	$64.54	$60.07	$63.51	$48.70	$46.19	$38.10	$37.61	$51.52	$38.90	$34.78
Tennessee	$839.39	$859.63	$1,262.52	$1,229.82	$1,523.38	$1,954.96	$2,460.59	$3,057.32	$3,951.90	$3,639.83
Texas	$8,398.77	$8,163.14	$8,751.07	$10,255.59	$12,605.70	$15,770.91	$19,144.00	$31,994.62	$33,600.57	$32,482.08
Utah	$1,638.01	$1,932.13	$2,113.89	$1,971.00	$2,235.41	$3,023.91	$3,550.69	$4,975.46	$5,559.37	$5,780.94
Vermont	$119.96	$128.87	$129.54	$197.59	$208.02	$237.90	$292.02	$517.30	$377.07	$369.42
Virginia	$4,352.27	$5,044.48	$4,851.98	$4,764.02	$6,062.87	$7,126.33	$7,381.56	$12,377.38	$12,917.09	$13,745.49
Washington	$5,838.53	$8,113.05	$8,010.38	$9,995.16	$13,367.27	$14,457.52	$22,922.51	$29,967.30	$30,586.50	$28,634.36
Wisconsin	$489.17	$453.09	$504.31	$635.65	$820.81	$1,179.35	$1,294.82	$1,922.03	$1,875.74	$1,914.73
Wyoming	$41.85	$59.17	$265.20	$282.20	$447.29	$491.46	$539.70	$1,649.64	$2,243.15	$2,167.54

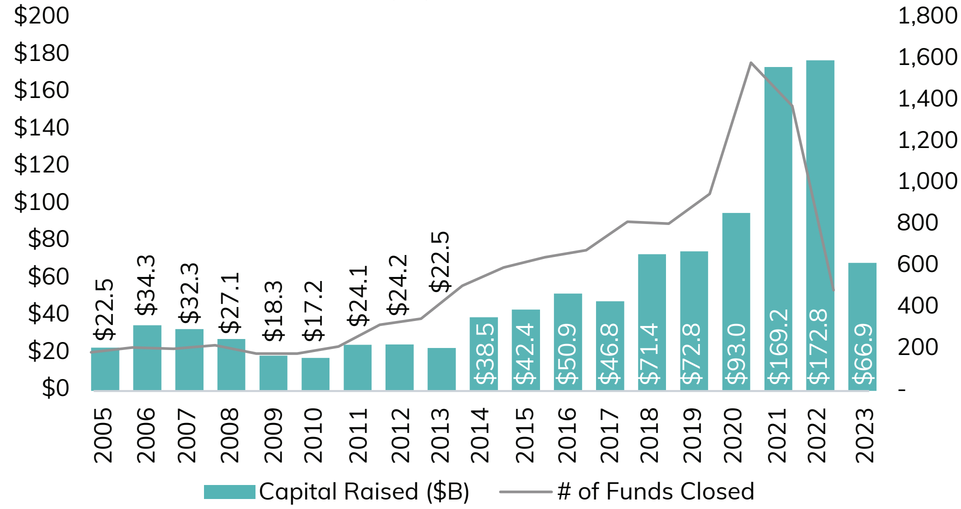
Source: NVCA 2024 Yearbook; Data provided by PitchBook | *For this table, we give precedent to the fund location, but if unavailable, we use the HQ location of the firm.

Fundraising

Facts and Figures

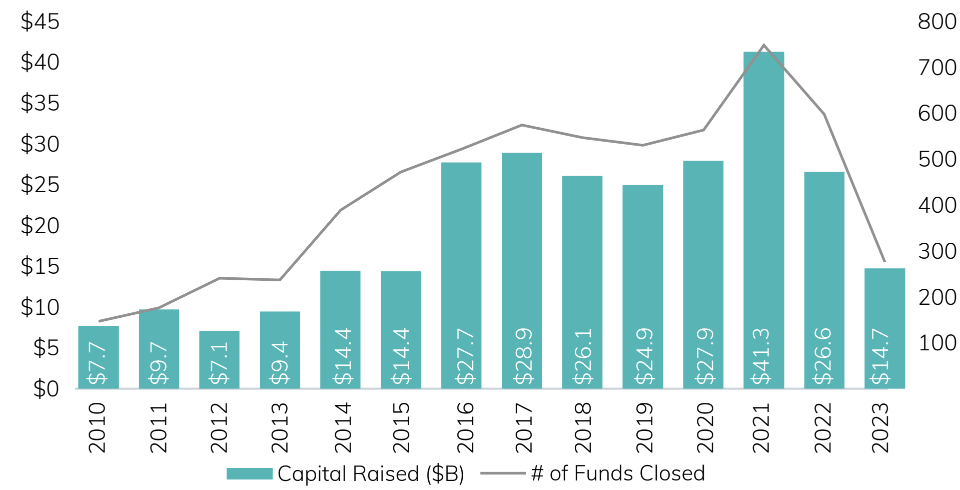
In 2023, US venture funds raised $66.9 billion across 474 funds. This marks a steep decline from 2022's fundraising record of $172.8 billion raised across 1,340 funds. While the potential reasons for this decline can be debated, its reality cannot. The 61% decline marks the largest year-on-year fundraising drop in nearly two decades. While the full impact of these changes will be chronicled for years to come, some of the reasons most readily apparent in the 2023 fundraising data include: continued market consolidation, decreasing market share for emerging managers, and the continued decline of the market from the heights of 2021. While steep, it is worth noting that this decline comes after the biggest growth in sector history, with overall fundraising falling to its lowest level since 2017. Despite its relative decline, the sector remains well-capitalized with nearly $312 billion in dry powder left over from prior years, so there is still significant capital to be deployed.

US VC Fundraising by year



Source: NVCA 2024 Yearbook; Data provided by PitchBook

US First Time VC Fundraising by year



Source: NVCA 2024 Yearbook; Data provided by PitchBook

Market Context

In 2022, the big story was about how changing geopolitics kept the world economy from returning to a semblance of pre-COVID normality. In 2023, the big story was that pre-COVID normality was not coming back soon. The placid geopolitics, low interest rates, minimal trade barriers, and hyper-efficient supply chains which facilitated the greatest increases in global prosperity since the industrial revolution could no longer be taken for granted. This uncertainty has impacted all aspects of the venture ecosystem, with fundraising hit especially hard.

At the end of 2019, managers raising funds were operating in a mature business cycle with minimal trade barriers and low interest rates, making VC's ability to deliver outsized returns attractive. This trend intensified over the COVID-19 pandemic with investors pouring record levels of funds into the VC sector in hopes of gaining exposure to cutting-edge high-growth industries. The dynamics of this cycle shifted sharply in mid-2022 when rising inflation, interest rates, and international conflict resulted in the biggest change to market dynamics in at least a generation.

This background is necessary because while the events of 2020-2023 might be receding in society's collective rear-view, their impacts aren't. Fundraising is the beginning of the road in venture , and it is increasingly challenging as GPs need to deliver higher returns amidst a less certain climate than at any time since at least the turn of the century.

Points of Interest

MONETARY POLICY

In January 2001, the effective Federal Funds Rate was 5.98%. This was well in line with the prior decade and well below the double-digit rates of the 1980s. However, in the face of the Dot Com Bust, Federal Reserve Chair Alan Greenspan started cutting interest rates. By December, the rate was below 2%. For the next two decades, interest rates averaged 1.29% until they had to be raised to combat the rise in inflation that accompanied the waning of the COVID-19 pandemic in early-2022.

From 2001-2021 the US consumer price index (CPI) (less food and energy costs), a standard measure of inflation, averaged 2.2% with a maximum of 3.5%. Then, starting in early 2021, the CPI increased every month for over two years. To contain the rising inflation, the Federal Reserve engaged in aggressive rate hikes, going from 0.08% in February 2022 to 5.33% in August 2023, an increase of over 66x, where it has stayed. As inflation has started to slowly decline, the Federal Reserve has indicated that though some rate cuts are on the horizon, interest rates will remain well above their 21st century average for the foreseeable future.

In the simplest terms, low interest rates mean that asset allocators need to invest more heavily into higher-risk, higher-return assets like VC. When interest rates increase, allocators are able to meet their targets in lower-risk assets and their venture allocations generally decrease commensurately. While it is difficult to assess the precise impact of interest rate hikes on venture fundraising, in all likelihood they were significant.

FOREIGN AFFAIRS

In 2023, most of the geopolitical confounders that came into play in 2022 continued to be major factors. The Russian invasion of Ukraine has kept European energy prices high, driven up food prices in the developing world, and hastened a variety of geopolitical realignments across the world. China's combination of a structurally slowing economy and a less friendly environment for foreign companies and capital has led to a steep decline in investment into the Chinese market as well as efforts to diversify formerly highly centralized supply chains. Increased instability in the Middle East has resulted in increased costs to global trade, and a variety of crises ranging from Pakistan to Sudan have uprooted the lives and livelihoods of hundreds of millions of people.

These seemingly compounding crises have introduced a level of complexity that allocators and investors alike have not dealt with in a generation. Drawing bright lines between any one of them and their impact on venture fundraising is beyond the scope of this report. But it would be a mistake to omit an uncertain global environment when trying to understand trends related to fundraising such as lower overall allocations, less capital going to emerging managers, and more funds going to larger funds with established managers.

2023 Top States by VC Capital Raised

	# of Funds	Capital Raised ($M)
California	231	$36,982.64
New York	82	$11,630.05
Massachusetts	27	$5,808.53
Maryland	8	$3,368.60
Virginia	13	$1,876.81
Georgia	6	$1,364.21
Texas	27	$1,197.09
Pennsylvania	7	$1,090.50
Illinois	15	$896.27
Washington	16	$781.15
Florida	12	$723.11
District of Columbia	2	$598.57
Michigan	4	$481.16
Colorado	6	$403.88
Utah	8	$330.69
Wisconsin	3	$263.89
Tennessee	5	$184.33
Connecticut	4	$171.13
Missouri	3	$158.70
Oklahoma	2	$126.00
North Carolina	3	$117.30
Wyoming	1	$115.00
unknown	2	$70.50
Delaware	6	$57.44
New Hampshire	19	$33.45
Vermont	2	$22.51
Nebraska	2	$21.25
Indiana	1	$20.00
Oregon	1	$12.33
Louisiana	1	$10.00
Alabama	1	$3.67
New Mexico	2	$3.65
Iowa	1	$2.00
Ohio	1	$0.59

Source: NVCA 2024 Yearbook; Data provided by PitchBook

MARKET TRENDS

While the most salient questions about fundraising are how much capital has been raised and who raised it, there are a few other points of concern about fundraising in 2023 and how the trends may impact the year ahead.

CONSOLIDATION

2023 saw 117 first-time funds raised across the US VC sector, the smallest overall number of funds raised since 2013. However, with a category mean of nearly $67 million (a near doubling over the 2022 mean of $34.8 million), the first-time funds raised were the largest in at least a decade. While the impacts of this trend remain to be seen, this trend of more capital going to fewer managers remains largely unabated.

NON-TRADITIONAL INVESTORS (NTIS) AND CORPORATE VC

NTIs and CVCs have become increasingly valuable parts of the venture investing community. While pressures on these investors to reduce their exposure to venture risk may increase in the future, their relative share of market increased slightly in 2023.

FEDERAL FUNDS

The policy highlights section of this report details the increasing variety of venture-relevant federal funds that investors and portfolio companies can take advantage of. In many cases, these funds are non-dilutive and have a variety of other attributes which make them attractive in a tight monetary environment. However, these opportunities could be less attractive if the government attaches onerous conditions to them (like the proposed NIST March-In Framework) which would render these funds uneconomic for virtually all investors.

Going Forward

2023 VC fundraising continued the steep decline in overall venture fundraising that began in late 2022. Less money was raised with more of it going to a smaller number of investors who have robust track records and/or professional pedigrees. While fundraising was tepid in 2023, it is also important to note that the overall amount of dry powder the industry sat on increased slightly in 2023 to $311.6 billion. This is largely the result of record fundraising in prior years and increasingly cautious deployment tactics over the last 18 months. Regardless of the headlines, it stretches credulity to say that sitting on record amounts of cash is a crisis. However, the industry isn't thriving if those funds aren't being deployed to build companies and return cash to their investors. The state of those parts of the venture sector will be covered in the following sections.

10 Largest US VC Funds in 2023

Investor Name	Fund Name	Fund Size ($M)	Close Date	Fund State
TCV	Technology Crossover Ventures XII	$4,000.00	5/1/2023	California
New Enterprise Associates	New Enterprise Associates 18	$3,050.00	1/27/2023	Maryland
B Capital Group	B Capital Global Growth III	$2,100.00	1/19/2023	California
OrbiMed	OrbiMed Private Investments IX	$1,860.00	10/24/2023	New York
Bain Capital Ventures	Bain Capital Venture Fund 2022	$1,400.00	1/1/2023	Massachusetts
Lux Capital	Lux Ventures VIII	$1,150.00	4/13/2023	New York
COSMIC MANAGEMENT	Cosmic - Aleph 3	$1,095.00	11/3/2023	California
Cloud Toronto Venture Capital	FYBN Funds	$1,000.00	1/1/2023	Georgia
Greylock	Greylock XVII	$1,000.00	10/3/2023	California
CCMCO	C2 Investments	$1,000.00	6/21/2023	California

Source: NVCA 2024 Yearbook; Data provided by PitchBook

VC Fundraising by State by Year ($M)

	2016	2017	2018	2019	2020	2021	2022	2023
California	$31,317.94	$22,597.70	$42,810.26	$40,119.96	$41,891.06	$87,669.35	$89,570.80	$36,982.64
New York	$3,792.12	$3,689.31	$12,101.18	$8,230.12	$18,005.85	$30,918.51	$35,379.61	$11,630.05
Massachusetts	$6,239.48	$6,992.53	$6,206.81	$6,949.85	$9,211.85	$14,622.42	$10,726.04	$5,808.53
Florida	$131.62	$90.70	$563.02	$5,979.38	$1,637.22	$5,851.73	$11,883.46	$723.11
Texas	$1,414.88	$2,036.11	$1,811.72	$2,615.23	$2,505.33	$5,626.31	$3,847.53	$1,197.09
Maryland	$10.00	$3,439.39	$100.50	$232.33	$3,985.02	$1,085.67	$441.75	$3,368.60
Illinois	$1,667.02	$1,881.70	$842.21	$1,165.28	$2,436.74	$5,337.50	$5,279.80	$896.27
Washington	$499.08	$1,709.26	$2,652.92	$870.34	$4,759.28	$2,708.34	$4,065.92	$781.15
Virginia	$666.07	$321.55	$1,223.49	$490.50	$661.71	$2,828.77	$792.28	$1,876.81
District of Columbia	$840.31	$624.40	$273.24	$687.46	$2,376.64	$470.65	$3,193.03	$598.57
Connecticut	$413.20	$655.90	$347.30	$860.84	$116.82	$1,747.86	$2,223.67	$171.13
Pennsylvania	$236.35	$144.50	$59.91	$505.24	$514.32	$396.69	$482.19	$1,090.50
Colorado	$84.31	$154.54	$575.93	$227.59	$386.01	$706.70	$1,268.95	$403.88
Georgia	$87.43	$124.12	$49.53	$1,045.65	$209.09	$955.83	$294.36	$1,364.21
Utah	$50.00	$137.78	$74.00	$206.88	$631.21	$1,167.07	$680.14	$330.69
Michigan	$1,228.60	$226.09	$49.03	$370.00	$33.75	$224.47	$115.70	$481.16
Ohio	$518.05	$81.30	$158.34	$411.46	$564.21	$696.38	$199.12	$0.59
Minnesota	$203.09	$162.11	$1.20	$766.66	$143.95	$777.60	$80.04	-
North Carolina	$205.30	$295.48	$66.10	$140.58	$433.47	$1,075.44	$257.21	$117.30
Missouri	$375.00	$164.17	$261.08	$104.13	$182.46	$905.80	$25.00	$158.70
Tennessee	$303.52	$125.41	$196.41	$169.99	$347.63	$73.21	$1,094.98	$184.33
New Jersey	$315.11	-	$83.20	$398.67	$101.91	$411.96	$54.37	-
Wyoming	$200.00	-	-	$40.00	$100.00	$745.00	$600.00	$115.00
New Hampshire	$8.35	$36.37	$194.35	$190.13	$310.68	$752.88	$253.56	$33.45
Hawaii	-	$20.00	-	-	$436.31	$1,210.18	-	-
Wisconsin	$11.40	$134.00	$77.50	$352.03	$27.42	$84.00	$64.56	$263.89
Arizona	$24.79	$29.38	$5.55	$204.22	$26.51	$181.39	$303.97	-
Indiana	-	$5.50	$137.55	$0.65	$76.12	$255.70	$38.08	$20.00
Oregon	$28.63	$42.68	$117.01	$42.60	$51.33	$133.63	$113.53	$12.33
Nevada	-	$533.48	-	-	$106.00	$26.77	$10.86	
Iowa	$48.25	$0.38	$11.21	$80.65	$41.60	$281.52	-	$2.00
Montana	$21.13	$2.75	$39.50	$27.00	-	$330.00	-	-
Idaho	$1.25	$15.00	-	$50.00	-	-	$8.42	-
Delaware	$15.50	-	-	$11.66	$16.50	$6.84	$26.74	$57.44
Kentucky	-	-	$25.53		$22.00	$3.10	-	-
Vermont	-	$64.00		$10.07	-	$4.15	$26.50	$22.51
South Carolina	$6.00	$9.00	$5.00	$5.00	$8.25	$5.00	$121.80	
Louisiana	$3.00	$14.65	-	$6.14	$102.70	$11.25	$28.25	$10.00
Oklahoma	-	-	-	-	$13.90	$20.00		$126.00
New Mexico	$9.75	$2.70	-	$30.73	-	$106.97	$0.41	$3.65
Maine	-	$10.15	-	-	-	-	$19.35	-
Arkansas	$151.53	-	$0.10	-	$1.54	-	-	-
Nebraska	$2.00	$31.00	-	-	-	$24.30	-	$21.25
Alabama	-	$1.41	$25.00	-	$16.36		$11.66	$3.67
Kansas	$0.19	$26.40	$25.00	$27.20	$31.83		$5.73	-
Alaska	-	-	-	-	$100.00	-	-	-
South Dakota	-	-	-	-	-	-	-	-
West Virginia	-	-	-	-	$20.00	-	-	-
North Dakota	-	$1.80	-	-	-	-	$0.40	-
Mississippi	-	-	-	-	-	-	-	-
Rhode Island	-	-	-	-	-	-	-	-

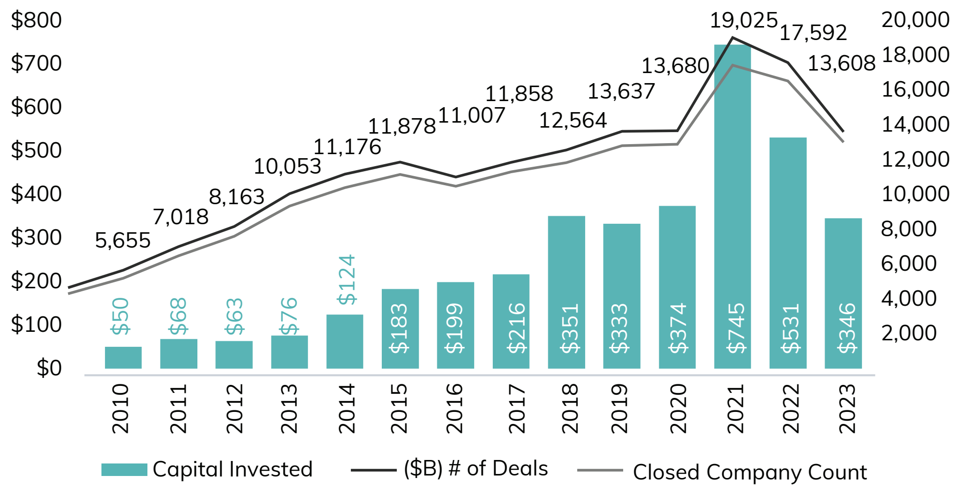
Source: NVCA 2024 Yearbook; Data provided by PitchBook | *For this table, we give precedent to the fund location, but if unavailable, we use the HQ location of the firm.

Capital Deployed

Facts and Figures

The slowdown of 2022 continued into 2023 with $170.6 billion invested into just over thirteen thousand deals. The 35% decline in year-on-year activity is roughly on par with the 30% decline in invested capital from 2021 to 2022. More concerning for industry watchers might be the 23% decline in the number of deals year-on-year, which is over three times larger than the decline between 2021 and 2022 with later stage and insider-led rounds making up the highest percentage of this total in years. While these changes are significant, they are neither unintuitive nor entirely unexpected. In the face of increased uncertainty, investors limited their number of new investments and opted either to safeguard their existing positions or to invest in more mature enterprises with lower risk profiles.

US VC Deal Flow



Source: NVCA 2024 Yearbook; Data provided by PitchBook

Market Context

The geopolitical and monetary stressors driving the slowdown in overall venture activity have been referenced elsewhere in this report. There are a variety of investment-specific stories which ought to be considered when analyzing market activity in 2023. Some of the biggest include: changing late-stage company indicators, the boom of AI-driven companies, continued CVC and NTI participation in the market, the continued dry powder accumulation, and a steep drop-off in consumer related investment.

The Rise of AI?

The biggest sectoral story of 2023 was the boom in companies which pushed artificial intelligence (AI) off their value proposition. While generative AI companies like OpenAI and Anthropic have garnered most of the headlines, there are a raft of other companies working on a wide variety of enabling, commercial, and consumer-facing applications. AI is an interesting sector because it can include everything from manufacturing to life sciences to SAAS applications. While that breadth can make the term “AI” a tempting buzzword for marketers, that doesn’t change the fact that there is considerable value to be unlocked by a diffusion of existing technologies, let alone the innovation of new ones. A recent joint study by Harvard Business School and

US VC Deal Count by Stage

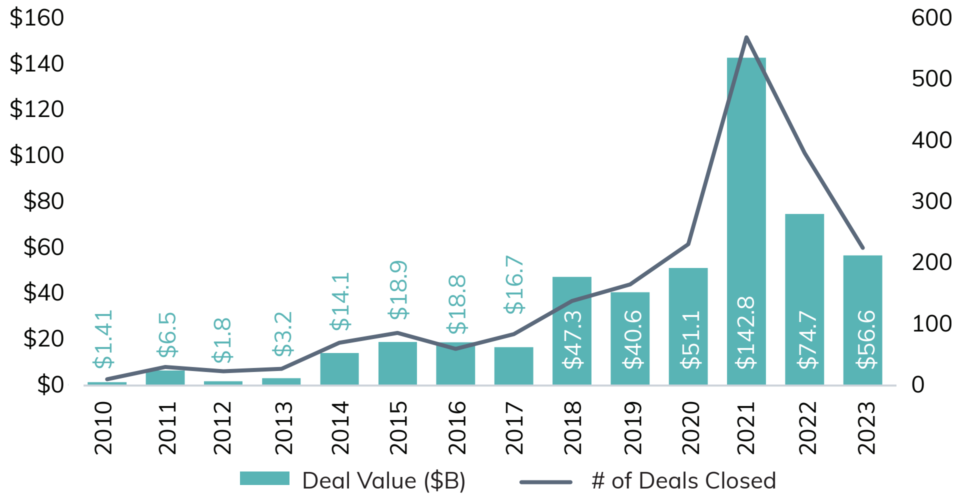
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pre-seed/Seed	3601	4052	4374	4025	4358	4524	4983	5141	7064	6538	4365
Early VC	3950	4249	4491	4021	4294	4388	4441	4136	5997	5519	4504
Later VC	1973	2284	2473	2437	2644	2999	3508	3626	5006	4687	3968
Venture Growth	489	544	515	491	535	629	681	748	945	826	749

Source: NVCA 2024 Yearbook; Data provided by PitchBook

the Boston Consulting Group described modern AI existing within a jagged frontier where the technology has considerable utility in some arenas and far less in others.[8]

Probing and expanding the border of that frontier is likely to be a major interest for investors for years to come, the level at which regulatory efforts help or hinder that development remains to be seen.

US VC-backed Unicorn Deal Flow by year



Source: NVCA 2024 Yearbook; Data provided by PitchBook

The New Normal?

From 2017-2021, year-on-year median portfolio company valuations increased across almost every stage and almost every year with minimal exceptions. In 2022, there were some decreased median valuations in C & D+ rounds, but they were up in every other category. In 2023, valuations decreased in every stage of investment except angel (where they remained flat) and seed (where they rose by 10%). Decreases in valuations dropped from -5% in pre-seed rounds to -51% in D+ rounds. Additionally, portfolio companies are also more mature than they've been at any time in the last decade, with the median age of a series D+ company up to nearly a decade. Flat and down-rounds are a difficult topic in venture capital, but a frozen market is a bigger threat to the market than valuation issues, so hopefully founders' need for capital and investors' increasing need to deploy their record amounts of dry powder will come into alignment and unclog the VC deal pipeline.

The Dry Powder Problem

The VC sector is currently sitting on almost $312 billion of dry powder. While roughly 83% of that capital has been raised in the last three years, the remaining overhand goes back to at least 2016. Additionally, when looking at total VC AUM, uncommitted capital currently ties for the

2023 US VC Deal Value ($B) by Sector

Commercial Products & Services	$27.46	Media	$1.39
Consumer Goods & Services	$10.69	Other*	$10.63
Energy	$3.91	Pharma & Biotech	$21.36
HC Devices & Supplies	$6.77	Software	$66.64
HC Services & Systems	$13.12	Transportation	$2.28
IT Hardware	$6.34		

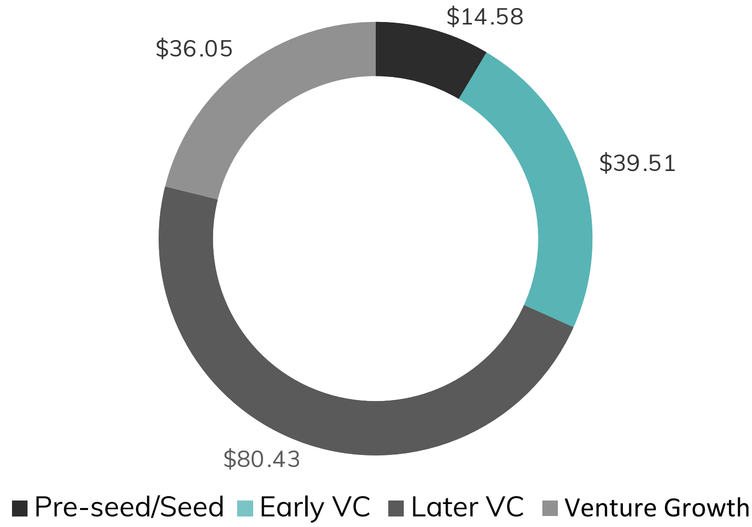
Source: NVCA 2024 Yearbook; Data provided by PitchBook

* Other industry groups:

- Commercial Products
- Commercial Transportation
- Other Business Products and Services
- Consumer Durables
- Consumer Nondurables
- Services (Nonfinancial)
- Other Consumer Products and Services
- Utilities
- Other Energy
- Capital Markets/Institutions
- Commercial Banks
- Insurance
- Other Financial Services
- Other Healthcare
- IT Services
- Other Information Technology
- Agriculture
- Chemicals and Gases
- Construction (Nonwood)
- Containers and Packaging
- Forestry
- Metals, Minerals, and Mining
- Textiles
- Other Materials

8: Dell'Acqua, Fabrizio and McFowland, Edward and Mollick, Ethan R. and Lifshitz-Assaf, Hila and Kellogg, Katherine and Rajendran, Saran and Krayer, Lisa and Candelon, François and Lakhani, Karim R., Navigating the Jagged Technological Frontier: Field Experimental Evidence of the Effects of AI on Knowledge Worker Productivity and Quality (September 15, 2023). Harvard Business School Technology & Operations Mgt. Unit Working Paper No. 24-013, Available at SSRN: https://ssrn.com/abstract=4573321 or https://www.hbs.edu/ris/Publication%20Files/24-013_d9b45b68-9e74-42d6-a1c6-c72fb70c7282.pdf

2023 US VC Deals by Stage ($B)



Source: NVCA 2024 Yearbook; Data provided by PitchBook

largest portion of total VC AUM since 2012. While the optionality this capital represents is a nominal asset to the industry, that optionality isn't cost free, especially when interest rates are at their highest levels in decades. If investors don't start to deploy their capital productively, it will become increasingly difficult for them to justify future capital commitments when allocators can drive significant returns in lower-risk assets. VCs need to deploy their capital and founders are in increasing need of capital, the catalyzing event for reinvigorating this market remains to be seen.

Stages

Stage investment in 2023 was primarily about the reduction in pre-seed/seed activity relative to later stages. Over the last decade, seed and pre-seed investment averaged 36.7% of all venture deals. It peaked in 2020 at 37.7% before settling at 37.2% of deals. In 2023, seed and pre-seed deals made up only 32.1% of deals, the smallest share in at least a decade. While there are a variety of potential rationales for this decrease, the continued robustness of seed valuations in particular might infer that early-stage investments aren't presenting many bargains in a market where comparably mature series D+ companies are being valued at a 51% discount relative to the prior year.

Sectors

The biggest individual sectoral story in 2023 was notionally AI, however companies from virtually every sector could notionally brand themselves as AI-driven in one way or another, so it's worth taking a look at a more conventional breakdown as well. Broadly speaking, investment was down across all sectors with consumer goods and services taking one of the biggest blows, receiving 58% less capital than it did in 2022. While its absolute share also decreased over the prior year, software continues to dominate the VC sector, increasing its relative share of all venture capital invested from 37% to 42% year on year. Of some note is the energy sector, which, despite being a relatively small portion of overall investment -roughly 2%- had the smallest reduction in year-on-year deal count of any sector-4%-by way of comparison, Commercial products and services had the second smallest drop in deal count and suffered an 18% drop.

Geographies

The geographic investment patterns around VC remain relatively stable with roughly 60% of 2023's deals happening in five states (California, Massachusetts, New York, Texas, and Florida). There are also some interesting regional hotspots including Fintech and AI in Austin Texas, Health-tech in Greater Washington D.C, Advanced Energy/Deep Tech in Denver Colorado, and Biotech in the Research Triangle of North Carolina. Of note, there was a slight rise in California's relative share of deals in 2023, likely driven by its status as a hub for AI-linked investments.

Non-Traditional Investors and CVCs

Over the last few years, non-traditional investors have dramatically increased their participation in the venture capital ecosystem. As of 2023, NTIs or CVCs participated in nearly half of the deals in the United States, operating across a variety of stages and sectors. CVCs and NTIs have backed some of the most interesting companies of 2023 in sectors

Top 10 US VC Deals in 2023

Company Name	Close Date	Deal Size ($M)	Deal Type	Industry Sector	State
OpenAI	1/23/2023	$10,000.00	Later Stage VC	Information Technology	California
Stripe	3/15/2023	$6,869.87	Later Stage VC	Information Technology	California
Anthropic	9/25/2023	$4,000.00	Later Stage VC	Business Products and Services (B2B)	California
Articulate	1/1/2023	$4,000.00	Later Stage VC	Information Technology	New York
Anthropic	10/27/2023	$2,000.00	Later Stage VC	Business Products and Services (B2B)	California
Metropolis	10/5/2023	$1,700.00	Later Stage VC	Information Technology	California
Commure	10/13/2023	$1,323.13	Later Stage VC	Healthcare	California
Inflection	6/29/2023	$1,300.00	Early Stage VC	Information Technology	California
JUUL	11/13/2023	$1,270.00	Later Stage VC	Consumer Products and Services (B2C)	District of Columbia
Generate	12/1/2023	$1,063.46	Later Stage VC	Financial Services	California

Source: NVCA 2024 Yearbook; Data provided by PitchBook

including artificial intelligence, aerospace, climate tech, and others. While there has been some marginal reduction in CVC activity, anecdotally NTIs are intent on remaining significant market players.

Going Forward

Capital deployment in 2023 is probably best understood as a continuation of the second half of 2022. There was some volatility, but average quarterly deal counts were essentially flat over the entire six quarter period. While there are a variety of possible explanations for the continued reduced level of investment activity, it's not hard to surmise that investors are still figuring out how to operate effectively in the aftermath of a series of titanic market shifts. A few questions going into 2024:

How is the industry going to deploy its record levels of dry powder?

The industry is still accumulating more capital than it is spending. While the case for deliberative investment is robust, there could be long-term consequences for the industry if investors are unable to invest in and return funds in generally accepted time frames.

Where is AI going?

The advent of consumer facing generative AI tools has taken a category of tools that were previously limited to skilled professionals and made them accessible to a huge portion of the population. When combined with ever-increasing levels of AI-optimized computing power produced by companies like Nvidia, it can seem like we're at the dawn of a new industrial revolution. However, despite its promise, day-1 use cases for AI remain few and far between. Additionally, the impact of nascent government attempts to regulate the technology remains to be seen.

Will the large government spending bills authorized in 2022 start to take effect?

Over the last two years, the government authorized hundreds of billions of dollars in spending that are notionally relevant to the VC community. In 2023, implementation of those programs didn't have a significant impact on the innovation ecosystem. However, it is still early on governmental timelines. Of possibly bigger concern than the timeline for federal funds becoming available, is the possibility of deeply onerous regulations which would make federal funds unattractive to most venture investors.

What is it going to take to unclog the deal pipeline?

Between decreasing valuations and vast amounts of dry powder, one could imagine that investors might have begun to make a more assertive return to the market. Instead, quarterly activity continues to hover near multi-year lows and the age of investors' existing portfolios continues to rise. The deal pipeline needs to be reopened, but the means and method of doing so remain unclear.

Capital deployment in 2023 can be described in one word: cautious. GPs are being careful with their LPs' money, but if this trend continues for another year, the lines between caution and timidity could start to blur.

2023 US VC Deal Flow by State

	Company Count	# of Deals Closed	Capital Invested ($M)
California	3854	4020	$81,574.67
New York	1768	1845	$21,646.52
Massachusetts	783	813	$16,205.55
Texas	803	835	$6,664.98
Colorado	364	388	$4,244.86
Washington	407	425	$3,731.88
Florida	560	598	$2,956.93
Illinois	335	354	$2,540.51
District of Columbia	83	85	$2,228.73
Virginia	235	251	$2,187.47
Pennsylvania	292	307	$2,145.27
New Jersey	225	229	$2,075.30
Maryland	190	201	$1,837.22
North Carolina	251	263	$1,644.96
Georgia	200	215	$1,597.46
Tennessee	106	109	$1,574.02
Delaware	371	380	$1,337.48
Ohio	175	187	$1,328.51
Nevada	69	72	$1,265.31
Arizona	133	139	$1,262.20
Minnesota	162	172	$1,244.21
Missouri	72	75	$1,194.70
Utah	163	168	$1,147.43
Michigan	161	169	$1,059.96
Connecticut	144	153	$841.70
Indiana	158	165	$730.73
Alabama	45	48	$538.29

	Company Count	# of Deals Closed	Capital Invested ($M)
Oregon	136	144	$460.43
Unknown	54	54	$309.13
Kansas	45	48	$266.83
Wisconsin	86	93	$261.40
New Mexico	34	37	$212.46
Iowa	38	42	$193.36
Vermont	28	29	$192.38
New Hampshire	34	34	$185.87
Oklahoma	40	40	$183.91
Wyoming	30	32	$179.73
Louisiana	41	41	$174.87
Idaho	29	32	$150.74
Maine	36	37	$148.74
Nebraska	49	51	$142.14
South Carolina	39	40	$127.56
Puerto Rico	14	14	$125.21
Arkansas	22	23	$109.17
Kentucky	51	52	$93.91
North Dakota	14	16	$61.12
Montana	25	27	$61.07
Rhode Island	18	19	$46.02
Hawaii	16	16	$35.92
Virgin Islands	2	2	$16.50
Alaska	5	5	$15.92
South Dakota	4	4	$15.21
Mississippi	8	8	$6.08
West Virginia	2	2	$2.88

Source: NVCA 2024 Yearbook; Data provided by PitchBook

2023 VC Deals & Company Counts by State

	Company Count	% of Total	Capital Invested ($M)	% of Total
California	3854	29.63%	$81,574.67	47.82%
New York	1768	13.59%	$21,646.52	12.69%
Massachusetts	783	6.02%	$16,205.55	9.50%
Texas	803	6.17%	$6,664.98	3.91%
Colorado	364	2.80%	$4,244.86	2.49%
Washington	407	3.13%	$3,731.88	2.19%
Florida	560	4.30%	$2,956.93	1.73%
Illinois	335	2.58%	$2,540.51	1.49%
District of Columbia	83	0.64%	$2,228.73	1.31%
Virginia	235	1.81%	$2,187.47	1.28%
All Others	3817	29.34%	$26,603.34	15.60%
Total	13009		$170,585.44	

Source: NVCA 2024 Yearbook, Data provided by PitchBook

Top 5 States by Percentage of 2023 Deals Done in State That Featured Investor(s) From Outside State

Company HQ State	% Invested From Outside State
Nebraska	81%
Indiana	79%
Kentucky	78%
California	67%
Oklahoma	66%

Source: NVCA 2024 Yearbook, Data provided by PitchBook
*This ranking includes states with 20 or more investments.
Example of how to read this table: 88.4% of deals done with Delaware-based companies included investors from outside the state.

Top 5 States by Percentage of 2023 Deals Done in State That Featured Investor(s) From That State

Company HQ State	% Invested From Within State
Wyoming	100%
Delaware	99%
District of Columbia	96%
New Hampshire	96%
Arizona	94%

Source: NVCA 2024 Yearbook, Data provided by PitchBook
*This ranking includes states with 20 or more investments.
Example of how to read this table: 88.5% of investments in California-based companies featured at least one California-based investor.

2023 # of States/Territory Invested into by Investor HQ State

Investor HQ State	# of States Invested In
California	50
New York	49
Massachusetts	42
Texas	40
Florida	41
Illinois	44
Colorado	39
Washington	30
Georgia	33
Maryland	25
Connecticut	29
Virginia	23
Utah	28
North Carolina	28
Pennsylvania	25
Tennessee	29
Ohio	29
District of Columbia	27
Michigan	24
New Jersey	27
Missouri	31
Minnesota	23
Indiana	20
Wisconsin	20
Delaware	17
New Hampshire	25
Arizona	19

Investor HQ State	# of States Invested In
Delaware	25
Kentucky	25
Kentucky	22
Nevada	21
Oklahoma	18
Oregon	16
Kansas	15
Iowa	19
Puerto Rico	11
Vermont	22
New Mexico	12
Nebraska	13
South Carolina	14
Wyoming	11
Louisiana	11
Arkansas	8
Alabama	10
Maine	5
Montana	9
Rhode Island	9
North Dakota	6
South Dakota	4
Idaho	4
Hawaii	1
West Virginia	2
Mississippi	1
West Virginia	2
Virgin Islands	1

Source: NVCA 2024 Yearbook, Data provided by PitchBook

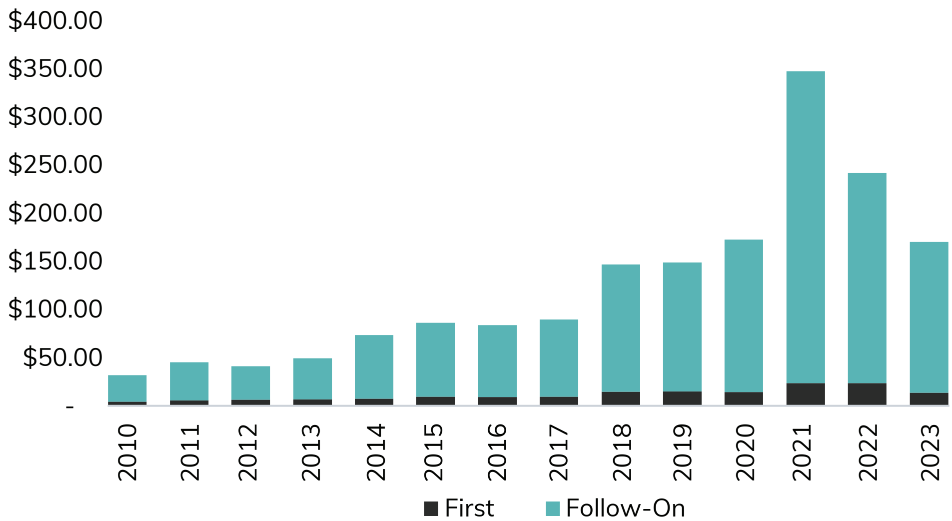
of States California Investors Invested Into by Year

Year	# of States Invested In
2007	42
2015	47
2022	50

Source: NVCA 2024 Yearbook, Data provided by PitchBook

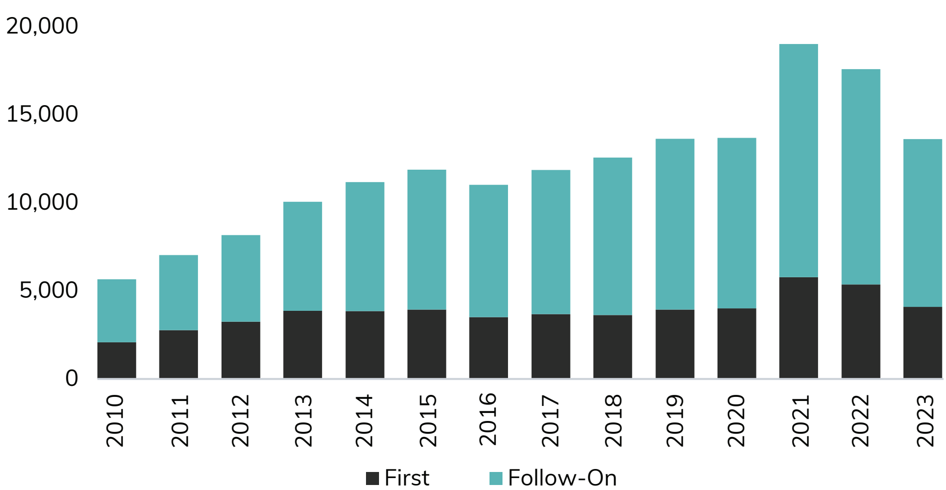
First & Follow On

US First VC & Follow on VC Deal Flow ($B)



Source: NVCA 2024 Yearbook, Data provided by PitchBook

US First VC & Follow on VC Deal Flow (Company Counts)



Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC Deal Activity by Sector: First-Round VC in 2023

Sector	# of Deals Closed	Capital Raised ($M)
Commercial Products & Services	757	$2,076.82
Consumer Goods & Services	496	$994.93
Energy	52	$208.65
HC Devices & Supplies	83	$213.02
HC Services & Systems	312	$1,362.15
IT Hardware	69	$253.02
Media	135	$402.40
Other	271	$1,261.73
Pharma & Biotech	184	$2,442.55
Software	1671	$4,940.40
Transportation	49	$114.85

Source: NVCA 2024 Yearbook, Data provided by PitchBook

Life Sciences

US Life Sciences VC Deal Flow

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Invested ($B)	$9.35	$9.47	$10.90	$14.23	$16.45	$15.50	$20.67	$29.14	$27.15	$40.31	$54.46	$41.05	$30.94
# of Deals Closed	1,184	1,221	1,371	1,470	1,594	1,562	1,780	1,877	2,027	2,146	2,597	2,108	1,856
Company Count	1,093	1,128	1,284	1,374	1,485	1,497	1,680	1,765	1,894	2,007	2,404	1,960	1,757

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US Life Sciences VC Capital Invested ($M) by Selected Sector(s)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Biotechnology	$1,410.75	$1,788.42	$1,851.71	$3,109.30	$3,701.61	$3,603.16	$5,169.47	$5,786.94	$5,679.71	$9,436.16	$10,464.62	$11,475.36	$6,635.71
Diagnostic Equipment	$788.30	$627.29	$1,010.33	$830.38	$1,190.77	$847.39	$1,537.76	$1,511.62	$1,374.12	$2,342.83	$3,326.37	$1,853.36	$1,206.29
Discovery Tools (Healthcare)	$98.95	$17.81	$59.52	$91.40	$128.38	$114.50	$167.54	$269.85	$325.89	$467.58	$1,243.74	$1,010.10	$906.72
Drug Delivery	$494.44	$582.51	$453.67	$498.91	$446.49	$818.41	$1,095.27	$549.83	$385.98	$825.57	$641.93	$1,005.25	$742.60
Drug Discovery	$2,226.22	$2,291.09	$3,461.99	$4,026.31	$5,737.45	$4,877.67	$6,227.60	$12,600.84	$10,800.42	$16,513.77	$24,956.46	$15,833.63	$12,471.52
Medical Supplies	$75.90	$134.82	$174.89	$724.54	$32.29	$70.09	$47.76	$96.54	$109.79	$94.61	$279.28	$239.31	$62.30
Monitoring Equipment	$190.75	$381.99	$379.89	$597.84	$429.42	$568.66	$501.73	$901.88	$975.52	$960.62	$1,209.40	$1,195.41	$744.54
Other Devices and Supplies	$310.81	$554.92	$498.48	$399.05	$619.21	$376.68	$781.52	$649.56	$675.40	$1,233.92	$1,016.09	$694.06	$804.66
Other Pharmaceuticals and Biotechnology	$90.08	$48.73	$32.16	$98.84	$140.17	$75.91	$158.09	$486.12	$596.03	$421.03	$923.76	$419.00	$198.74
Pharmaceuticals	$812.32	$595.85	$600.35	$548.76	$758.92	$696.58	$592.97	$939.18	$1,004.01	$876.12	$517.10	$423.53	$409.70
Surgical Devices	$986.82	$873.33	$823.47	$1,189.30	$773.01	$885.90	$1,020.67	$1,148.22	$1,480.46	$1,087.67	$1,504.58	$955.42	$1,583.39
Therapeutic Devices	$1,230.52	$852.03	$1,060.33	$1,011.55	$1,312.63	$992.51	$1,405.66	$1,561.71	$1,402.15	$2,532.23	$2,195.43	$1,785.05	$2,369.02

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US Life Sciences VC Deal Count by Selected Sector(s)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Biotechnology	180	210	246	271	275	275	300	292	306	344	417	382	340
Diagnostic Equipment	136	137	143	133	147	143	153	166	171	185	229	166	145
Discovery Tools (Healthcare)	13	12	11	20	19	21	28	31	25	40	54	44	34
Drug Delivery	29	31	34	26	28	21	47	39	43	51	58	44	48
Drug Discovery	198	209	263	295	348	343	446	494	548	612	774	552	454
Medical Supplies	26	30	38	27	24	28	24	29	27	39	36	40	33
Monitoring Equipment	55	71	83	85	100	114	117	121	127	133	138	118	101
Other Devices and Supplies	80	87	91	97	95	84	95	97	111	100	99	93	104
Other Pharmaceuticals and Biotechnology	10	11	14	18	20	24	21	30	42	44	44	23	24
Pharmaceuticals	85	67	68	58	74	57	56	61	73	54	71	54	42
Surgical Devices	126	113	107	127	125	115	112	115	125	104	139	115	126
Therapeutic Devices	141	135	149	162	167	159	193	203	208	219	239	220	184

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC activity (#) in life sciences

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Life Sciences Deal Count	1,184	1,221	1,371	1,470	1,594	1,562	1,780	1,877	2,027	2,146	2,597	2,108	1,856
Life Sciences as % of Total US VC (#)	16.87%	14.96%	13.64%	13.15%	13.42%	14.19%	15.01%	14.94%	14.86%	15.69%	13.65%	11.98%	13.64%
Company Count	1,093	1,128	1,284	1,374	1,485	1,497	1680	1765	1894	2007	2404	1960	1757

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC activity ($B) in life sciences

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Life Sciences Capital Invested ($B)	1,184	1,221	1,371	1,470	1,594	1,562	1,780	1,877	2,027	2,146	2,597	2,108	1,856
Life Sciences as % of Total US VC ($)	13.69%	14.99%	14.32%	11.49%	8.98%	7.80%	9.55%	8.30%	8.15%	10,78%	7.31%	7,73%	8.95%

Source: NVCA 2024 Yearbook, Data provided by PitchBook

Corporate Venture Capital

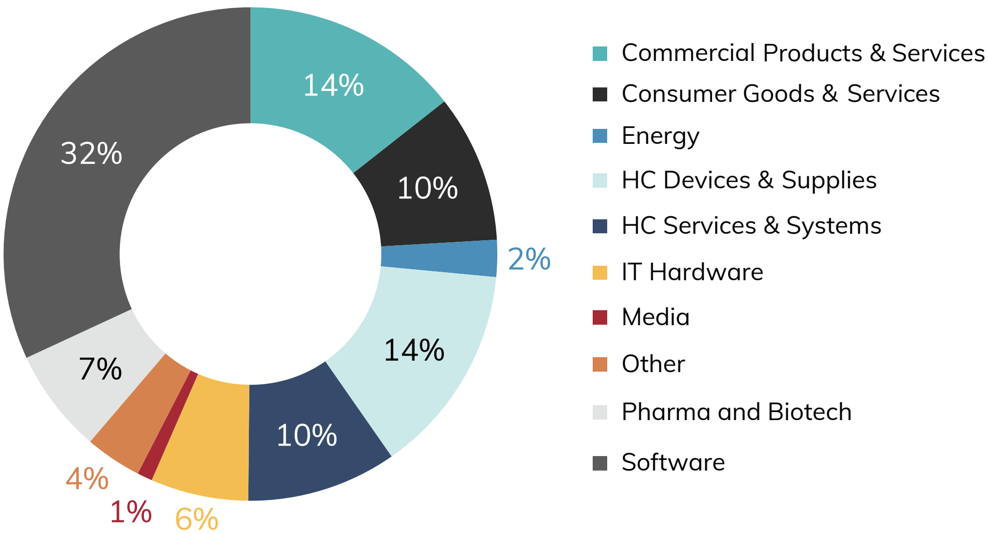
US Corporate VC Investment by Year

	# of All VC Deals	# of VC Deals with CVC Involvement	% of VC Deals with CVC Involvement (#)	Average Deal Value (All VC, $M)	Average Deal Value (CVC, $M)	Median Deal Value (All VC, $M)	Median Deal Value (CVC, $M)	Average Post-Money Valuation (All VC, $M)	Average Post-Money Valuation (CVC, $M)	Median Post-Money Valuation (All VC, $M)	Median Post-Money Valuation (CVC, $M)	Total VC Capital Raised ($M)	Total CVC Capital Raised ($B)	% of VC Deals with CVC Involvement ($)
2005	3,063	548	18%	$8.3	$10.8	$5.0	$7.0	$38.9	$54.4	$20.5	$29.5	$23,927.4	$5,591.6	23%
2006	3,189	612	19%	$9.7	$16.5	$5.0	$9.7	$46.7	$71.5	$22.3	$38.7	$28,414.8	$9,597.8	34%
2007	4,185	739	18%	$8.9	$15.6	$4.4	$10.0	$46.5	$73.0	$23.0	$39.0	$33,819.5	$10,838.5	32%
2008	4,515	753	17%	$8.3	$14.0	$3.6	$8.4	$47.3	$69.0	$20.3	$33.1	$34,668.3	$10,048.3	29%
2009	4,308	544	13%	$6.3	$13.0	$2.4	$8.0	$47.6	$80.0	$16.4	$33.6	$24,887.6	$6,607.1	27%
2010	5,196	614	12%	$6.2	$13.8	$2.0	$8.0	$55.3	$72.7	$16.4	$33.1	$29,480.8	$7,862.5	27%
2011	6,479	805	12%	$6.5	$15.2	$1.6	$6.4	$63.1	$157.0	$16.2	$36.9	$37,502.0	$11,183.3	30%
2012	7,604	935	12%	$5.7	$14.0	$1.5	$6.2	$52.0	$102.4	$15.6	$32.4	$38,408.4	$11,994.6	31%
2013	9,337	1,236	13%	$5.8	$14.3	$1.5	$5.5	$57.2	$122.1	$14.6	$34.0	$46,474.0	$15,950.6	34%
2014	10,399	1,520	15%	$7.4	$19.0	$1.5	$6.8	$93.1	$168.2	$15.9	$36.5	$66,665.4	$26,378.1	40%
2015	11,157	1,762	16%	$8.2	$22.4	$1.6	$7.0	$106.3	$254.3	$16.9	$39.3	$79,195.6	$35,827.2	45%
2016	10,481	1,768	17%	$7.9	$18.5	$2.0	$7.4	$76.7	$133.9	$17.6	$33.1	$71,922.0	$29,402.5	41%
2017	11,312	2,012	18%	$8.6	$20.1	$2.0	$7.9	$85.4	$146.6	$17.5	$34.8	$85,289.6	$36,348.3	43%
2018	11,836	2,292	19%	$13.0	$32.3	$2.5	$9.0	$120.6	$240.5	$20.0	$40.0	$132,933.1	$67,497.4	51%
2019	12,814	2,504	20%	$12.3	$26.7	$2.6	$10.0	$122.7	$194.2	$20.0	$45.2	$135,567.7	$59,777.2	44%
2020	12,900	2,578	20%	$14.4	$35.9	$2.9	$10.0	$151.1	$329.2	$20.8	$48.5	$157,926.1	$83,852.0	53%
2021	17,447	3,776	22%	$21.8	$45.5	$3.8	$12.0	$271.7	$492.4	$32.6	$75.0	$310,855.0	$156,074.6	50%
2022	16,527	3,597	22%	$17.6	$35.5	$4.0	$10.5	$206.0	$338.9	$35.0	$71.3	$226,285.9	$109,553.4	48%
2023	13,009	2,244	17%	$15.9	$38.2	$3.7	$11.9	$215.6	$497.9	$32.0	$68.5	$150,092.1	$71,989.7	48%

Source: NVCA 2024 Yearbook, Data provided by PitchBook

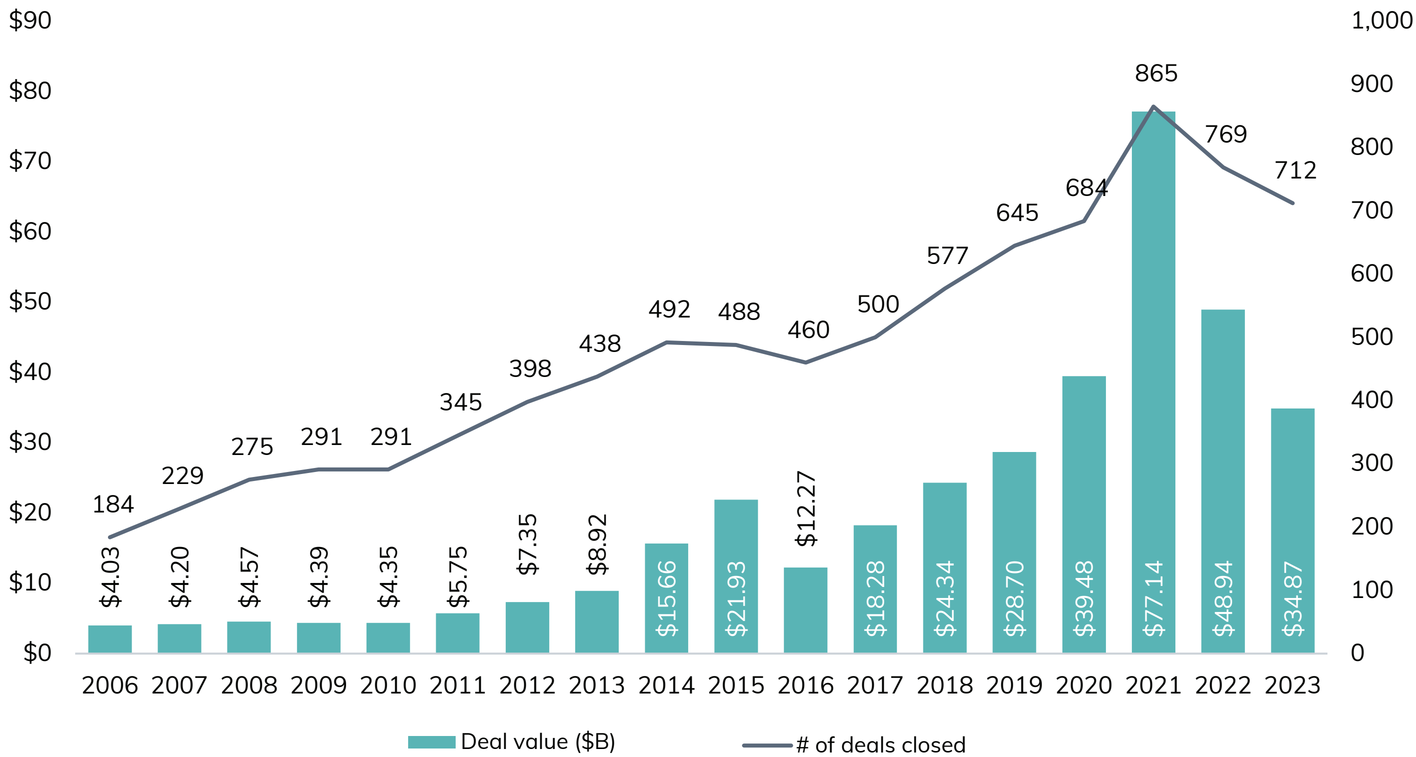
Venture Growth

US Venture Growth Investments in 2023 by Sector (#)



Source: NVCA 2024 Yearbook, Data provided by PitchBook

US Venture Growth Deal Flow by Year



Source: NVCA 2024 Yearbook, Data provided by PitchBook

Exit Landscape

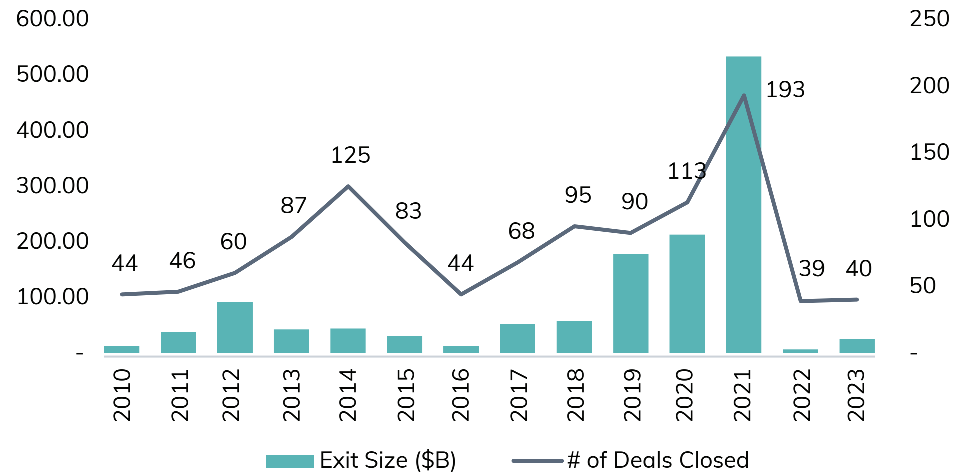
Overview

Exits are the culmination of the fund lifecycle. Exits come in various forms including public listings, mergers, acquisitions, and SPACs. In 2023, there were 999 disclosed exits with a disclosed value of $61.5 billion. This is the lowest exit count in a decade, and the second lowest overall value during the same period. The lack of exits represents a serious issue for the segment. A venture capital ecosystem without exits is like dancing without music, doable but somewhat nonsensical.

There are numerous things that could be referenced as potential causes for the continued reduction in exits over the last two years, but ultimately the answers are similar to the reasons for reduced activity in other parts of the business. Uncertainty is high, and the market's patience for companies without a clear path to profitability is low. The era of blitz-scaling has passed, and investors can no longer afford to subsidize the kinds of customer acquisition expenses that were common just a few years ago. However, the change in investor expectations versus founder reality is not as discordant as it seems. As of the end of 2023, there was estimated to be tens to hundreds of companies that would go public under friendlier market conditions. These weren't just niche concerns either. Companies like Stripe, Databricks, and Plaid have remained private much longer than expected due to chaotic market conditions.

Some of the factors impacting exit activity are hard to understand, but at least one big one provides some clarity. The federal

US VC-backed IPOs by Year



Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC-backed IPO Value and Age Characteristics

	# of IPOs	Deal Value ($M)	Median Deal Value ($M)	Average Deal Value ($M)	Post-Money Value ($M)	Median Post-Money Value ($M)	Average Post-Money Value ($M)	Median Years from First VC to Exit	Average Years from First VC to Exit
2011	46	$37,793.3	$331.2	$944.8	$43,333.3	$423.6	$1,083.3	5.88	6.79
2012	60	$91,613.3	$291.7	$1,832.3	$112,800.6	$353.2	$2,050.9	7.14	7.72
2013	87	$42,640.1	$240.0	$553.8	$51,210.0	$320.7	$632.2	6.64	7.15
2014	125	$44,126.6	$185.8	$367.7	$53,374.8	$247.5	$448.5	7.06	7.12
2015	83	$31,134.7	$219.3	$404.3	$38,268.1	$294.0	$497.0	6.63	6.19
2016	44	$13,270.2	$178.3	$316.0	$16,132.0	$239.3	$375.2	7.38	6.86
2017	68	$51,669.5	$264.7	$847.0	$60,163.5	$349.3	$986.3	6.29	6.44
2018	95	$56,989.1	$325.5	$640.3	$68,192.5	$407.9	$757.7	4.61	6.30
2019	90	$177,948.4	$353.9	$2,045.4	$221,962.4	$456.4	$2,522.3	6.79	6.80
2020	113	$213,014.2	$507.9	$2,088.4	$251,519.7	$701.0	$2,418.5	5.20	6.11
2021	193	$533,607.7	$526.6	$2,981.0	$594,405.7	$695.7	$3,266.0	5.38	6.23
2022	39	$6,598.1	$54.4	$235.6	$8,449.3	$78.9	$301.8	3.41	5.69
2023	40	$25,155.8	$151.9	$838.5	$28,446.0	$181.8	$948.2	2.89	5.03

Source: NVCA 2024 Yearbook, Data provided by PitchBook
*Methodolody note: IPO Pre-money valuation is used as IPO deal size.

government's posture regarding M&A activity (which makes up roughly 3/4ths of VC exits) has become aggressively anti-merger to the point where the health of some industries has been thrown into doubt. The FTC's actions against companies in sectors as disparate as life sciences and augmented reality have thrown well-established business models into question and delayed the diffusion of useful technologies which require the support of robust supply chains before they can come to market.

IPO

2023 saw 40 VC-backed companies IPO compared to 39 in 2022. While the difference of one company between the two years is trivial, the 3.8X differential in total deal value is not. While the $25.16 billion in IPO deal value in 2023 is impressive relative to 2022's total, it is almost important to contextualize it against recent history. Aside from 2022, 2023 had a lower VC-backed IPO value than any year since 2016. Additionally, of the 40 VC-backed companies that went public in 2023, 81% of the overall deal value came from the largest five. These points shouldn't be viewed as pessimistic, but it would be facile to say that one year of data means that the sector is on the road to recovery.

Ratio of IPO Pre-Valuation to Total VC Invested

	Post-Money Value ($B)	Capital Raised ($B)	IPO Pre-Money Value ($B)	Total VC Raised to Date ($B)	Ratio
2011	$43.3	$37.8	$37.8	$6.4	5.9
2012	$112.8	$91.6	$91.6	$7.3	12.5
2013	$51.2	$42.6	$42.6	$10.4	4.1
2014	$53.4	$44.1	$44.1	$11.6	3.8
2015	$38.3	$31.1	$31.1	$9.1	3.4
2016	$16.1	$13.3	$13.3	$4.8	2.7
2017	$60.2	$51.7	$51.7	$9.7	5.3
2018	$68.2	$57.0	$57.0	$15.7	3.6
2019	$222.0	$177.9	$177.9	$35.6	5.0
2020	$251.5	$213.0	$213.0	$33.5	6.4
2021	$594.4	$533.6	$533.6	$59.2	9.0
2022	$8.4	$6.6	$6.6	$2.5	2.7
2023	$28.4	$25.2	$25.2	$8.2	3.1

Source: NVCA 2024 Yearbook, Data provided by PitchBook

The changes that drove the market in 2022 are still very present in 2023. However, the respectable performance of 2023's IPOs, combined with a powerhouse roster of companies that are waiting to go public, could provide some optimism for potential IPO activity in 2024.

M&A

Due to a lack of requirements for public disclosure, M&A activity should be viewed as directional. While most M&A transactions are publicly disclosed, some remain private. Aggregate deal values should be viewed with even more skepticism because while common, deal values for many transactions are frequently not disclosed.

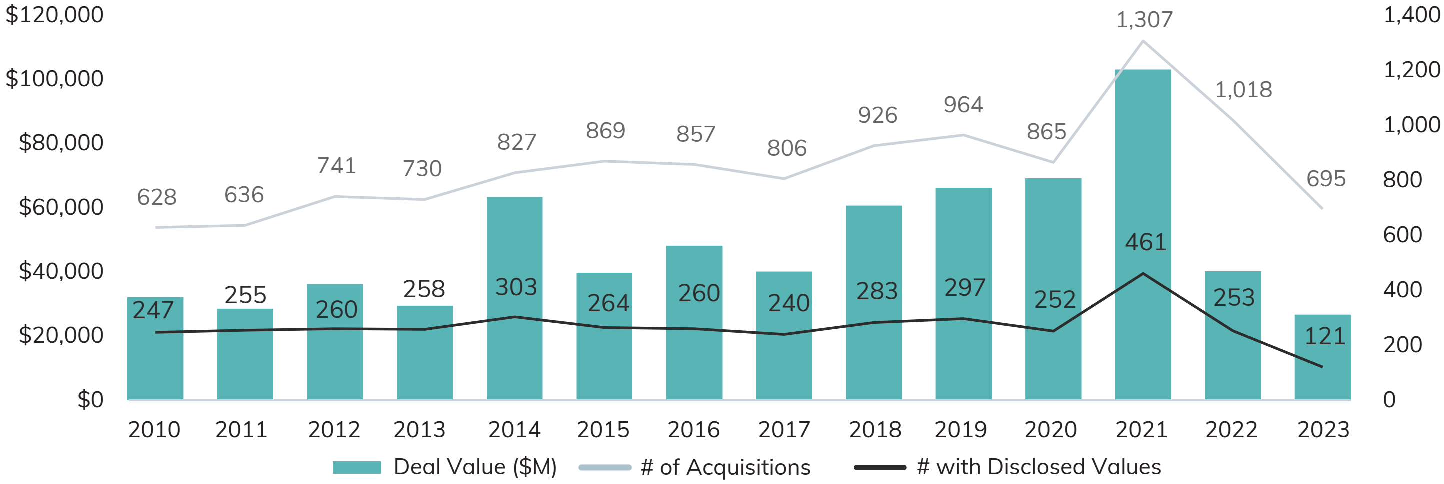
2023 was a mixed bag for M&A activity. While deal counts and full-year deal values continued their declines from 2022 –down roughly 30% each– median deal size

US VC Backed M&A Value and Age Characteristics

	# of Acquisitions	# with Disclosed Values	Deal Value ($M)	Median Deal Value ($M)	Average Deal Value ($M)	Median Years from First VC to Exit	Average Years from First VC to Exit
2010	628	247	32,188.4	39.1	130.3	4.33	4.90
2011	636	255	28,538.5	41.5	111.9	4.17	4.74
2012	741	260	36,241.0	40.0	139.4	4.55	5.00
2013	730	258	29,477.0	34.4	114.3	3.58	4.77
2014	827	303	63,391.2	49.7	209.2	4.04	5.06
2015	869	264	39,740.5	40.3	150.5	3.80	4.92
2016	857	260	48,199.7	63.9	185.4	4.04	5.19
2017	806	240	40,081.3	49.9	167.0	4.54	5.51
2018	926	283	60,698.8	60.0	214.5	4.73	5.69
2019	964	297	66,194.3	63.1	222.9	4.86	5.75
2020	865	252	69,207.5	62.5	274.6	5.02	5.91
2021	1,307	461	103,116.3	64.8	223.7	5.15	5.78
2022	1,018	253	40,251.1	46.6	159.1	4.92	5.73
2023	695	121	26,680.2	60.6	220.5	4.59	5.70

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC-backed M&A Value and Age Characteristics



Source: NVCA 2024 Yearbook, Data provided by PitchBook

increased by roughly the same margin. This increase in transaction value could indicate a stronger cohort of companies ready to exit, but more data is required before that can be assumed.

Available data places M&A activity roughly on par with the rest of the sector. There are too many unknown unknowns surrounding the M&A market to opine meaningfully on what's likely to happen in 2024. There is one near certainty in the M&A market though; if the government doesn't adopt a more productive approach to regulating M&A, it will slow down the pace of American innovation for years to come.

SPACs

While activity in more classical transactions like M&A and IPOs is down, SPACs seem to have practically vanished from the market. SPACs' values in 2023 were down 98% from their heyday in 2021, and as an asset class they have dramatically underperformed VC-backed companies which went public through more conventional methods over the same period. Despite their continued underperformance, there is probably a place for SPACs in the future, but their performance over the last few years does call the utility of the class into question.

US VC-backed IPO Post-Money Valuation by Range (Company Count)

	>$10B	$1B-$10B	$500M-$1B	$100M-$500M	<$100M
2013	1	8	12	49	11
2014	-	11	17	74	17
2015	-	8	13	39	17
2016	-	3	8	22	10
2017	1	13	11	27	9
2018	-	18	15	48	9
2019	4	23	13	39	9
2020	6	26	42	25	5
2021	13	57	40	50	22
2022	-	3	4	5	16
2023	-	5	5	7	13

US VC-backed M&A by Range (Company Count)

	>$1B	$500M-$1B	$100M-$500M	<$100M
2013	4	7	71	175
2014	6	15	90	185
2015	8	8	73	166
2016	5	15	78	151
2017	5	14	68	149
2018	9	14	84	167
2019	7	19	93	171
2020	16	9	75	150
2021	18	29	131	283
2022	6	14	71	160
2023	6	10	27	74

Source: NVCA 2024 Yearbook, Data provided by PitchBook

Going Forward

Will the government maintain its hostile posture to VC-backed M&A activity?

The new hostility of the FTC to M&A involving small companies developing specialized niche applications for larger industries has a serious concern for the industry. It has already slowed the pace of new products coming to market as well as prevented the return of significant amounts of liquidity.

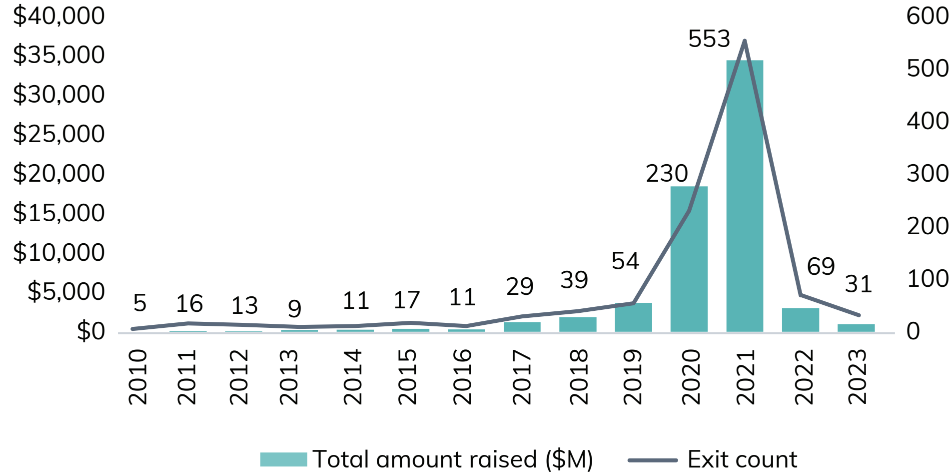
What's necessary to reopen the IPO window?

The backlog of successful companies waiting to be publicly listed is like a fleet of airplanes stuck in a holding pattern above an unlit airport on a cloudy night. They're starting to land, but very slowly. What needs to happen for those planes to be able to land safely and successfully?

What happens if exits don't pick up?

There are serious chicken/egg questions to be asked about whether increased exits are necessary to spur the industry's deployment of its record levels of dry powder. If that is the case, what happens if exits don't pick up, does that capital remain undeployed?

SPAC registration in the US over the past decade



Source: NVCA 2024 Yearbook, Data provided by PitchBook

Could secondary offerings provide enough liquidity to kickstart the market?

The US venture capital market is currently sitting on nearly a trillion dollars under management in the form of capital invested into portfolio companies. If conventional routes to generating liquidity remain constrained, increased secondary offerings could help provide valuable liquidity for investors. However, this spike in secondary offerings has yet to be observed at scale.

2023 was an unexceptional year for VC liquidity events. It continued the trajectory set in 2022 and there have yet to be any meaningful changes to that trajectory. Hopefully, wise action by industry players and policymakers can make 2024 the year the market changes for the better.

Top 10 US VC-backed M&A in 2023

Company Name	Exit size ($M)	Industry Sector	State
Tap Rock Resources	$2,450.00	Energy	Colorado
Versanis Bio	$1,925.00	Healthcare	California
WideOrbit	$1,600.00	Information Technology	California
TSI Semiconductors	$1,500.00	Information Technology	California
MosaicML	$1,300.00	Information Technology	California
Tmunity	$1,300.00	Healthcare	Pennsylvania
DTx Pharma	$1,000.00	Healthcare	California
Loom	$975.00	Information Technology	California
XinThera	$960.00	Healthcare	California
SMS Assist	$950.00	Business Products and Services (B2B)	Illinois

Source: NVCA 2024 Yearbook, Data provided by PitchBook

NVCA's 2023 Year in Review

Our three platforms collectively served the venture ecosystem through advocacy, research, education, programming, and advancing the VC industry.

Three Complementary Structures Supporting the Venture Ecosystem

venture forward>

Public Charity
501(c)(3)

- Mission-driven
- Programs, research, and events that directly serve the good of the community and its members
- Funded by donations from individuals or private entities
- Donations are tax-deductible

nvca

Trade Association
501(c)(6)

- Membership-driven
- Lobbying and advocacy efforts to protect the VC industry from external regulatory forces
- Funded by annual member firm dues
- Membership dues are not tax-deductible

nvca VenturePAC

Political Action Committee
527

- Membership/Politics-driven
- Supports the election of candidates who champion for the VC industry
- Funded by individual contributions
- Donations are not tax-deductible

This timeline features highlights from the past year to provide the VC community with an overview of our priorities, impact, and accomplishments.

President and CEO Bobby Franklin at the Tech GC Conference

NVCA Members Panel At The Strategic Operations and Policy Summit

March 2023

National Security VCs to DC: NVCA's National Security Working Group met with congressional staff, agency officials, and fellow VCs to develop relationships with policymakers and peers in the defense technology community, and advocate for issues important to portfolio companies.

NVCA Letter to SBA: NVCA sent a letter to SBA Administrator Isabella Guzman applauding her leadership in pushing forward a rulemaking to create a new SBIC license for critical technology investment funds and requesting clarification that new licensees be exempt from affiliation rules challenges.

SVB in Review: NVCA closely monitored the collapse of Silicon Valley Bank, updating members and the board of directors through timely webinars with Treasury officials, guidance from the Klaros group, a consulting firm of former financial policymakers, and member updates unpacking the FDIC receivership process. See March 11 statement on developing SVB situation and March 13 statement applauding bipartisan leadership.

New Website and Resources: Venture Forward launched a new website featuring educational resources for VC newcomers, a job board, DEI tools and templates, and more.

San Francisco Open House: Venture Forward welcomed 40 VCs to the recently opened NVCA and Venture Forward office in San Francisco to convene the community and share more about its mission, work, and programs.

April 2023

Letter on Technology Commercialization Funding: NVCA sent a letter to the House and Senate Appropriations Committee in support of funding for the technology commercialization programs established in the CHIPS and Science Act.

Final SBA Affiliation Rule Released: NVCA praised the Small Business Administration (SBA) final rulemaking on the affiliation rules for the 7(a) loan program, which made permanent the affiliation rules NVCA hammered out during PPP for their 7(a) government guaranteed loan program.

VC Human Capital Survey: NVCA, Venture Forward, and Deloitte released the fourth edition of the VC Human Capital Survey, which takes a unique approach to assessing DEI in the VC industry. See press release, report, and interactive dashboard.

Letter of Support for R&D Tax Bill: NVCA sent a letter of support for the American Innovation and Jobs Act, an NVCA priority bill that would expand the ability of startups to access the value of research and development (R&D) tax credits.

DEAL Act Advances: NVCA applauded the House Financial Services Committee passage of the Developing and Empowering Our Aspiring Leaders (DEAL) Act, which increased access to capital for early-stage startups by modernizing the definition of venture capital fund for purposes of Securities and Exchange Commission (SEC) registration.

Letter Supporting QSBS Bill: NVCA joined a coalition letter with a dozen innovation and entrepreneurship organizations in support of the Small Business Investment Act which would expand access to Section 1202 Qualified Small Business Stock (QSBS).

May 2023

SEC Adopt Amendments to Form PF: The SEC formally adopted amendments to Form PF, which increases the level of reporting required for RIAs, and addressed NVCA's top priorities.

2023 NVCA Leadership Gala: NVCA presented individuals, firms, and organizations across the venture capital community with its annual industry awards, including the newly launched Venture Vanguard Award.

New Board Chair: NVCA appointed Charles Hudson, Managing Partner at Precursor Ventures as the 2023-2024 Chair of the NVCA Board of Directors.

SEC Custody Rule Comment Letter: NVCA sent comments to the Securities and Exchange Commission (SEC) regarding the proposed safeguarding rule to amend and replace the Custody Rule.

AI Executive Order: In May, the Biden-Harris Administration announced several executive actions around artificial intelligence to develop a framework around the burgeoning technology field.

Critical Technologies Roundtable: Members of the NVCA Climate and National Security Working Groups convened for a policy briefing and fireside chat with officials from the Department of Defense's Office of Strategic Capital (OSC) and the Small Business Administration (SBA) in Palo Alto, CA.

June 2023

NVCA Op-Ed on SEC's Proposed Rulemakings: NVCA President and CEO, Bobby Franklin, put pen to paper highlighting the repercussions that could come from the Securities and Exchange Commission's (SEC) harmful private funds rules. Check out the full piece here and a refresh on the proposed regulations here.

Capital Formation Legislation: The House passed seven pieces of bipartisan financial services legislation focused on expanding accredited investor rules and broadening the benefits of emerging growth company (EGC) status.

House Ways and Means Tax Package Advances: The House Ways and Means Committee approved two tax bills with implications for the startup community.

CA Legislature Proposes VC DEI Reporting Requirements: NVCA engaged on new proposal in the California state legislature that would require VCs to collect diversity survey data from founders who choose to provide it.

Venture Forward Board Appointments: Venture Forward appointed two new directors to its board: Candice Morgan, Equity, Diversity, and Inclusion Partner at GV, and Ellie Wheeler, Partner at Greycroft.

LP Office Hours 9: In partnership with Cooley, GV, and Mercury, Venture Forward hosted its ninth LP Office Hours program at GV's offices in New York, connecting 25 emerging managers from diverse backgrounds with LPs, GPs, and industry advisors for guidance on fundraising and fostering relationships.

Celebrating Pride: Venture Forward featured a list of 11 LGBTQ+ VC investors to watch and co-hosted a Pride Month kick-off event during SF Tech Week.

Venture Forward Events in New York: Venture Forward held an in-person VC University Meetup (in partnership with WilmerHale) as well as a DEI Leadership Dinner (in partnership with Deloitte).

Data provided by PitchBook

July 2023

EDA Roundtable on Regional Tech and Innovation Hubs: NVCA hosted a virtual conversation with Assistant Secretary of Commerce for Economic Development, Alejandra Castillo.

SBIC Critical Technology License Finalized: The U.S. Small Business Administration (SBA) finalized a rule to create a new category of Small Business Investment Company (SBIC) license intended to be tailored to equity investment funds.

August 2023

SEC Adopts Private Funds Final Rule: The Securities and Exchange Commission (SEC) approved the long-awaited NVCA-opposed final Private Fund Advisor rule with a 3-2 vote.

NYC Innovation Tour: The NVCA team traveled to New York City to participate in a panel on the future of AI and host a series of roundtables as well as a startup facility tour with the National Science Foundation's (NSF) TIP (Technology, Innovation, and Partnerships) Directorate team.

Proposed Amendments to PCAOB Auditing Standards: NVCA sent comments to the Public Company Accounting Oversight Board (PCAOB) urging it to withdraw detrimental proposed changes to the PCAOB Auditing Standards (Docket No. 051) that would hurt the innovation economy.

2023 SVCA Rising Star Award Recipients

NVCA Leadership Gala

2024 Venture Vanguard Award Recipient Alan Patricof

September 2023

NVCA Joins Coalition Filing Lawsuit Against SEC: NVCA joined a coalition of asset management associations in filing a lawsuit in the United States Court of Appeals for the Fifth Circuit against the United States Securities and Exchange Commission (SEC) to prevent the adoption of the Private Fund Adviser rule, contesting the legality of the rule. For further details please read the official complaint, press release, press kit, NVCA's reaction to the final rule here, and background information about the original proposal in our April 26, 2022 response here.

Fearless Fund Amicus Brief Filed: NVCA and Venture Forward filed an amicus brief in support of Fearless Fund in the lawsuit brought by the American Alliance for Equal Rights.

SB 54 Passes CA State Assembly: The California State Assembly passed SB 54, a bill that would create an onerous diversity reporting regime that is posed to dramatically overstate diversity in the California startup ecosystem.

Treasury Outbound Investment EO: NVCA submitted comments in response to President Biden's Executive Order instructing the Treasury Department to impose notification requirements, and in some cases prohibitions, on U.S. investments in Chinese companies that involve semiconductors and microelectronics, quantum information technologies, or artificial intelligence.

FTC/DOJ Merger Guidelines: NVCA submitted comments to The Federal Trade Commission (FTC) and Department of Justice (DOJ) detailing our concerns with new guidelines for approving mergers.

FTC Proposed Changes to HSR Rules: NVCA submitted comments in response to The Federal Trade Commission's (FTC) proposed a concerning overhaul of the Hart-Scott-Rodino (HSR) premerger notification rules that would dramatically increase costs, burden and the time required to prepare filings for M&A transactions.

Hispanic Heritage Month: To celebrate Hispanic Heritage Month, Venture Forward featured eight trailblazers in the VC industry to highlight their impressive track records and historic career accomplishments.

VC University Life Sciences Lunch: Venture Forward and Johnson & Johnson Innovation - JJDC hosted an in-person lunch, in partnership with Mission BioCapital and Omega Funds, in Boston for VC University life science scholarship recipients and mentors.

Emerging Manager Webinar: Venture Forward and J.P. Morgan Capital Connect hosted a webinar with VC industry leaders who shared advice and best practices for emerging managers navigating a challenging fundraising environment.

October 2023

CHIPS for America Funding Opportunity: The U.S. Department of Commerce announced a funding opportunity for smaller supply chain projects and businesses to access CHIPS for America funds.

E-signatures for 83(b) Elections Become Permanent: In response to a request from NVCA, during the pandemic, the Internal Revenue Service (IRS) permanently allowed e-signature capability for 83(b) elections.

NVCA Updates Model Legal Documents: NVCA announced timely updates to reflect changing market norms to five of its premier model legal documents, which are freely available for startups, VCs, and other members of the entrepreneurial ecosystem.

Venture Forward Leadership Dinners: Venture Forward hosted two dinners in San Francisco: a DEI Leadership Dinner (in partnership with Deloitte) and an Emerging Manager Leadership Dinner (in partnership with Gunderson Dettmer).

November 2023

Strategic Operations and Policy Summit: NVCA welcomed senior operations professionals to the seventh annual Strategic Operations & Policy Summit (SOPS) in Washington, D.C. We heard from leading VC thought leaders on industry-related policy content, back-office systems, tax, regulatory, and fundraising best practices.

Biden Administration Unveils AI Executive Order: President Biden issued a sweeping executive order on artificial intelligence (AI) with the goal of promoting the "safe, secure, and trustworthy development and use of artificial intelligence."

NVCA Artificial Intelligence Resources Page: NVCA launched a landing page on its website to serve as a centralized hub of information on artificial intelligence (AI).

LP Office Hours 10: In partnership with Cooley, GV, and SVB, Venture Forward hosted its 10th LP Office Hours program with a spotlight on family offices to connect 25 emerging managers from diverse backgrounds with LPs, GPs, and industry advisors for guidance on fundraising and fund management.

Venture Forward Team Doubles: Justin Cruz joined the team as Data Operations Manager, and Alexandra O'Leary joined as the Marketing & Communications Director.

December 2023

NVCA Rings Closing Bell at NYSE: NVCA closed out its year-long 50th-anniversary celebration by ringing the Closing Bell at the New York Stock Exchange (NYSE) on December 6, marking half a century of empowering entrepreneurs and driving innovation.

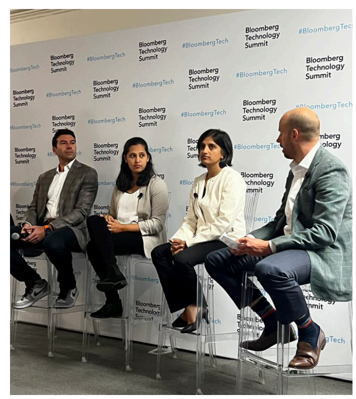
Healthcare Roundtable: NVCA, along with Anzu Partners, hosted a healthcare venture capital roundtable discussion with FDA Chief Scientist Dr. Namandjé Bumpus.

March-In Rights Framework: In December, the Biden Administration announced new actions aimed at lowering healthcare costs, which include a proposed framework issued by the National Institute of Standards and Technology (NIST) to enable federal agencies to more broadly utilize "march-in rights" on federally funded patents.

Fearless Fund Amicus Brief: NVCA and Venture Forward filed an amicus brief in support of Fearless Fund in the appeals court. NVCA and Venture Forward continue to support industry efforts advancing a stronger and more inclusive VC ecosystem.

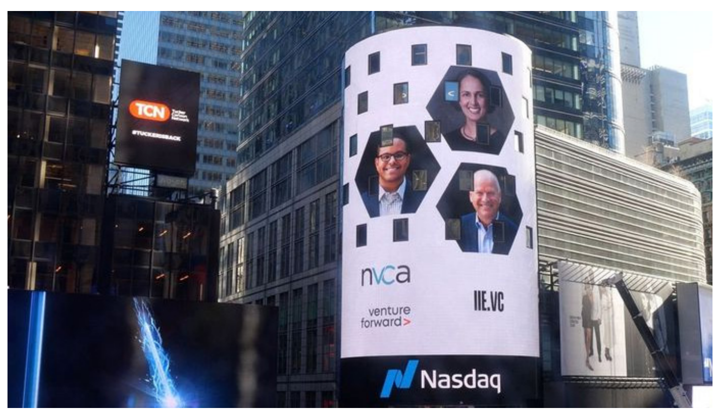
Venture Forward Holiday Party: Venture Forward brought together donors, program volunteers, and program participants for its second annual holiday party in San Francisco.

Advances in AI Summit



Bloomburg Technology Summit

NVCA at the New York Stock Exchange



NVCA and Venture Forth Time Square

January 2024

House Introduction of Tax Package: The House of Representatives passed a strong bipartisan tax package, the Tax Relief for American Families and Workers Act of 2024 (H.R.7024), which allows taxpayers to immediately deduct rather than amortize domestic research and development (R&D) costs over five years.

NVCA Forms AI Working Group: NVCA announced a new Artificial Intelligence (AI) working group for members, which will focus on regulatory and legislative issues critical to the future of the rapidly developing technology area.

IIE.VC Partnership: Venture Forward and NVCA were highlighted on Nasdaq marquee in the heart of Times Square as proud partners of IIE.VC, which is helping underrepresented emerging managers access capital available through SSBCI.

February 2024

March-In Rights Opposition: In February, NVCA submitted a formal comment expressing strong opposition to the Department of Commerce's (DOC) NIST framework. The comment was paired with the letter NVCA sent to the White House in January, which outlined strong opposition to the framework and the administration's broader march-in strategy.

NVCA Annual Meeting: The NVCA Annual Meeting returned in its virtual format to maximize members' time from the comfort of their home of office. NVCA updated its membership on the state of venture capital, the policy outlook for 2024, and ways to advance the industry.

VC University: Cohort 15 of VC University kicked off with 350+ participants, including 40 new and aspiring investors from underrepresented backgrounds who were awarded full scholarships. This marked 15 consecutive sold-out cohorts for the program.

Black History Month: To celebrate Black History Month, Venture Forward featured 10 Black VC investors who have made a profound impact on the ecosystem, ranging from seasoned trailblazers with a wealth of experience to newer investors making waves.

March 2024

Women's History Month: To celebrate Women's History Month, Venture Forward featured 10 emerging VC fund managers who are already making waves and who are on a path toward making a big impact on innovation and financial returns.

Expanding Access to Capital Act: The House of Representatives passed the Expanding Access to Capital Act (H.R.2799), a significant legislative development incorporating provisions from the NVCA-endorsed Developing and Empowering Our Aspiring Leader (DEAL) Act.

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Venture Forward and NVCA

NVCA Board Dinner

2023 NVCA Public Policy Recap

After the 117th Congress enacted a range of monumental legislation including the American Rescue Plan, Bipartisan Infrastructure Law, CHIPS & Science Act and Inflation Reduction Act, the 118th Congress has legislated at a substantially slower pace in 2023. The 2022 midterm elections resulted in Republican control of the House of Representatives, which opened the year hobbled by a drawn-out speaker selection process and factional challenges.

The federal agencies saw a significantly more productive year, with consequential rulemakings on a range of issues impacting the venture ecosystem. Below is a look back at some of the issues NVCA was focused on in 2023 and the current state of play of the issues.

Antitrust

NVCA is focused on protecting the ability of startups to be acquired and investors to realize liquidity in an environment where the Federal Trade Commission (FTC) under Chair Lina Khan has moved forward with several concerning proposals that threaten to throw sand in the gears of our nation's innovation ecosystem.

In particular, the FTC has proposed an overhaul of the Hart-Scott-Rodino (HSR) premerger notification rules would dramatically increase costs, burden and the time required to prepare filings for M&A transactions, even for deals that do not raise substantive antitrust issues, and in some circumstances can even hit growth financings. NVCA submitted a comment letter to the FTC highlighting the increased burden on startups.

In another extremely misguided action under Chair Khan's leadership, the FTC and DOJ laid out new guidelines for approving mergers which significantly raise the risk of small company acquisitions being blocked for theoretical reasons that have little underpinning in reality and misrepresent nascent firms that fall well short of having monopoly power as being "dominant." We submitted comments to the FTC and DOJ outlining the harmful and counterproductive impacts on our nation's innovation ecosystem if the guidelines are implemented.

Artificial Intelligence

In In 2023, policymakers began to grapple with the implications of the rapidly emerging artificial intelligence (AI) landscape. NVCA has been monitoring policy developments in this space to keep members informed and curate opportunities for members to engage with policymakers. To that end, we've launched an AI resources landing page to serve as a centralized hub of information, offering resources to help venture investors and portfolio companies stay informed about the latest policy developments from Congress, the White House, and venture industry leaders around AI.

Furthermore, we launched an AI Working Group focused on regulatory and legislative issues critical to the future of this rapidly developing technology area. The Working Group informs NVCA's nascent policy agenda regarding AI issues to ensure that the voice of the startup ecosystem is heard in upcoming debates on Capitol Hill and federal agency rule makings.

In October, President Biden issued a sweeping executive order on artificial intelligence (AI) with the goal of promoting the "safe, secure, and trustworthy development and use of artificial intelligence." The EO tasks government agencies with examining the application of AI to their areas of responsibility and provides them discretion to issue guidance specific to each agency.

In December, the Department of Commerce's National Institute of Standards and Technology (NIST) issued a Request for Information (RFI) regarding its responsibilities set forth in the President's Executive Order on AI. NIST will take on a key role under the Executive Order. Specifically, the EO directs NIST to develop guidelines for evaluation, red-teaming and more; facilitate development of consensus-based standards; and provide testing environments for the evaluation of AI systems. Earlier this year, NIST released an AI Risk Management Framework to develop a baseline and prepare for additional guidance to be released from relevant agencies and regulatory bodies.

SEC Private Funds Litigation

In September, NVCA joined a coalition of asset management associations in filing a lawsuit in the United States Court of Appeals for the Fifth Circuit against the United States Securities and Exchange Commission (SEC) to prevent the adoption of the recently approved Private Fund Adviser rule, contesting the legality of the rule.

Background

- Venture capital makes significant contributions to our economy, with more than $240 billion invested in 15,000+ companies across the country in 2022, and venture-backed companies creating jobs at eight times the rate of other businesses.
- We are concerned these regulatory measures will threaten to stifle innovation, hinder investment, and curtail the growth of the entrepreneurial ecosystem.
- The coalition members believe this rule will result in increased fees and decreased choice for investors crippling the very engine of economic growth and job creation that venture-backed companies have come to represent.
- The lawsuit highlights fundamental flaws with the lack of congressional authority, the manner in which it was made final, the lack of cost benefit analysis, along with other deficiencies in its promulgation.

For further details please read the official complaint, press release, press kit, NVCA's reaction to the final rule here, and background information about the original proposal in our April 26, 2022 response here.

SVB In Review

NVCA was closely engaged with members and lawmakers following the collapse of Silicon Valley Bank to understand the range of impacts, facilitate information-sharing between key parties and stress the acute payroll crisis facing the startup ecosystem policymakers. Below is a brief recap of NVCA's focus over the weekend following SVB's collapse:

Friday, March 10:

- A California regulator shut down Silicon Valley Bank and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver to take control of its parent company.
- NVCA retained the Klaros group, a consulting firm made up of a range of former financial policymakers, and hosted a webinar with Treasury officials to discuss guidance and next steps.
- NVCA's Board of Directors and the Klaros Group convened to discuss evolving events and paths forward.

Saturday, March 11:

- NVCA sent a member update outlining the situation at hand, including what we knew and what we did not at that point.
- NVCA and the Klaros Group hosted a webinar to begin unpacking the FDIC receivership process.
- NVCA made a statement on the developing SVB situation, focusing on the issue of payroll as an acute crisis facing the startup community that Monday morning.

Sunday, March 12:

- NVCA and the Klaros Group provided an overview of what companies and VCs should be prepared for come Monday morning should a sale not happen (which did not occur).
- The FDIC released a joint statement, with the Department of Treasury and the Federal Reserve, announcing that all uninsured depositors will have full access to their funds on Monday.
- A New York regulator closed Signature Bank, the third largest failure in U.S. banking history.

Monday, March 13:

- The FDIC updated FAQs to provide updated guidance to investors.
- NVCA issued a statement applauding the bipartisan leadership in Washington that managed to avoid far reaching consequences for the global competitiveness of the U.S. economy, our national security posture, and the energy transition.

Looking Forward

Policymakers face a limited window to advance legislation before the 2024 elections become all-consuming. House Ways and Means Committee Chairman Jason Smith and Senate Finance Committee Chairman Ron Wyden recently introduced a tax package, The Tax Relief for American Families and Workers Act of 2024, which would importantly fix a harmful provision from the 2017 Tax Cuts and Jobs Act (TCJA) that required R&D costs to be amortized over five years. If passed, R&D costs will be fully deductible in the year they are generated once again. We are also looking further ahead to the opportunities and risks in a must-pass tax package in 2025 with looming expiration of a range of tax provisions from TCJA.

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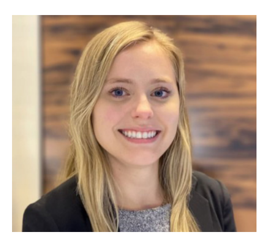

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NVCA Member Community

Diverse, Engaged, Committed

Join NVCA's dynamic national member network with representation from nearly all 50 states from seed investors to mega funds. Emerging managers and well-established VC firms contribute to a vibrant and productive community.

NVCA empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the U.S. venture capital and startup community, NVCA advocates for public policies that support the American entrepreneurial ecosystem. NVCA also fosters the success of the venture industry through valuable education, differentiated networking opportunities, and best in class data and resources.

See a full list of NVCA members here.

Who are NVCA members?

- VC partnerships
- Corporate venture groups
- Growth equity firms
- Family offices
- Fund of funds
- State-Funded Organizations/Nonprofits
- Accelerators
- Incubators

NVCA supports its member community through:

Key Programs and Initiatives

- **CFO Task Force:** VC CFOs and senior operators engage in virtual and in-person meetings to discuss shared challenges and best practices in accounting, back-office operations, and financial reporting. Also distributes a quarterly valuation survey among members which confidentially highlights best practices in valuation among the VC community. CPE credits available.

- **Corporate Venture Network:** Community for learning and dialogue on issues of interest to corporate venture investors. Participants benefit from peer mentorship, skill-building workshops, and diverse perspectives on corporate innovation.

- **Growth Equity Roundtable:** Platform for growth stage investors to exchange ideas, including a dedicated forum for firm operators to share knowledge and discuss common regulatory concerns.

Must-Attend Events

- **Leadership Gala :** Annual gathering of leading VCs, honoring investors who have made significant contributions to the industry.

- **CFO/Operations Conference:** Program for CFOs and COOs at VC firms to examine accounting best practices, the role of operators in venture, and relevant public policy issues.
- *See all NVCA events here.*

What's Hot in 2024

- **Member Working Groups:** Members discuss challenges and opportunities with a focus on regulatory and legislative issues. Working group themes include AI, Blockchain, Climate, Healthcare, and National Security.

- **VC Leadership Dinners:** Intimate gatherings of GPs in cities from coast to coast.

- **Brand Awareness:** Member have opportunities to enhance awareness of thought leadership, fundraising, and other strategic initiatives

How To Become a Member

Visit nvca.org to apply online.

Questions? Contact membership@nvca.org.

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Data provided by PitchBook

NVCA Industry Partners

Advisors, Leaders, and Experts

NVCA and its members rely on a strong network of service providers for guidance and expertise. Through NVCA's Industry Partner Program, leading companies and organizations engage with an exclusive and a diverse set of venture investors. Industry Partner benefits include:

Enhanced brand awareness

Strategic business development

Platform for thought-leadership

Who Are Industry Partners?

- Accounting firms
- Banking and financial institutions
- Consulting and advisory services
- Law firms
- Research and data providers
- Companies supporting startups

What Can Industry Partners Do?

- Sponsor events and newsletters
- Host speaking engagements
- Provide thought-leadership content
- And more!

How To Become an Industry Partner

Do your services add value to the VC ecosystem?

Learn more about the program here.

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Venture Forward Highlights

NVCA's 501(c)(3) nonprofit arm Venture Forward is building a stronger, more diverse, equitable, and inclusive future for VC. The organization provides resources and opportunities to help 1) aspiring investors enter the industry; 2) current investors advance; and 3) VC firms implement meaningful diversity, equity, and inclusion (DEI) practices.

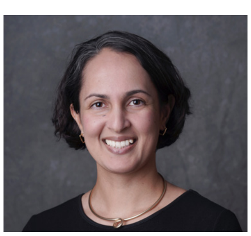
Historically, VC opportunity, access, and success have been concentrated among a few demographics. Women, people of color, other marginalized communities, and people outside of a handful of metro areas have been underrepresented in VC. Venture Forward's mission is to change that.

In 2023, Venture Forward continued to make a big impact, directly serving more than 1,100 participants in its core programs VC University and LP Office Hours. The organization hosted 16 in-person and virtual events, released the fourth edition of the VC Human Capital Survey, and filed two amicus briefs in support of Fearless Fund. Two new directors were appointed to the Venture Forward board: Candice Morgan (GV) and Ellie Wheeler (Greycroft). The team doubled in size having hired two new roles including a Data Operations Manager and Marketing & Communications Director.

Venture Forward is funded solely through tax-deductible donations from individuals, VC firms, and corporate sponsors, including SVB, Deloitte, and Gunderson Dettmer.

Ways To Engage With Venture Forward:

- Submit your firm's workforce demographic and talent management data via the VC Human Capital Survey.
- Volunteer to host or mentor for VC University.
- Volunteer to host LP Office Hours.
- Make a tax-deductible donation to support this important work.
- Follow us on Twitter and LinkedIn.
- Sign up for our newsletter.



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Venture Forward 2023 Impact & 2024 Plans

Initiatives	2023 Highlights	What's Ahead in 2024
VC University Created in partnership with NVCA and UC Berkeley in 2019, this industry-leading certificate course offers a structured introduction to the fundamentals of VC and is offered three times per year. The course consists of self-paced lectures by industry experts and university faculty, live office hours, webinars, networking opportunities, and more.	• Educated 1,000+ individuals across three sold-out cohorts. • 97% would recommend to a peer. • Hosted monthly "Lunch & Learn" webinars with industry leaders. • Hosted weekly office hours to support students through the curriculum. • Managed (ongoing) Slack community for program participants and alumni.	• Celebrate the five-year anniversary of VC University. • Educate 1,000+ individuals across three cohorts. • Continue hosting weekly office hours and monthly webinars. • Expand the support and resources offered to program alumni. • Expand the curriculum with new and updated content.
VC University Scholarship Program VC University offers a robust scholarship program available by application to emerging VC investors from underrepresented and underestimated backgrounds. Selected recipients receive full course tuition, supplemental office hours, access to a curated mentorship program, and more.	• Awarded 120+ full scholarships (across three cohorts) to aspiring VCs from underrepresented backgrounds. • Hosted supplemental office hours and managed a mentorship component.	• Award 120+ full scholarships across three cohorts. • Continue to host scholarship office hours for recipients. • Continue to expand resources for scholarship alumni.
VC University Mentorship Program The VC University scholarship program includes a curated, three-month mentorship component. Participating scholarship recipients are paired with two VCs: an experienced VC mentor (Partner or equivalent with 5+ years' investing experience) and a peer mentor (1-5 years' experience).	• Matched 108 VC University scholarship recipients (across three cohorts) with two VC mentors each. • Recruited 450+ VCs to volunteer as mentors. • 99% of all participants would recommend the mentorship program.	• Run the mentorship program three times, supporting the scholarship recipients of each VC University cohort. • Match 120+ scholarship recipients with two VC mentors according to shared professional goals and experiences. • Serve ~120 participants per program (~40 mentees and 80 mentors.) • Expand the support and resources offered to participants.
VC Human Capital Survey Powered by Venture Forward, NVCA, and Deloitte, this biennial survey captures critical data about the workforce at VC firms and offers guidance for VC firms seeking to advance DEI.	• Published the fourth edition of the survey and interactive dashboard. • Hosted a launch event in SF.	• Field the 2024 edition of the survey, for all active U.S.-based VC firms to participate and confidentially share their data.
LP Office Hours These free, half-day workshops connect emerging managers (EMs) from historically underrepresented backgrounds with limited partners (LPs), general partners (GPs) with significant fundraising experience, and industry advisors. The "office hours" consist of highly curated small-group roundtables and 1:1 conversation between the EMs and the hosts.	• Facilitated one in-person program in New York and one virtual program • Served 45+ EMs from underrepresented backgrounds. • Connected EMs with 27 LP and 12 experienced GP hosts.	• Hold two LP Office Hours events in-person and virtually. • Convene 50 underrepresented EMs to participate.
Additional programs and initiatives In addition to Venture Forward's flagship initiatives, the organization produces various events and educational programming to support the VC community.	• Filed two amicus briefs (Sept. and Dec.) in support of Fearless Fund • SSBCI Resources • Hosted 16 in-person and virtual events, including: • JP Morgan Women in Healthcare Reception • VC Human Capital Survey Launch Event • DEI Leadership Dinners in New York and SF • Pride Event • Emerging Manager Webinar • EM Leadership Dinners in Boston, SF, and New York • AI Webinar • Second annual Venture Forward Holiday Party	• Release a new SSBCI FAQ video series in partnership with the U.S. Department of Treasury and IIE.VC. • Provide further education and resources to emerging GPs from underrepresented backgrounds to help them successfully raise and manage VC funds. • Connect our community of strong talent and VC firms via job placement opportunities. • Support VC firms in prioritizing and accelerating DEI strategies within their organizations.

Glossary

The following definitions are graciously provided by the Center for Private Equity and Venture Capital at the Tuck School of Business at Dartmouth (cpevc.tuck.dartmouth.edu). Used by permission. NVCA and PitchBook are grateful to the Center for its support.

"A" round ("Series A") – formerly the first "institutional" capital raised by a Company, the "A" round is now typically the second institutional round of financing for a young company where venture capitalists are sufficiently interested in a company to invest a larger amount of capital after the "Seed" round to fund the company to the next stage of its development. Subsequent rounds of financing are called "B," "C," "D," etc.

Accredited investor – a person or legal entity, such as a company or trust fund, that meets certain net worth and income qualifications and is considered to be sufficiently sophisticated to make investment decisions in private offerings. Regulation D of the Securities Act of 1933 exempts accredited investors from the protection of the Securities Act. The Securities and Exchange Commission has proposed revisions to the accredited investor qualifying rules, which may or may not result in changes for venture investors. The current criteria for a natural person are: $1 million net worth (excluding the value of a primary residence) or annual income exceeding $200,000 individually or $300,000 with a spouse. Directors, general partners and executive officers of the issuer are considered to be accredited investors. See Rule 501 of Regulation D of the SEC for current details.

Alpha – a term derived from statistics and finance theory that is used to describe the return produced by a fund manager in excess of the return of a benchmark index. Manager returns and benchmark returns are measured net of the risk-free rate. In addition, manager returns are adjusted for the risk of the manager's portfolio relative to the risk of the benchmark index. Alpha is a proxy for manager skill.

Alternative asset class – a class of investments that includes venture capital, leverage buyouts, hedge funds, real estate, and oil and gas, but excludes publicly traded securities. Pension plans, college endowments and other relatively large institutional investors typically allocate a certain percentage of their investments to alternative assets with an objective to diversify their portfolios

American Investment Council (AIC) – an advocacy, communications and research organization for the private equity industry in the United States. Previously known as Private Equity Growth Capital Council (PEGCC)).

Angel – a wealthy individual who invests in companies in relatively early stages of development.

Angel Groups – groups of individual angels who invest together, individually or through a pooled vehicle, enabling them to share deal flow with each other.

Anti-dilution – a contract clause that protects an investor from a substantial reduction in percentage ownership in a company due to the issuance by the company of additional shares to other entities. The mechanism for making an adjustment that maintains the same percentage ownership is called a Full Ratchet. The most commonly used adjustment provides partial protection and is called Weighted Average.

ASC Topic 820 – FASB Accounting Standards Codification (ASC) Topic 820 (formerly known as FAS 157) is the accounting standard that dictates how to measure and disclose fair value for financial reporting purposes. FASB ASC Topic 946 (Investment Companies) dictates that all investments should be reported at fair value.

"B" round ("Series B") – a financing event whereby venture capital investors who are sufficiently interested in a company provide a next round of funding after the "A" round of financing. Subsequent rounds are called "C," "D," and so on.

Basis point ("bp") – one one-hundredth (1/100) of a percentage unit. For example, 50 basis points equals one half of one percent. Banks quote variable loan rates in terms of an index plus a margin and the margin is often described in basis points, such as LIBOR plus 400 basis points (or, as the experts say, "bips").

Beta – a measure of volatility of a public stock relative to an index or a composite of all stocks in a market or geographical region. A beta of more than one indicates the stock has higher volatility than the index (or composite) and a beta of one indicates volatility equivalent to the index (or composite). For example, the price of a stock with a beta of 1.5 will change by 1.5% if the index value changes by 1%. Typically, the S&P 500 index is used in calculating the beta of a stock.

Beta product – a product that is being tested by potential customers prior to being formally launched into the marketplace.

Blockchain – a distributed ledger that uses advanced cryptography to create a "chain" of "blocks" of information that are unalterable and verifiable. Useful for recording any number of transactions or sets of data in a verifiable way that is extremely difficult to modify.

Blank Check Company – See **SPAC**.

Board of directors – a group of individuals, typically composed of managers, investors and experts who have a fiduciary responsibility for the well-being and proper guidance of a corporation. The board is typically elected by the shareholders.

Book – see Private placement memorandum.

Bootstrapping – the actions of a startup to minimize expenses and build cash flow, thereby reducing or eliminating the need for outside investors.

Bp – see Basis point.

Bridge financing – temporary funding that will eventually be replaced by permanent capital from equity investors or debt lenders. In venture capital, a bridge is usually a short-term note (6 to 12 months) that converts to preferred stock. Typically, the bridge lender has the right to convert the note to preferred stock at a price that is a 20% to 25% discount from the price of the preferred stock in the next financing round. See Mezzanine and Wipeout bridge.

Broad-based weighted average anti-dilution – A weighted average anti-dilution method adjusts downward the price per share of the preferred stock of investor A due to the issuance of new preferred shares to new investor B at a price lower than the price investor A originally received. Investor A's preferred stock is repriced to a weighted average of investor A's price and investor B's price. A broad-based anti-dilution method uses all common stock outstanding on a fully diluted basis (including all convertible securities, warrants and options) in the denominator of the formula for determining the new weighted average price. See Narrow-based weighted average anti-dilution.

Burn rate – the rate at which a startup uses available cash to cover expenses in excess of revenue. Usually expressed on a monthly or weekly basis.

Business Development Company (BDC) – a publicly traded company that invests in private companies and is required by law to provide meaningful support and assistance to its portfolio companies.

Business plan – a document that describes a new concept for a business opportunity. A business plan typically includes the following sections: executive summary, market need, solution, technology, competition, marketing, management, operations, exit strategy, and financials (including cash flow projections). For most venture capital funds, fewer than 10 of every 100 business plans eventually receive funding.

Buyout – a sector of the private equity industry. Also, the purchase of a controlling interest of a company by an outside investor using substantial debt (in a leveraged buyout) or a management team (in a management buyout).

Buy-sell agreement – a contract that sets forth the conditions under which a shareholder must first offer his or her shares for sale to the other shareholders before being allowed to sell to entities outside the company.

C Corporation – an ownership structure that allows any number of individuals or companies to own shares. A C corporation is a stand-alone legal entity, so it offers some protection to its owners, managers and investors from liability resulting from its actions.

Capital Asset Pricing Model (CAPM) – a method of estimating the cost of equity capital of a company. The cost of equity capital is equal to the return of a risk-free investment plus a premium that reflects the risk of the company's equity.

Capital call – when a private equity fund manager (usually a "general partner" in a partnership) requests that an investor in the fund (a "limited partner") provide previously committed capital. Usually, a limited partner will agree to a maximum investment amount and the general partner will make a series of capital calls over time to the limited partner as opportunities arise to finance startups and buyouts.

Capital gap – the difficulty faced by some entrepreneurs in trying to raise between $2 million and $5 million. Friends, family and angel investors are typically good sources for financing rounds of less than $2 million, while many venture capital funds have become so large that investments in this size range are difficult.

Capitalization table (or Cap Table) – a table showing the owners of a company's shares and their ownership percentages as well as the debt holders. It also lists the forms of ownership, such as common stock, preferred stock, warrants, options, senior debt, and subordinated debt.

Capital gains – a tax classification of investment earnings resulting from the purchase and sale of assets. Typically, a company's investors and founders have earnings classified as long-term capital gains (held for a year or longer), which are often taxed at a lower rate than ordinary income.

Capital stock – a description of stock that applies when there is only one class of shares. This class is known as "common stock."

Capital Under Management – A frequently used metric for sizing total funds managed by a venture capital or private equity firm. In practice, there are several ways of calculating this. In the US, this is the total committed capital for all funds managed by a firm on which it collects management fees. This calculation ignores whether portions of the committed capital have not yet been called and whether portions of the fund have been liquidated and distributed. It typically does not include aging funds in their "out years" on which fees are not being collected. For the purposes of this book in calculating capital managed, because direct data is not available, the last eight vintage years of capital commitments is considered a proxy for the industry's total capital under management.

Capped participating preferred stock – preferred stock whose participating feature is limited so that an investor cannot receive more than a specified amount. See Participating preferred stock.

Carried interest capital gains – the share in the capital gains of a venture capital fund that is allocated to the General Partner. Typically, a fund must return the capital given to it by limited partners plus any preferential rate of return before the general partner can share in the profits of the fund. The general partner will typically receive a 20% carried interest, although some successful firms receive 25%-30%. Also known as "carry" or "promote."

Clawback – a clause in the agreement between the general partner and the limited partners of a private equity fund. The clawback gives limited partners the right to reclaim a portion of disbursements to a general partner for profitable investments based on significant losses from later investments in a portfolio.

Closing – the conclusion of a financing round whereby all necessary legal documents are signed and capital has been transferred.

Co-investment – the direct investment by a limited partner alongside a general partner in a portfolio company.

Collateral – hard assets of the borrower, such as real estate or equipment, for which a lender has a legal interest until a loan obligation is fully paid off.

Commitment – an obligation, typically the maximum amount that a limited partner agrees to invest in a fund. See Capital call.

Common stock – a type of security representing ownership rights in a company. Usually, company founders, management and employees own common stock while outside investors own preferred stock. In the event of a liquidation of the company, the claims of secured and unsecured creditors, bondholders and preferred stockholders take precedence over common stockholders. See Preferred stock.

Comparable – a private or public company with similar characteristics to a private or public company that is being valued. For example, a telecommunications equipment manufacturer whose market value is 2 times revenues can be used to estimate the value of a similar and relatively new company with a new product in the same industry. See Liquidity discount.

Control – the authority of an individual or entity that owns more than 50% of equity in a company or owns the largest block of shares compared to other shareholders. Control can also be granted through special voting rights and protective provisions in a company's organizing documents.

Consolidation – see Rollup.

Conversion – the right of an investor or lender to force a company to replace the investor's preferred shares or the lender's debt with common shares at a preset conversion ratio. A conversion feature was first used in railroad bonds in the 1800's.

Convertible debt – a loan that allows the lender to exchange the debt for common shares in a company at a preset conversion ratio. Also known as a "convertible note."

Convertible preferred stock – a type of stock that gives an owner the right to convert preferred shares to common shares of stock. Usually, preferred stock has certain rights that common stock doesn't have, such as decision-making management control, a promised return on investment (dividend), or senior priority in receiving proceeds from a sale or liquidation of the company. Typically, convertible preferred stock automatically converts to common stock if the company makes an initial public offering (IPO). Convertible preferred is the most common tool for private equity funds to invest in companies.

Co-sale right – a contractual right of an investor to sell some of the investor's stock along with the founder's or majority shareholder's stock if either the founder or majority shareholder elects to sell stock to a third-party. Also known as Tag-along right.

Cost of capital – see weighted average cost of capital (WACC).

Cost of revenue – the expenses generated by the core operations delivering the product or services of a company.

Covenant – a legal promise to do or not do a certain thing. For example, in a financing arrangement, company management may agree to a negative covenant, whereby it promises not to incur additional debt. The penalties for violation of a covenant may vary from repairing the mistake to losing control of the company.

Coverage ratio – describes a company's ability to pay debt from cash flow or profits. Typical measures are EBITDA/Interest, (EBITDA minus Capital Expenditures)/Interest, and EBIT/Interest.

Cram down round – a financing event upon which new investors with substantial capital are able to demand and receive contractual terms that effectively cause the issuance of sufficient new shares by the startup company to significantly reduce ("dilute") the ownership percentage of previous investors.

Cryptocurrency – a natively-digital currency using encryption techniques to regulate the creation of units of currency and verify transfer of funds. Usually created and managed independently of a central bank.

Cumulative dividends – the owner of preferred stock with cumulative dividends has the right to receive accrued (previously unpaid) dividends in full before dividends are paid to any other classes of stock.

Current ratio – the ratio of current assets to current liabilities.

Data room – a specific location where potential buyers / investors can review confidential information about a target company. This information may include detailed financial statements, client contracts, intellectual property, property leases, and compensation agreements.

Deal flow – a measure of the number of potential investments that a fund reviews in any given period.

Defined benefit plan – a company retirement plan in which the benefits are typically based on an employee's salary and number of years worked. Fixed benefits are paid after the employee retires. The employer bears the investment risk and is committed to providing the benefits to the employee. Defined benefit plan managers can invest in private equity funds.

Defined contribution plan – a company retirement plan in which the employee elects to contribute some portion of his or her salary into a retirement plan, such as a 401(k) or 403(b). The employer may also contribute to the employee's plan. With this type of plan, the employee bears the investment risk. The benefits depend solely on the amount of money made from investing the employee's contributions.

Demand rights – a type of registration right. Demand rights give an investor the right to force a startup to register its shares with the SEC and prepare for a public sale of stock (IPO).

Dilution – the reduction in the ownership percentage of current investors, founders and employees caused by the issuance of new shares (for example to investors in follow on rounds, employees by increasing the stock option pool, debt providers in the form or warrants, etc.).

Dilution protection – see Anti-dilution and Full ratchet.

Direct Listing – also known as a DPO (Direct Public Offering), a Direct Listing is a listing on an exchange, such as the NYSE or NASDAQ, where a company offers its securities directly to the public and self-underwrites its securities without the use of intermediaries such as investment banks, broker-dealers, and underwriters as would be the case in an IPO. Cutting out the intermediaries from a public offering materially lowers the cost of a public offering. Spotify completed the first-ever Direct Listing on the NYSE on April 3, 2018.

Direct secondary transaction – a transaction in which the buyer purchases shares of an operating company from an existing seller. While the transaction is a secondary sale of shares, the transacted interest is a primary issue purchase directly into an operating company. Sellers are often venture capitalists selling their ownership stake in a portfolio company. Buyers are often funds that specialize in such investments.

Discount rate – the interest rate used to determine the present value of a series of future cash flows.

Discounted cash flow (DCF) – a valuation methodology whereby the present value of all future cash flows expected from a company or investment is calculated.

Distressed debt – the bonds of a company that is either in or approaching bankruptcy. Some private equity funds specialize in purchasing such debt at deep discounts with the expectation of exerting influence in the restructuring of the company and then selling the debt once the company has meaningfully recovered.

Distribution – the transfer of cash or securities to a limited partner resulting from the sale, liquidation or IPO of one or more portfolio companies in which a general partner chose to invest.

Dividends – payments made by a company to the owners of certain securities.

Down round – a round of financing whereby the valuation of the company is lower than the value determined by investors in an earlier round.

DPO (Direct Public Offering) – see Direct Listing

Drag-along rights – the contractual right of an investor in a company to force all other investors to agree to a specific action, such as the sale of the company.

Drawdown schedule – an estimate of the gradual transfer of committed investment funds from the limited partners of a private equity fund to the general partners.

Due diligence – the investigatory process performed by investors to assess the viability of a potential investment and the accuracy of the information provided by the target company.

Dutch auction – a method of conducting an IPO whereby newly issued shares of stock are committed to the highest bidder, then, if any shares remain, to the next highest bidder, and so on until all the shares are committed. Note that the price per share paid by all buyers is the price commitment of the buyer of the last share.

Early stage – the state of a company after the seed (formation) stage but before middle stage (generating revenues). Typically, a company in the early stage will have a core management team and a proven concept or product, but no positive cash flow.

Earnings before interest and taxes (EBIT) – a measurement of the operating profit of a company. One possible valuation methodology is based on a comparison of private and public companies' value as a multiple of EBIT.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) – a measurement of the cash flow of a company. One possible valuation methodology is based on a comparison of private and public companies' value as a multiple of EBITDA.

Earn out – an arrangement in which sellers of a business receive additional future payments, usually based on financial performance metrics such as revenue or net income.

Elevator pitch – a concise presentation, lasting only a few minutes (an elevator ride), by an entrepreneur to a potential investor about an investment opportunity.

Employee Stock Ownership Program (ESOP) – a plan established by a company to reserve shares for employees.

Entrepreneur – an individual who starts their own business.

Entrepreneurship – the application of innovative leadership to limited resources in order to create exceptional value.

Enterprise Value (EV) – the sum of the market values of the common stock and long-term debt of a company, minus excess cash.

Equity – the ownership structure of a company represented by common shares, preferred shares, or unit interests. Equity = Assets - Liabilities.

ESOP – see Employee Stock Ownership Program.

Evergreen fund – a fund that reinvests its profits in order to ensure the availability of capital for future investments.

Exit strategy – the plan for generating profits for owners and investors of a company. Typically, the options are to merge, be acquired, or make an initial public offering (IPO). An alternative is to recapitalize (releverage the company and then pay dividends to shareholders).

Expansion stage – the stage of a company characterized by a complete management team and a substantial increase in revenues.

Fair value – a financial reporting principle for valuing assets and liabilities, for example, portfolio companies in venture capital fund portfolios. In 2007, more defined rules took effect. See ASC Topic 820.

Fairness opinion – a letter issued by an investment bank that charges a fee to assess the fairness of a negotiated price for a merger or acquisition.

FAS 157 – see ASC Topic 820 entry.

First refusal – the right of a privately owned company to purchase any shares that employees would like to sell before they are offered to outside buyers.

Founders stock – nominally priced common stock issued to founders, officers, employees, directors, and consultants.

Free cash flow to equity (FCFE) – the cash flow available after operating expenses, interest payments on debt, taxes, net principal repayments, preferred stock dividends, reinvestment needs, and changes in working capital. In a discounted cash flow model to determine the value of the equity of a firm using FCFE, the discount rate used is the cost of equity.

Free cash flow to the firm (FCFF) – the operating cash flow available after operating expenses, taxes, reinvestment needs, and changes in working capital, but before any interest payments on debt are made. In a discounted cash flow model to determine the enterprise value of a firm using FCFF, the discount rate used is the weighted average cost of capital (WACC).

Friends and family financing – capital provided by the friends and family of founders of an early-stage company. Friends and family financings may also include individual angel investors known to or introduced to the founders. Friends and family financing rounds are typically structured as notes convertible into a Seed or Series A round of financing. Founders should be careful not to create an ownership structure that may hinder the participation of professional investors once the company begins to achieve success.

Full ratchet – an anti-dilution protection mechanism to protect earlier investors from dilution when a new round is raised at a lower price. In the case of a full ratchet for a Series A followed by a Series B at a lower price per share, additional shares would be issued to the Series A preferred investors so that their resulting cost per share is equal to the price per share paid by the Series B preferred investors. Often as a result of the implementation of a ratchet, company management and employees who own a fixed number of common shares suffer significant dilution. See Narrow-based weighted average anti-dilution and Broad-based weighted average anti-dilution.

Fully diluted basis – a methodology for calculating any per share ratios whereby the denominator is the total number of shares, both preferred and common, issued by the company on the assumption that all warrants and options are exercised.

Fund-of-funds – a fund created to invest in other funds (e.g. VC Funds, PE funds, etc.). Typically, individual investors and relatively small institutional investors participate in a fund-of-funds to minimize their portfolio management efforts and leverage the size and scale of the fund-of-funds.

Gatekeepers – intermediaries which endowments, pension funds, and other institutional investors use as advisors regarding private equity investments.

General partner (GP) – a class of partner in a partnership. The general partner retains liability for the actions of the partnership. Historically, venture capital and buyout funds have been structured as limited partnerships, with the venture firm as the GP and limited partners (LPs) being the institutional and high net worth investors that provide most of the capital in the partnership. The GP earns a management fee and a percentage of gains (see Carried interest).

GP – see General partner.

GP for hire – in a spin-out or a synthetic secondary, a GP for hire refers to the professional investor who may be hired by a purchasing firm to manage the new fund created from the orphaned assets purchased. In past cases, the GP has often expanded its role to fundraise for and run new funds alongside the initial fund.

Going-private transaction – when a public company chooses to pay off all public investors, delist from all stock exchanges, and become owned by management, employees, and select private investors.

Golden handcuffs – financial incentives that discourage founders and / or important employees from leaving a company before a predetermined date or important milestone.

Growth stage – the stage of a company when it has received one or more rounds of financing and is generating revenue from its product or service. Also known as "middle stage."

Hart-Scott-Rodino (HSR) Act – a law requiring entities that acquire certain amounts of stock or assets of a company to inform the Federal Trade Commission and the Department of Justice and to observe a waiting period before completing the transaction to allow the agencies to assess whether there will be any anti-competitive implications as a result of the transaction.

Hedge fund – an investment fund that has the ability to use leverage, take short positions in securities, or use a variety of derivative instruments in order to achieve a return that is relatively less correlated to the performance of typical indices (such as the S&P 500) than traditional long-only funds. Hedge fund managers are typically compensated based on assets under management as well as fund performance.

High yield debt – debt issued via public offering or public placement (Rule 144A) that is rated below investment grade by S&P or Moody's. This means that the debt is rated below the top four rating categories (i.e. S&P BB+, Moody's Ba2 or below). The lower rating is indicative of higher risk of default, and therefore the debt carries a higher coupon or yield than investment grade debt. Also referred to as Junk bonds or Sub-investment grade debt.

Hockey stick – the general shape and form of a chart showing revenue, customers, cash, or some other financial or operational measure that increases dramatically at some point in the future. Entrepreneurs often develop business plans with hockey stick charts to impress potential investors.

Holding period – amount of time an investment remains in a portfolio.

Hot issue – stock in an initial public offering that is in high demand.

Hot money – capital from investors that have no tolerance for lack of results by the investment manager and move quickly to withdraw at the first sign of trouble.

Hurdle rate – a minimum rate of return required before an investor will make an investment.

Incorporation – the process by which a business receives a state charter, allowing it to become a corporation. Many corporations choose Delaware because its laws are business-friendly and up to date.

Incubator – a company or facility designed to host startup companies. Incubators help startups grow while controlling costs by offering networks of contacts and shared back-office resources.

Indenture – the terms and conditions between a bond issuer and bond buyers.

Initial coin offering (ICO) – an offering of units of a new cryptocurrency or crypto-token, usually in exchange for existing cryptocurrencies like Bitcoin or Ether, as a presale against a future blockchain project, i.e., the new coins or tokens sold will be the "currency" for transactions in a new or future blockchain project.

Initial public offering (IPO) – the first offering of stock by a company to the public. New public offerings must be registered with the Securities and Exchange Commission. An IPO is one of the methods that a startup that has achieved significant success can use to raise additional capital for further growth. See Qualified IPO.

In-kind distribution – a distribution to limited partners of a private equity fund that is in the form of publicly traded shares rather than cash.

Inside round – a round of financing in which the investors are the same investors as the previous round. An inside round raises liability issues since the valuation of the company has no third-party verification in the form of an outside investor. In addition, the terms of the inside round may be considered self-dealing if they are onerous to any set of shareholders or if the investors give themselves additional preferential rights.

Institutional investor – professional entities that invest capital on behalf of companies or individuals. Examples are pension plans, insurance companies, and university endowments.

Intellectual property (IP) – knowledge, techniques, writings, and images that are intangible but often protected by law via patents, copyrights, and trademarks.

Interest coverage ratio – earnings before interest and taxes (EBIT) divided by interest expense. This is a key ratio used by lenders to assess the ability of a company to produce sufficient cash to service its debt obligation.

Internal rate of return (IRR) – the interest rate at which a certain amount of capital today would have to be invested in order to grow to a specific value at a specific time in the future.

Investment thesis/Investment philosophy – the fundamental ideas which determine the types of investments that an investment fund will choose in order to achieve its financial goals.

IPEV – stands for International Private Equity Valuation guidelines group. This group is made up of representatives of the international and US venture capital industry and has published guidelines for applying US GAAP and international IFRS valuation rules. See www.privateequityvaluation.com. Widely regarded in the US as the global successor to the US-focused PEIGG group.

IPO – see Initial public offering.

IRR – see Internal rate of return.

J curve – a concept that during the first few years of a private equity fund, cash flow or returns are negative due to investments, losses, and expenses, but as investments produce results the cash flow or returns trend upward. A graph of cash flow or returns versus time would then resemble the letter "J."

Later stage – – the state of a company that has proven its concept, achieved significant revenues compared to its competition, and is approaching cash flow break even or positive net income. Typically, a later stage company is about 6 to 12 months away from a liquidity event such as an IPO or buyout. The rate of return for venture capitalists that invest in later stage, less risky ventures is lower than in earlier stage ventures.

LBO – see Leveraged buyout.

Lead investor – the outside investor that makes the largest investment in a financing round and manages the documentation and closing of that round. The lead investor sets the price per share of the financing round, thereby determining the valuation of the company.

Letter of intent – a document confirming the intent of an investor to participate in a round of financing for a company. By signing this document, the subject company agrees to begin the legal and due diligence process prior to the closing of the transaction. Also known as a "Term Sheet."

Leverage – the use of debt to acquire assets, build operations, and increase revenues. By using debt, a company is attempting to achieve results faster than if it only used its cash available from pre-leverage operations. The risk is that the increase in assets and revenues does not generate sufficient net income and cash flow to pay the interest costs of the debt.

Leveraged buyout (LBO) – the purchase of a company or a business unit of a company by an outside investor using mostly borrowed capital.

Leveraged recapitalization – the reorganization of a company's capital structure resulting in more debt added to the balance sheet. Private equity funds can recapitalize a portfolio company and then direct the company to issue a one-time dividend to equity investors. This is often done when the company is performing well financially and the debt markets are expanding.

Leverage ratios – measurements of a company's debt as a multiple of cash flow. Typical leverage ratios include Total Debt/EBITDA, Total Debt/(EBITDA minus Capital Expenditures), and Senior Debt EBITDA.

L.I.B.O.R. – see The London Interbank Offered Rate.

License – a contract in which a patent owner grants to a company the right to make, use, or sell an invention under certain circumstances and for compensation.

Limited liability company (LLC) – an ownership structure designed to limit the founders' losses to the amount of their investment. An LLC itself does not pay taxes, rather its owners pay taxes on their proportion of the LLC profits at their individual tax rates.

Limited partnership – a legal entity composed of a general partner and various limited partners. The general partner manages the investments and is liable for the actions of the partnership while the limited partners are generally protected from legal actions and any losses beyond their original investment. The general partner collects a management fee and earns a percentage of capital gains (see Carried interest), while the limited partners receive income, capital gains, and tax benefits.

Limited partner (LP) – an investor in a limited partnership. The general partner is liable for the actions of the partnership while the limited partners are generally protected from legal actions and any losses beyond their original investment. The limited partner receives income, capital gains, and tax benefits.

Liquidation – the sale of a company. This may occur in the context of an acquisition by a larger company or in the context of selling off all assets prior to cessation of operations (Chapter 7 bankruptcy). In a liquidation, the claims of secured and unsecured creditors, bondholders, and preferred stockholders take precedence over common stockholders.

Liquidation preference – the contractual right of an investor to priority in receiving the proceeds from the liquidation of a company. For example, a venture capital investor with a "2x liquidation preference" has the right to receive two times its original investment upon liquidation before other more junior forms of equity share in the liquidation proceeds.

Liquidity discount – a decrease in the value of a private company compared to the value of a similar but publicly traded company. Since an investor in a private company cannot readily sell his or her investment, the shares in the private company must be valued less than a comparable public company.

Liquidity event – a transaction whereby owners of a significant portion of the shares of a private company sell their shares in exchange for cash, in the case of an IPO or cash-based M&A transaction, or shares of an acquiring company.

Lock-up agreement – investors, management, and employees often agree not to sell their shares for a specific time period after an IPO, usually 6 to 12 months. By avoiding large sales of its stock, the company has time to build interest among potential buyers of its shares.

London Interbank Offered Rate (L.I.B.O.R.) – the average rate charged by large banks in London for loans to each other. LIBOR is a relatively volatile rate and is typically quoted in maturities of one month, three months, six months, and one year.

Management buyout (MBO) – a leveraged buyout controlled by the members of the management team of a company or a division. Often an MBO is conducted in partnership with a buyout fund.

Management fee – a fee charged to the limited partners in a fund by the general partner. Management fees in a private equity fund usually range from 0.75% to 3% of capital under management, depending on the type and size of fund. For venture capital funds, 2% is typical.

Management rights – the rights often required by a venture capitalist as part of the agreement to invest in a company. The venture capitalist has the right to consult with management on key operational issues, attend board meetings, and review information about the company's financial situation.

Market capitalization – the value of a publicly traded company as determined by multiplying the number of shares outstanding by the current price per share.

MBO – see Management buyout.

Mezzanine – a layer of financing that has intermediate priority (seniority) in the capital structure of a company. For example, mezzanine debt has lower priority than senior debt but usually has a higher interest rate and often includes warrants. In venture capital, a mezzanine round is generally the round of financing that is designed to help a company have enough resources to reach an IPO. See Bridge financing.

Multiples – a valuation methodology that compares public and private companies in terms of a ratio of value to an operations figure such as revenue or net income. For example, if several publicly traded computer hardware companies are valued at approximately 2 times revenues, then it is reasonable to assume that a startup computer hardware company that is growing fast has the potential to achieve a valuation of 2 times its revenues. Before the startup company issues its IPO, it will likely be valued at less than 2 times revenue because of the lack of liquidity of its shares. See Liquidity discount.

Narrow-based weighted average anti-dilution – a type of anti-dilution mechanism. A weighted average anti-dilution method adjusts downward the price per share of the preferred stock of investor A (by issuing new additional shares) due to the issuance of new preferred shares to new investor B at a price lower than the price investor A originally received. Investor A is issued enough preferred stock to replicate a weighted average of investor A's price and investor B's price. A narrow-based anti-dilution uses only common stock outstanding in the denominator of the formula for determining the new weighted average price.

National Venture Capital Association (NVCA) – the trade organization that empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the U.S. venture capital and startup community, NVCA advocates for public policy that supports the American entrepreneurial ecosystem. Serving the venture community as the preeminent trade association, NVCA arms the venture community for success, serving as the leading resource for venture capital data, practical education, peer-led initiatives, and networking.

NDA – see Non-disclosure agreement.

Non-cumulative dividends – dividends that are payable to owners of preferred stock at a specific point in time only if there is sufficient cash flow available after all company expenses have been paid. If cash flow is insufficient, the owners of the preferred stock will not receive the dividends owed for that time period and will have to wait until the board of directors declares another set of dividends.

Non-disclosure agreement (NDA) – an agreement issued by entrepreneurs to protect the privacy of their ideas when disclosing those ideas to third parties.

Non-interference – an agreement often signed by employees and management whereby they agree not to interfere with the company's relationships with employees, clients, suppliers, and sub-contractors within a certain time period after termination of employment.

No-shop clause – a section of an agreement to purchase or invest in a company whereby the seller agrees not to market the company to other potential buyers or investors for a specific time period.

Non-solicitation – an agreement often signed by employees and management whereby they agree not to solicit other employees of the company regarding job opportunities.

NVCA – see National Venture Capital Association.

Offering memorandum – a legal document that provides details of an investment to potential investors. See Private placement memorandum.

Operating cash flow – the cash flow produced from the operation of a business, not from investing activities (such as selling assets) or financing activities (such as issuing debt). Calculated as net operating income (NOI) plus depreciation.

Option pool – a group of options set aside for long term, phased compensation to management and employees.

Outstanding shares – the total number of common shares of a company, not including treasury stock, convertible preferred stock, warrants, and options.

Pay to play – a clause in a financing agreement whereby any investor that does not participate in a future round agrees to suffer significant dilution compared to other investors. The most onerous version of "pay to play" is automatic conversion to common shares, which in essence ends any preferential rights of an investor.

Pari passu – a legal term referring to the equal treatment of two or more parties in an agreement. For example, a venture capitalist may agree to have registration rights that are pari passu with the other investors in a financing round.

Participating dividends – the right of holders of certain preferred stock to receive dividends and participate in additional distributions of cash, stock, or other assets.

Participating preferred stock – a unit of ownership composed of preferred stock and common stock. The preferred stock entitles the owner to receive a predetermined sum of cash (usually the original investment plus accrued dividends) if the company is sold or has an IPO. The common stock represents additional continued ownership in the company.

PEIGG – acronym for Private Equity Industry Guidelines Group, an ad hoc group of individuals and firms involved in the private equity industry for the purpose of establishing valuation and reporting guidelines. With the implementation of FAS 157 in 2007, the group's mission was essentially complete. Several of its members then joined IPEV, which is viewed by US VCs as the international successor to PEIGG.

Piggyback rights – rights of an investor to have his or her shares included in a registration of a startup's shares in preparation for an IPO.

PIK dividend – a dividend paid to the holder of a stock, usually preferred stock, in the form of additional stock rather than cash. PIK refers to payment in kind.

PIPEs – see Private investment in public equity.

Placement agent – a company that specializes in finding institutional investors that are willing and able to invest in a private equity fund. Sometimes a private equity fund will hire a placement agent so the fund partners can focus on making and managing investments in companies rather than on raising capital.

Portfolio company – a company that has received an investment from a private equity fund.

Post-money valuation – the valuation of a company including the capital provided by the current round of financing. For example, a venture capitalist may invest $5 million in a company valued at $2 million "pre-money" (before the investment was made). As a result, the startup will have a post-money valuation of $7 million.

PPM – see Private placement memorandum.

Preemptive rights – the rights of shareholders to maintain their percentage ownership of a company by buying shares sold by the company in future financing rounds.

Preference – seniority, usually with respect to dividends and proceeds from a sale or dissolution of a company.

Preferred return – a minimum return per annum that must be generated for limited partners of a private equity fund before the general partner can begin receiving a percentage of profits from investments.

Preferred stock – a type of stock that has certain rights that common stock does not have. These special rights may include dividends, participation, liquidity preference, anti-dilution protection, and veto provisions, among others. Private equity investors usually purchase preferred stock when they make investments in companies.

Pre-money valuation – the valuation of a company prior to the current round of financing. For example, a venture capitalist may invest $5 million in a company valued at $2 million pre-money. As a result, the startup will have a "pre-money" valuation of $2 million.

Pre-Seed round ("Series Pre-Seed") – a financing event whereby angels, angel groups, professionally managed Seed funds, and early-stage venture capital funds become involved in a young start-up company that was previously financed by founders, their friends and family, and individual angel investors in a friends and family financing. Pre-Seed rounds are uncommon but have begun to emerge as Seed rounds have grown larger in size and investor expectations for company progress before a Seed round has increased. Pre-Seed rounds can be priced rounds or can be structured as notes convertible into a "Series Seed" financing round. The size of Pre-Seed rounds can often be similar to the size of Seed rounds only a few years ago.

Pre-Seed stage – the state of a company when it has just been incorporated and its founders are developing their product or service.

Primary shares – shares sold by a corporation (not by individual shareholders).

Private Equity Growth Capital Council (PEGCC) – See American Investment Council (AIC).

Private equity – equity investments in non-public companies, usually defined as being made up of venture capital, growth equity, and buyout funds. Real estate, oil and gas, and other such partnerships are sometimes included in the definition.

Private investment in public equity (PIPEs) – investments by a private equity fund in a publicly traded company, usually at a discount and in the form of preferred stock.

Private placement – the sale of a security directly to a limited number of institutional and qualified individual investors. If structured correctly, a private placement avoids registration with the Securities and Exchange Commission.

Private placement memorandum (PPM) – a document explaining the details of an investment to potential investors. For example, a private equity fund will issue a PPM when it is raising capital from institutional investors. Also, a startup may issue a PPM when it needs growth capital. Also known as "Offering Memorandum"

Private securities – securities that are not registered with the Securities and Exchange Commission and do not trade on any exchanges. The price per share is negotiated between the buyer and the seller (the "issuer").

Qualified IPO – a public offering of securities valued at or above a total amount specified in a financing agreement. This amount is usually specified to be sufficiently large to guarantee that the IPO shares will trade in a major exchange (NASDAQ or New York Stock Exchange). Usually upon a qualified IPO, preferred stock is forced to convert to common stock.

Quartile – one fourth of the data points in a data set. Often, private equity investors are measured by the results of their investments during a particular period of time. Institutional investors often prefer to invest in private equity funds that demonstrate consistent results over time, placing in the upper quartile of the investment results for all funds.

Realization ratio – the ratio of cumulative distributions to paid-in capital. The realization ratio is used as a measure of the distributions from investment results of a private equity partnership compared to the capital under management.

Recapitalization – the reorganization of a company's capital structure.

Red herring – a preliminary prospectus filed with the Securities and Exchange Commission containing the details of an IPO offering. The name refers to the disclosure warning printed in red letters on the cover of each preliminary prospectus advising potential investors of the risks involved.

Redemption rights – the right of an investor to force the startup company to buy back the shares issued as a result of the investment. In effect, the investor has the right to take back his/her investment and may even negotiate a right to receive an additional sum in excess of the original investment.

Registration – the process whereby shares of a company are registered with the Securities and Exchange Commission under the Securities Act of 1933 in preparation for a sale of the shares to the public.

Regulation D – often referred to as simply "Reg D," an SEC regulation that governs private placements. Private placements are investment offerings for institutional and accredited individual investors, but not the general public.

Restricted shares – shares that cannot be traded in the public markets.

Return on investment (ROI) – the proceeds from an investment, during a specific time period, calculated as a percentage of the original investment. Also, net profit after taxes divided by average total assets.

Rights offering – an offering of stock to current shareholders that entitles them to purchase the new issue.

Rights of co-sale with founders – a clause in venture capital investment agreements that allows the VC fund to sell shares at the same time that the founders of a startup choose to sell.

Risk-free rate – a term used in finance theory to describe the return from investing in a riskless security. In practice, this is often taken to be the return on US Treasury Bills.

Road show – presentations made in several cities to potential investors and other interested parties. For example, a company will often make a road show to generate interest among institutional investors prior to its IPO.

ROI – see Return on investment.

Rolling fund – a new type of investment vehicle, structured as a series of limited partnerships, which allows fund managers to share deal flow with fund investors on a quarterly subscription basis while netting carried interest over a multi-year period. With this fund structure, funds are open to new investors every quarter vs. only being open when a new fund is closed.

Rollup – the purchase of relatively smaller companies in a sector by a rapidly growing company in the same sector. The strategy is to create economies of scale. For example, the movie theater industry underwent significant consolidation via rollups in the 1960's and 1970's.

Round – a financing event usually involving several private equity investors.

Royalties – payments made to patent or copyright owners in exchange for the use of their intellectual property.

Rule 144 – a rule of the Securities and Exchange Commission that specifies the conditions under which the holder of shares acquired in a private transaction may sell those shares in the public markets.

S corporation – an ownership structure that limits its number of owners to 100. An S corporation does not pay taxes. Rather, its owners pay taxes on their proportion of the corporation's profits at their individual tax rates.

SBIC – see Small Business Investment Company.

SPV (Special Purpose Vehicle) – an entity created by an investor, or by private equity or venture capital fund management company, to invest in one company, or a small group of companies. In the case of an individual investor, an SPV enables that investor to raise capital to invest in one company or one small group of companies without forming a fund management company and raising a traditional fund. In the case of private equity and venture capital fund management companies, an SPV is often used to put more capital into a portfolio company or a small group of companies than would be prudent for the fund itself given diversification requirements and portfolio concentration limits. SPVs raised by private equity and venture capital funds will typically have lower management fees and carried interest than the main funds.

SPAC (Special Purpose Acquisition Company) – a company with no commercial operations formed strictly to raise capital through an IPO for the purpose of acquiring an existing company. Also known as "blank check companies," SPACs have been used for decades, but until recently were generally used for acquisitions of small companies. In recent years, however, SPACs have become extremely popular, attracting high profile executives, private equity firms, and underwriters. In 2020, SPACs raised over $84 billion, a six-fold increase from a record-setting year just one year earlier in 2019, and accounted for over one-half of all IPO volume for the year.

Scalability – a characteristic of a new business concept that entails the growth of sales and revenues with a much slower growth of organizational complexity and expenses. Venture capitalists look for scalability in the startups they select to finance.

Scale-down – a schedule for phased decreases in management fees for general partners in a limited partnership as the fund reduces its investment activities toward the end of its term.

Scale-up – the process of a company growing quickly while maintaining operational and financial controls in place. Also, a schedule for phased increases in management fees for general partners in a limited partnership as the fund increases its investment activities over time.

Secondary market – a market for the sale of limited partnership interests in private equity funds. Sometimes limited partners choose to sell their interest in a partnership, typically to raise cash or because they cannot meet their obligation to invest
more capital according to the takedown schedule. Certain investment companies specialize in buying these partnership interests at a discount.

Secondary shares – shares sold by a shareholder (not by the corporation).

Securities and Exchange Commission (SEC) – the regulatory body that enforces federal securities laws such as the Securities Act of 1933 and the Securities Exchange Act of 1934.

Seed capital – investment provided by professional seed funds, angels and angel groups, and friends and family of the founders of a startup in the seed stage of its development.

Seed round ("Series Seed") – a financing event whereby angels, angel groups, professionally managed Seed funds, and early-stage venture capital funds become involved in a young start-up company that was previously financed by founders, their friends and family, and individual angel investors in a friends and family financing. Seed rounds can be priced rounds or can be structured as notes convertible into a "Series A" financing round. The Seed round is now typically the first "institutional" financing of a company, although Pre-Seed rounds have begun to emerge drawing earlier institutional capital (See Pre-Seed round.) The size of Seed rounds in recent years has grown to resemble what formerly would have been a small "Series A" round.

Seed stage – formerly, the state of a company when it has just been incorporated and its founders are developing their product or service. More typically today, the stage of a company following material product development and often commercial launch, but before raising larger amounts of capital for investments in growth.

Senior debt – a loan that has a higher priority in case of a liquidation of the asset or company.

Seniority – higher priority.

Series A preferred stock – preferred stock issued by a fast growth company in exchange for capital from investors in the "A" round of financing. This preferred stock is usually convertible to common shares upon an IPO.

Shareholder agreement – a contract that sets out the basis on which the company will be operated and the shareholders' rights and obligations. It provides rights and privileges to preferred and major shareholders and protections to minority shareholders.

Sharpe Ratio – a method of calculating the risk-adjusted return of an investment. The Sharpe Ratio is calculated by subtracting the risk-free rate from the return on a specific investment for a time period (usually one year) and then dividing the resulting figure by the standard deviation of the historical (annual) returns for that investment. The higher the Sharpe Ratio, the better.

Small Business Investment Company (SBIC) – a company licensed by the Small Business Administration to receive government capital in the form of debt or equity for use in private equity investing.

Stock option – a right to purchase or sell a share of stock at a specific price within a specific period of time. Stock purchase options are commonly used as long-term incentive compensation for employees and management of fast growth companies.

Strategic investor – a relatively large corporation that agrees to invest in a young or a smaller company in order to have access to its proprietary technology, product, or service.

Subordinated debt – a loan that has a lower priority than a senior loan in case of a liquidation of the asset or company. Also known as "junior debt."

Sweat equity – ownership of shares in a company resulting primarily from work rather than investment of capital.

Syndicate – a group of investors that agree to participate in a round of funding for a company. Alternatively, a syndicate can refer to a group of investment banks that agree to participate in the sale of stock to the public as part of an IPO.

Synthetic secondary – a popular method of completing a direct secondary transaction in which the buyer becomes a limited partner (LP) in a special purpose vehicle (SPV) or similar entity which has been set up out of the underlying investments in order to create a limited partnership interest. The term arose because of the synthetic nature of the direct purchase through the LP secondary transaction.

Tag-along right – the right of a minority investor to receive the same benefits as a majority investor. Usually applies to a sale of securities by investors. Also known as Co-sale right.

Takedown – a schedule of the transfer of capital in phases in order to complete a commitment of funds. Typically, a takedown is used by a general partner of a private equity fund to plan the transfer of capital from the limited partners.

Tender offer – an offer to public shareholders of a company to purchase their shares.

Term loan – a bank loan for a specific period of time, usually up to ten years in leveraged buyout structures.

Term sheet – a document confirming the intent of an investor to participate in a round of financing for a company. By signing this document, the subject company agrees to begin the legal and due diligence process prior to the closing of the transaction. Also known as "Letter of Intent."

Tranche – a portion of a set of securities. Each tranche may have different rights or risk characteristics. When venture capital firms finance a company, a round may be disbursed in two or three tranches, each of which is paid when the company attains one or more milestones.

Turnaround – a process performed at a struggling company resulting in a substantial increase in a company's revenues, profits, and reputation.

Under water option – an option is said to be underwater if the current fair market value of a stock is less than the option exercise price.

Underwriter – an investment bank that chooses to be responsible for the process of selling new securities to the public. An underwriter usually chooses to work with a syndicate of investment banks in order to maximize the distribution of the securities.

Venture capital – a segment of the private equity industry which focuses on investing in new companies with high growth potential and accompanying high risk.

Venture capital method – a pricing valuation method whereby an estimate of the future value of a company is discounted by a certain interest rate and adjusted for future anticipated dilution in order to determine the current value. Usually, discount rates for the venture capital method are considerably higher than public stock return rates, representing the fact that venture capitalists must achieve significant returns on investment in order to compensate for the risks they take in funding unproven companie.

Venture Monitor – officially known as the PitchBook-National Venture Capital Association (NVCA) Venture Monitor. Jointly produced by PitchBook and NVCA, it serves as the authoritative quarterly report on venture capital activity in the entrepreneurial ecosystem. The Venture Monitor provides a complete look at venture capital activity, reporting on fundraising, investments, exits, and other relevant industry analysis in one comprehensive report each quarter.

Vesting – a schedule by which employees gain ownership over time of a previously agreed upon amount of retirement funding or stock options.

Vintage – the year that a private equity fund begins making investments. Venture funds are generally benchmarked to funds of the same vintage year.

Voting rights – the rights of holders of preferred and common stock in a company to vote on certain acts affecting the company. These matters may include payment of dividends, issuance of a new class of stock, mergers, or liquidation.

Warrant – a security which gives the holder the right to purchase shares in a company at a pre-determined price. A warrant is a long-term option, usually valid for several years or indefinitely. Typically, warrants are issued concurrently with preferred stocks or bonds in order to increase the appeal of the stocks or bonds to potential investors.

Washout round – a financing round whereby previous investors, the founders, and management suffer significant dilution. Usually as a result of a washout round, the new investor gains majority ownership and control of the company.

Weighted average cost of capital (WACC) – the average of the cost of equity and the after-tax cost of debt. This average is determined using weight factors based on the ratio of equity to debt plus equity and the ratio of debt to debt plus equity.

Weighted average anti-dilution – an anti-dilution protection mechanism whereby the conversion rate of preferred stock is adjusted in order to reduce an investor's loss due to an increase in the number of shares in a company. Without anti-dilution protection, an investor would suffer from a reduction of his or her percentage ownership. Usually as a result of the implementation of a weighted average anti-dilution, company management and employees who own a fixed number of common shares suffer significant dilution, but not as badly as in the case of a full ratchet.

Write-down – a decrease in the reported value of an asset or a company.

Write-off – a decrease in the reported value of an asset or a company to zero.

Write-up – an increase in the reported value of an asset or a company.

Zombie – a company that has received capital from investors but has only generated sufficient revenues and cash flow to maintain its operations without significant growth. Sometimes referred to as "walking dead." Typically, a venture capitalist has to make a difficult decision as to whether to liquidate a zombie or continue to invest funds in the hopes that the zombie will become a winner.

Geographic Definitions

US regions

West Coast – Alaska, California, Hawaii, Oregon, Washington

Mountain – Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

Midwest – Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota

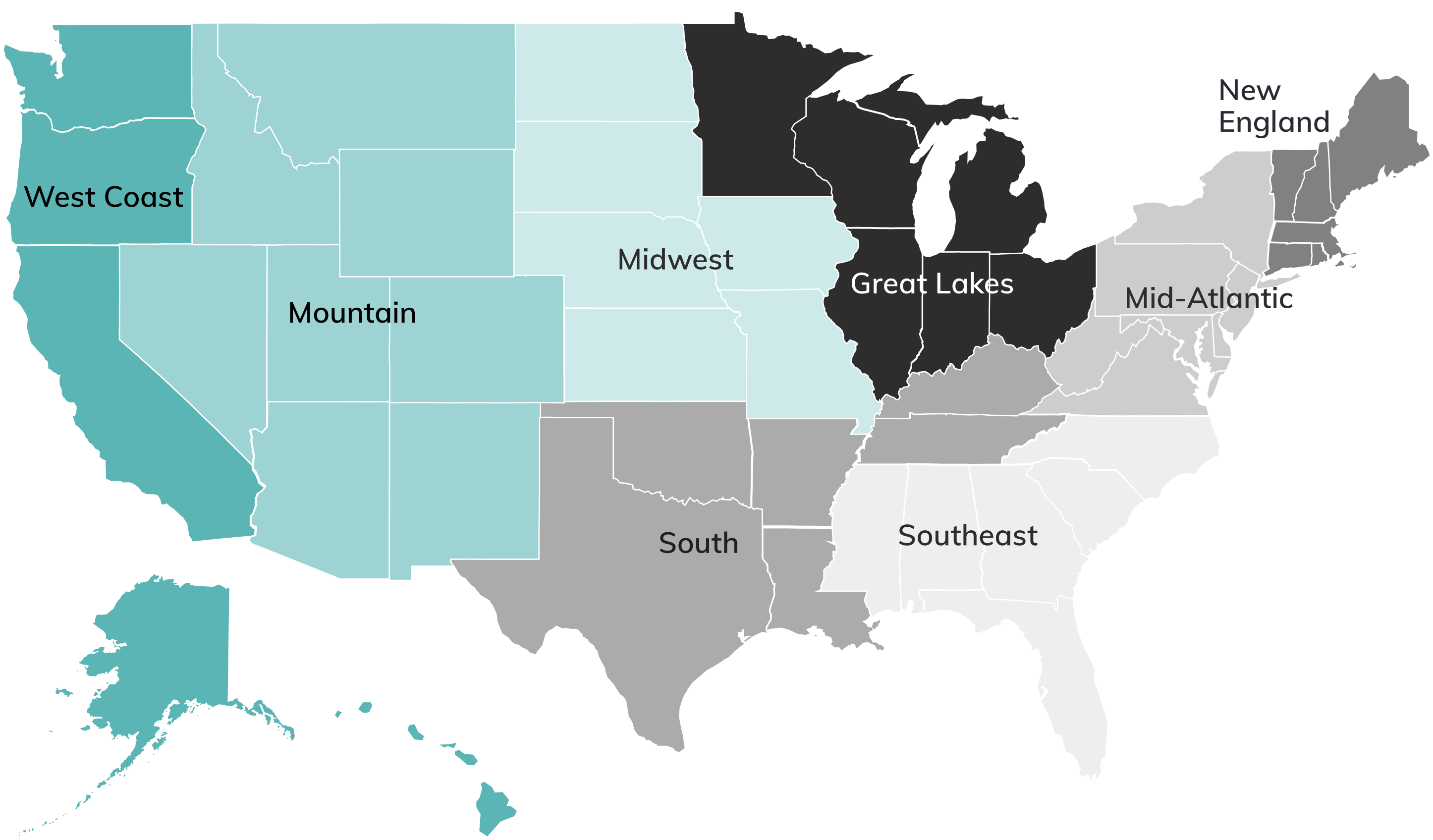
Great Lakes – Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

New England – Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Mid-Atlantic – Delaware, DC, Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia

South – Arkansas, Kentucky, Louisiana, Oklahoma, Tennessee, Texas

Southeast – Alabama, Florida, Georgia, Mississippi, North Carolina, Puerto Rico, South Carolina



Industry Code Definitions

Example companies in these definitions do not necessarily mean that those companies are included in the venture dataset included in the Yearbook, but are merely provided for context.

Description	VC Special Industry
Commercial Services	Commercial Services
Apparel and Accessories	Consumer Goods & Recreation
Restaurants, Hotels and Leisure	Consumer Goods & Recreation
Retail	Consumer Goods & Recreation
Energy Equipment	Energy
Exploration, Production and Refining	Energy
Energy Services	Energy
Healthcare Devices and Supplies	HC Devices & Supplies
Healthcare Services	HC Services & Systems
Healthcare Technology Systems	HC Services & Systems
Communications and Networking	IT Hardware
Computer Hardware	IT Hardware
Semiconductors	IT Hardware
Media	Media
Commercial Products	Other
Other Healthcare	Other
IT Services	Other
Other Information Technology	Other
Agriculture	Other
Chemicals and Gases	Other

Description	VC Special Industry
Construction (Nonwood)	Other
Containers and Packaging	Other
Forestry	Other
Metals, Minerals and Mining	Other
Textiles	Other
Other Materials	Other
Utilities	Other
Other Energy	Other
Capital Markets/Institutions	Other
Commercial Banks	Other
Insurance	Other
Other Financial Services	Other
Services (Non-Financial)	Other
Transportation	Other
Other Consumer Products and Services	Other
Consumer Durables	Other
Consumer Non-Durables	Other
Commercial Transportation	Other
Other Business Products and Services	Other
Pharmaceuticals and Biotechnology	Pharma & Biotech
Software	Software

Note: Life sciences is composed of pharma & biotech and healthcare devices & supplies combined.

1 Business Products & Services

1.1 Commercial Products

1.1.1 **Aerospace and Defense** - Manufacturers of equipment, parts or products related to civil or military aerospace and defense. Includes aircraft parts, firearms, and other munitions.

Ex: Boeing, Lockheed Martin, Northrop Grumman

1.1.2 **Building Products** - Manufacturers and distributors of home improvement and construction products and equipment. Includes drills, saws, windows, doors, and other prefabricated building materials, among others.

Ex: USG, Elk Corporation, Fastenal Company

1.1.3 **Distributors/Wholesale** - Companies engaged in the sale of bulk goods for resale by a retailer. The goods are sold to industrial, commercial, institutional, or other entities.

Ex: Ferguson Enterprises, W.W. Grainger, Hughes Supply

1.1.4 **Electrical Equipment** - Manufacturers of electrical equipment and components. Includes a broad range of electrical devices, electrical components, power-generating equipment, and other large electrical systems, among others.

Ex: AO Smith, Exide Technologies, Zoltek Companies

1.1.5 **Industrial Supplies and Parts** - Manufacturers of intermediate goods. Includes industrial parts and supplies made through injection molding, extrusion, thermoforming, die casting, and metal stamping, among others.

Ex: Advanced Plastics, Precision Urethane and Machine, Lyons Tool and Die

1.1.6 **Machinery** - Manufacturers of heavy-duty industrial machinery. Includes heavy equipment, hardware, and machine tools, among others.

Ex: Caterpillar, Komatsu, Deere and Company

1.1.7 Other Commercial Products

1.2 Commercial Services

1.2.1 **Accounting, Audit and Tax Services** - Providers of accounting, audit, and tax services to managers, investors, and tax authorities.

Ex: PricewaterhouseCoopers, Ernst and Young, KPMG, Deloitte

1.2.2 **BPO/Outsource Services** - Providers of business process outsourcing (BPO) services. BPO is the transmission of processes and operational activities to a third party for the purpose of cost reduction, productivity growth, and innovative capabilities.

Ex: Accenture, Sitel, ARAMARK

1.2.3 **Construction and Engineering** - Companies engaged in large scale or non-residential construction. Includes building construction, heavy/highway construction, industrial construction, architecture, and civil engineering, among others.

Ex: Turner Construction, Skanska, Tishman Construction

1.2.4 **Consulting Services** - Providers of specialized consulting services to improve a company's performance. Includes environmental consulting, human resource consulting, management consulting, strategic consulting, and political consulting, among others.

Ex: McKinsey and Company, Boston Consulting Group, Watson Wyatt

1.2.5 **Education and Training Services** - Providers of specialized education and training services. Includes on-the-job and off-the-job training, among others.

Ex: Apollo Group, Accredited Technical Training, WorldWideLearn

1.2.6 **Environmental Services** - Providers of environmental services. Includes environmental management, waste management, and pollution control services, among others.

Ex: Environmental Quality Management, Waste Management, Allied Waste Industries

1.2.7 **Human Capital Services** - Providers of human resource and employment services. Includes recruitment, training, and career development, among others.

Ex: Monster Worldwide, Vault.com, Robert Half Finance and Accounting

1.2.8 **Legal Services** - Providers of corporate legal services. Includes contract law, tax law, securities law, intellectual property rights, and zoning law, among others.

Ex: DLA Piper, Goodwin Procter, White and Case

1.2.9 **Logistics** - Providers of supply chain management and logistical support. Includes inventory management, purchasing, organizing transportation, and warehousing, among others.

Ex: Penske Logistics, United Parcel Service, Expeditors International

1.2.10 **Media and Information Services** - Providers of media and information services to businesses. Includes companies engaged in trade shows, marketing, branding, conducting surveys, market analysis, and audience data interpretations, among others. This includes online marketplaces.

Ex: Arbitron, DST Systems, Interactive Data Corporation

1.2.11 **Office Services** - Providers of administrative, office management, and personnel services.

Ex: Express Personnel Services, IKON Office Solutions, Snelling Personnel Services

1.2.12 **Printing Services** - Providers of commercial printing services. Includes printing, copying, binding, and document preparation, among others.

Ex: Kinko's, AlphaGraphics, Sir Speedy

1.2.13 **Security Services** - Provider of residential and commercial security services. Includes security system installation, monitoring, and staffing services, among others.

Ex: Brinks, AlliedBarton Security Services, Protection One

1.2.14 Other Commercial Services

1.3 Transportation

1.3.1 **Air** - Providers of products or services related to commercial air transportation. Includes couriers, airfreight, and airplane maintenance, among others.

Ex: Delta Cargo, Pilot Freight Services, Lufthansa Cargo

1.3.2 **Marine** - Providers of products or services related to commercial water transportation. Includes cargo shipping, manufacturers of ships, and ship components, among others.

Ex: Overseas Shipholding Group, DryShips, Seacor Holdings

1.3.3 **Rail** - Providers of products or services related to commercial rail transportation. Includes freight trains, manufacturers of trains, and train parts, among others.

Ex: Union Pacific, Canadian National Railway, Norfolk Southern

1.3.4 **Road** - Providers of products or services related to commercial land transportation. Includes freight trucks, manufacturers of commercial trucks, and truck parts, among others.

Ex: J.B. Hunt Transport Services, Landstar System, Con-way

1.3.5 **Infrastructure** - Providers of products and services for commercial transportation infrastructure. Includes products and services related to airports, train stations, bus terminals, and highway construction, among others.

Ex: Hubbard Construction, Granite Construction, Mosites Construction

1.3.6 Other Transportation

1.4 Other Business Products and Services

1.4.1 **Buildings and Property** - Owners of buildings and property. Includes office buildings, factories, farmland, and oil fields, among others.

Ex: The Empire State Building, 175 Fifth Avenue

1.4.2 **Conglomerates** - Companies engaged in multiple and unrelated industrial sectors.

Ex: Berkshire Hathaway, Altria Group, GE

1.4.3 **Government** - Providers of products and services to government agencies. Includes consulting, information technology services, and military equipment and support, among others.

Ex: Booz Allen Hamilton, Maximus, Skanska

1.4.4 Other Business Products and Services

2 Consumer Products & Services

2.1 Apparel and Accessories

2.1.1 **Accessories** - Manufacturers or designers of fashion accessories. Includes jewelry, gloves, handbags, hats, belts, scarves, and sunglasses, among others.

Ex: Ray-Ban, Coach, Citizen Watch Company

2.1.2 **Clothing** - Manufacturers or designers of clothing.

Ex: Ralph Lauren Polo, Hanes, Columbia Sportswear

2.1.3 **Footwear** - Manufacturers or designers of footwear. Includes athletic shoes, boots, and sandals, among others.

Ex: Crocs, Sketchers, Timberland

2.1.4 **Luxury Goods** - Manufacturers or designers of luxury goods. Includes high end clothing, accessories, and footwear, among others.

Ex: Gucci Group, Patek Philippe, Tag Heuer International

2.1.5 Other Apparel

2.2 Consumer Durables

2.2.1 **Business Equipment and Supplies** - Manufacturers of office supplies and equipment. Includes general office supplies, filing products, and paper shredders, among others.

Ex: Pitney Bowes, Steelcase, 3M

2.2.2 **Electronics** - Manufacturers of consumer electronics. Includes digital cameras, televisions, and handheld devices, among others.

Ex: Samsung, Sony, Panasonic

2.2.3 **Home Furnishings** - Manufacturers of home furniture and other decorative accessories. Includes couches, lamps, and draperies, among others.

Ex: Ethan Allen Interior, Furniture Brands International, La-Z-Boy

2.2.4 **Household Appliances** - Manufacturers of household appliances. Includes microwaves, vacuum cleaners, washers, and dryers, among others.

Ex: Whirlpool, Kenmore, LG

2.2.5 **Recreational Goods** - Manufacturers of recreational goods. Includes sporting goods and leisure goods, among others.

Ex: Burton, Titleist, Coleman

2.2.6 Other Consumer Durables

2.3 Consumer Non-Durables

2.3.1 **Beverages** - Producers and distributors of alcoholic and non-alcoholic beverages.

Ex: Coca-Cola, Pepsi, Anheuser-Busch

2.3.2 **Food Products** - Producers, processors, and distributors of food products. Includes companies engaged in food preparation, and manufacturers of packaged food, among others.

Ex: Kraft Foods, Heinz, Lancaster Colony

2.3.3 **Household Products** - Manufacturers of household products. Includes cleaning supplies, disposable products, and paper towels, among others.

Ex: Clorox, Dixie, Kleenex

2.3.4 **Personal Products** - Manufacturers of personal products. Includes cosmetics, perfumes, and hygiene products, among others.

Ex: Old Spice, Gillette, Dove

2.3.5 Other Consumer Non-Durables

2.4 Media

2.4.1 **Broadcasting, Radio and Televisio**n - Providers of entertainment through radio, television, or the internet. Includes local, national, and international radio and television channels.

Ex: NBC, Telemundo, YouTube

2.4.2 I**nformation Services** - Providers of information and content services. Includes political surveys, financial data, and statistics, among others.

Ex: Bloomberg, Interactive Data Corporation, Gallup

2.4.3 **Movies, Music and Entertainment** - Companies engaged in the production, distribution, and sale of entertainment products and services. Includes movie theaters, production companies, and music labels, among others.

Ex: Lowes Cineplex, Virgin Records, Paramount Pictures

2.4.4 **Publishing** - Providers of print and internet publishing services. Includes newspapers, magazines, and books, among others.

Ex: Daily Journal, The New York Times Company, The McGraw-Hill Companies

2.4.5 **Social Content** - Owners and operators of social content websites. Includes social networks, discussion boards, and dating websites, among others.

Ex: Facebook, LinkedIn, Match.com

2.4.6 Other Media

2.5 Restaurants, Hotels and Leisure

2.5.1 **Casinos and Gaming** - Owners and operators of casinos and other gaming operations.

Ex: MGM Mirage, Boyd Gaming, Monarch Casino

2.5.2 **Cruise Lines** - Owners and operators of cruise lines. Includes cruise ships, and ocean liners, among others.

Ex: Carnival Cruise Lines, Royal Caribbean Cruise Lines, Crystal Cruises

2.5.3 **Hotels and Resorts** - Owners and operators of hotels and resorts. Includes vacationing facilities and commercial establishments, among others.

Ex: Four Seasons, Hyatt, Fairmont

2.5.4 **Leisure Facilities** - Owners and operators of leisure facilities. Includes fitness centers and day spas, among others.

Ex: LA Fitness, 24 Hour Fitness, Aveda Lifestyle Salon and Spa

2.5.5 **Restaurants and Bars** - Owners and operators of restaurants and bars.

Ex: Applebee's, Chili's, Ruth's Chris Steak House

2.5.6 Other Restaurants, Hotels and Leisure

2.6 Retail

2.6.1 **Catalog Retail** - Provider of retail services through mail order and TV home shopping.

Ex: QVC, HSN, Jewelry Television

2.6.2 **Department Stores** - Owners and operators of large stores with a wide variety of products in distinct departments. Includes apparel, furniture, electronics, hardware, and sporting goods, among others.

Ex: Nordstrom, Macy's, Neiman Marcus

2.6.3 **Distributors/Wholesale** - Companies engaged in the sale of bulk goods to individual consumers.

Ex: Costco, Sam's Club, BJ's Wholesale Club

2.6.4 **General Merchandise Stores** - Owners and operators of stores offering a wide variety of general merchandise. General merchandise includes personal products, food, film, and prescriptions, among others.

Ex: CVS, RiteAid, Walgreen's

2.6.5 **Internet Retail** - Providers of retail services primarily through the internet.

Ex: Amazon.com, Overstock.com, Netflix

2.6.6 **Specialty Retail** - Owners and operators of retail stores specializing in the sale of goods in a particular industry or sector.

Ex: Barnes and Noble, Petsmart, Office Depot

2.6.7 Other Retail

2.7 Services (Non-Financial)

2.7.1 **Accounting, Audit and Tax Services** - Providers of accounting, audit, and tax services to individuals.

Ex: HandR Block, Jackson Hewitt, Liberty Tax Service

2.7.2 **Educational and Training Services** - Providers of educational and professional training services. Includes vocational education and exam preparation, among others.

Ex: University of Phoenix, ITT Technical Institute, Princeton Review

2.7.3 **Legal Services** - Providers of legal services to individuals. Includes criminal law, property law, human rights law, and insurance law, among others.

Ex: DLA Piper, Goodwin Procter, White and Case

2.7.4 **Real Estate Services** - Providers of real estate services to individuals. Includes real estate brokers and property valuation, among others.

Ex: Century 21, RE/MAX, Coldwell Banker

2.7.5 Other Services (Non-Financial)

2.8 Transportation

2.8.1 **Air** - Providers of air transportation to consumers. Includes major airlines and charter airlines, among others.

Ex: Northwest Airlines, United Airlines, Alaska Airlines

2.8.2 **Automotive** - Providers of products and services related to automotives. Includes automotive manufacturers and automotive services, among others.

Ex: Ford, GM, Enterprise Rent-a-Car

2.8.3 **Marine** - Providers of products and services related to water transportation. Includes leisure boat manufacturers and yacht dealers, among others.

Ex: Viking Yacht Company, Marine Products Corporation, Fountain Powerboat Industries

2.8.4 **Rail** - Providers of products and services related to rail transportation. Includes passenger trains and express trains, among others.

Ex: Amtrak, Grand Luxe Rail Journeys, Union Pacific Railroad

2.8.5 Other Transportation

2.9 Other Consumer Products and Services

2.9.1 Other Consumer Products and Services

3 Energy

3.1 Equipment

3.1.1 **Alternative Energy Equipment** - Manufacturers or providers of alternative energy equipment. Includes compressed natural gas, solar, hydroelectric, and wind, among others.

Ex: The Wind Turbine Company, Vestas, Solar Electric Power Company

3.1.2 **Coal and Consumable Fuels Equipment** - Manufacturers or providers of coal and consumable fuels equipment.

Ex: Joy Mining Machinery, Getman, Peters Equipment Company

3.1.3 **Oil and Gas Equipment** - Manufacturers or providers of oil and gas equipment. Includes rigs and drilling equipment, among others.

Ex: Weatherford International, Baker Hughes, Cameron International

3.1.4 Other Equipment

3.2 Exploration, Production and Refining

3.2.1 **Energy Exploration** - Companies engaged in energy exploration. Includes the identification, testing and development of sites for well drilling and wind farms.

Ex: Apache Corporation, Anadarko Petroleum, Hunt Oil

3.2.2 **Energy Production** - Companies engaged in energy production. Includes wind farming, drilling and removal of crude oil and natural gas.

Ex: Transocean, Diamond Offshore Drilling, Noble Corporation

3.2.3 **Energy Refining** - Companies engaged in energy refining. Includes the refining of crude oil into gasoline, diesel, kerosene, and fuel oil.

Ex: Sasol, Valero Energy, Imperial Oil

3.3 Services

3.3.1 **Energy Marketing** - Companies engaged in energy marketing. Includes gas marketing, pipeline analysis, and asset management, among others.

Ex: Marathon Oil, Hess Corporation, Murphy Oil

3.3.2 **Energy Storage** - Companies engaged in energy storage. Includes commercial and industrial batteries, fuel cells, and capacitors, among others.

Ex: ZBB Energy, Young Gas Storage, Falcon Gas Storage

3.3.3 **Energy Traders and Brokers** - Companies engaged in energy trading and brokerage services.

Ex: Dynergy, Reliant Energy, El Paso Corporation

3.3.4 **Energy Transportation** - Companies engaged in energy transportation. Includes tankers, and gathering and transmission pipelines, among others.

Ex: Energy Transfer Equity, Kinder Morgan Energy Partners, Enbridge

3.3.5 **Infrastructure** - Companies engaged in energy infrastructure. Includes pipelines, transmission lines, generation plants, and refineries, among others.

Ex: Energy Infrastructure Acquisition, Brookfield Infrastructure Partners, Tortoise Energy Infrastructure

3.3.6 Other Energy Services

3.4 Utilities

3.4.1 **Electric Utilities** - Companies engaged in the generation, transmission, and distribution of energy for sale in the regulated market.

Ex: Southern Company, FPL Group, Dominion Resources

3.4.2 **Gas Utilities** - Companies engaged in the production, distribution and marketing of natural gas and related services.

Ex: National Grid, Sempra Energy, Equitable Resources

3.4.3 **Multi-Utilities** - Companies engaged in the generation, transmission, distribution, and sale of water, electricity and natural gas to residential, commercial, industrial, and wholesale customers.

Ex: Exelon Corporation, Public Service Enterprise Group, PGandE

3.4.4 **Water Utilities** - Companies engaged in providing water or wastewater services.

Ex: Aqua America, California Water Service Group, American States Water Company

3.4.5 Other Utilities

3.5 Other Energy

3.5.1 Other Energy

4 Financial Services

4.1 Capital Markets/Institutions

4.1.1 **Asset Management** - Financial institutions providing management of various securities to meet specified investment goals for the investors. Investors may be institutions or high net worth individuals.

Ex: Smith Barney, Edward Jones, Ameriprise Financial

4.1.2 **Brokerage** - Financial Institutions acting as an intermediary between a buyer and seller of securities, usually charging a commission. Includes clearing houses and stock brokerage firms, among others.

Ex: Citigroup, Options Clearing Corporation, LCH. Clearnet

4.1.3 **Investment Banks** - Financial institutions functioning across all areas of capital markets. Includes raising money by issuing and selling securities, and advisory within mergers and acquisitions, among other financial services.

Ex: Citigroup, Goldman Sachs, Lehman Brothers

4.1.4 **Private Equity** - Financial institutions engaged in long-term loans with multinational corporations and governments. Includes merchant banks, and private equity firms, among others.

Ex: Blackstone Group, Carlyle Group, Kohlberg Kravis Roberts

4.1.5 Other Capital Markets/Institutions

4.2 Commercial Banks

4.2.1 **International Banks** - Non-investment commercial banks located in more than one country.

Ex: Deutsche Bank, UBS, Bank of America

4.2.2 **National Banks** - Non-investment commercial banks located in one country.

Ex: Bank of New York, Citizens Bank, Capital One Bank

4.2.3 **Regional Banks** - Non-investment commercial banks located in a particular region.

Ex: Sterling Savings Bank, Evergreen Bank, HomeStreet Bank

4.2.4 **Thrifts and Mortgage Finance** - Financial institutions specializing in originating and/or servicing mortgage loans.

Ex: Accredited Home Lenders, Countrywide, Quicken Loans

4.2.5 Other Commercial Banks

4.3 Insurance

4.3.1 **Automotive Insurance** - Providers of insurance for cars, trucks, and other vehicles.

Ex: State Farm, All-State, GEICO

4.3.2 **Commercial/Professional Insurance** - Providers of commercial or professional insurance. Includes medical malpractice and legal malpractice, among others.

Ex: CNA Insurance, Zurich, FM Global

4.3.3 **Insurance Brokers** - Companies sourcing contracts of insurance on behalf of their customers.

Ex: Marsh and McLennan, Willis Group, Brown and Brown

4.3.4 **Life and Health Insurance** - Providers of life and health insurance.

Ex: ING, Prudential, MetLife

4.3.5 **Multi-line Insurance** - Providers of diversified insurance services with multiple interests in life, health, and property insurance.

Ex: AXA, Prudential, Sun Life

4.3.6 **Property and Casualty Insurance** - Providers of property and casualty risks insurance.

Ex: Allianz, American International Group, Hartford Financial

4.3.7 **Re-Insurance** - Providers of insurance to insurance companies.

Ex: Berkshire Hathaway, Munich Reinsurance, Hannover Reinsurance

4.3.8 Other insurance

4.4 Other Financial Services

4.4.1 **Consumer Finance** - Companies engaged in any kind of lending to consumers. Includes sub prime lending, among others.

Ex: HSBC Finance, CIT, CitiFinancial

4.4.2 **Holding Companies** - Companies that do not produce goods or provide services, but instead own shares of other companies.

Ex: Berkshire Hathaway, UAL Corporation, AMR Corporation

4.4.3 **Real Estate Investment Trusts (REITs)** - REIT is a tax designation for a corporation investing in real estate. REITs receive special tax reductions and offer high yield investments in real estate.

Ex: AMB Property, Duke Realty, EastGroup Properties

4.4.4 **Specialized Finance** - Companies engaged in providing specialized finance to both public and private enterprises.

Ex: Latitude Capital Group, Budget Finance Company, Capital Source

4.4.5 Other Financial Services

5 Healthcare

5.1 Devices and Supplies

5.1.1 **Diagnostic Equipment** - Manufacturers of imaging and non-imaging devices used to assess and diagnose medical conditions. Includes X-ray and MRI machines, otoscopes and stethoscopes, and ultrasound equipment, among others.

Ex: Welch Allyn, Siemens, AFC Industries, SOMA Technology

5.1.2 **Medical Supplies** - Manufacturers of medical supplies that would be considered non-durable. Includes syringes, diabetes supplies, bandages, and protective wear, among others.

Ex: Frank Healthcare, Johnson and Johnson, Adenna, Cardinal Health, Covidien

5.1.3 **Monitoring Equipment** - Manufacturers of devices used to collect and monitor vital signs. Includes heart-rate monitors, oxygen saturation monitors, and fetal monitors, among others.

Ex: Phillips Medical Systems, GE Medical Systems, Welch Allyn, SOMA Technology, Datascope

5.1.4 **Surgical Devices** - Manufacturers of devices and equipment used in a surgical setting. Includes laparoscopy instruments, retractor systems, and positioning devices, among others.

Ex: Lyons, Mediflex, Boston Scientific

5.1.5 **Therapeutic Devices** - Manufacturers of devices for rehabilitation or therapy. Includes muscle stimulators, light therapy, and pacemakers, among others.

Ex: Medtronic, Boston Scientific, Empi

5.1.6 Other Devices and Supplies

5.2 Services

5.2.1 **Clinics/Outpatient Services** - Facilities and services for short-term, outpatient care and procedures. Includes rehabilitation, diagnostic testing, and outpatient surgery and exams.

Ex: AmSurg, Physiotherapy Associates, HealthSouth

5.2.2 **Distributors** - Distributors of healthcare equipment and supplies. Includes all distributors of healthcare products.

Ex: American Medical Supplies and Equipment, AmerisourceBergen, BMP Sunstone, Owens and Minor

5.2.3 **Elder and Disabled Care** - Facilities and services for the care of senior citizens. Includes assisted living, long term care, hospice care, nursing homes, and home care, among others.

Ex: RehabCare Group, Sunrise Senior Living, AccentCare

5.2.4 **Hospitals/Inpatient Services** - Facilities and services for long-term care, and inpatient care and procedures. Includes invasive surgical procedures, and emergency services.

Ex: Tenet Healthcare, HCA, Universal Health Services

5.2.5 **Laboratory Services** - Providers of medical laboratory services. Includes blood and tissue testing.

Ex: Quest Diagnostics, LabCorp, LabOne

5.2.6 **Managed Care** - Owners and operators of managed health plans. Includes Preferred Provider Organizations (PPOs) and Health Maintenance Organizations (HMOs).

Ex: Aetna, Kaiser Permanente, UnitedHealth Group

5.2.7 **Practice Management** - Providers of consulting and management services to medical practices. Excludes practice management software, such as billing or medical records software.

Ex: Advantage Medical Claims, Medical Management Associates, Healthcare Facilitators

5.2.8 Other Healthcare Services

5.3 Healthcare Technology Systems

5.3.1 **Decision/Risk Analysis** - Developers and producers of software or systems used to expedite the medical decision and risk management process. These programs try to assist doctors and nurses in their decision making process.

Ex: HLTH Corporation, Apache Medical Systems, Wellsource

5.3.2 **Enterprise Systems** - Developers and producers of software and systems that cover multiple areas of the healthcare organization.

Ex: NextGen, Cerner, McKesson Corporation

5.3.3 **Medical Records Systems** - Developers and producers of software or systems to organize medical records.

Ex: NextGen, McKesson, MediNotes

5.3.4 **Outcome Management** - Developers and producers of software or systems used to analyze the effectiveness of treatments prescribed by doctors.

Ex: Tri-Analytics, Outcome Concept Systems, Protocol Driven Healthcare

5.3.5 Other Healthcare Technology Systems

5.4 Pharmaceuticals and Biotechnology

5.4.1 **Biotechnology** - Companies engaged in research, development, and production of biotechnology. Includes embryology, genetics, cell biology, molecular biology, and biochemistry, among others.

Ex: Elan, Genentech, Amgen

5.4.2 **Discovery Tools** - Researchers and developers of tools used in drug discovery and drug delivery research. Includes compound libraries,

enzymes, kinases, and specialized proteins, among others.

Ex: PerkinElmer, Qiagen, Charles River Laboratories

5.4.3 **Drug Delivery** - Researchers and developers of medication delivery methods. Includes targeted delivery methods, and timed release formulations, among others.

Ex: Elan, Hospira, Nektar Therapeutics

5.4.4 **Drug Discovery** - Researchers and developers of new drugs. Includes identification, screening, and efficacy testing of drug candidates, among others.

Ex: Bristol-Meyers Squibb, PerkinElmer, Elan

5.4.5 **Pharmaceuticals** - Manufacturers and distributors of established drugs/pharmaceuticals. This category includes any large drug company that primarily manufactures medicines; however they may also be engaged in drug research and development.

Ex: Bristol-Meyers Squibb, GlaxoSmithKline, Novartis, Eli Lilly and Company

5.4.6 Other Pharmaceuticals and Biotechnology

5.5 Other Healthcare

5.5.1 Other Healthcare

6 Information Technology

6.1 Communications and Networking

6.1.1 **Cable Service Providers** - Developers and marketers of television, internet and voice services for cable networks. Includes broadband internet, VoIP, and cable television, among others.

Ex: Comcast, Cox Communications, Adelphia

6.1.2 **Connectivity Products** - Manufacturers of electronic components used to create networks or link devices. Includes bulk cable, connectors, and adapters, among others.

Ex: Belkin, AMP Inc., Griffin Technology, Molex

6.1.3 **Fiberoptic Equipment** - Manufacturers of fiber optic and photonics equipment. Includes bulk cable, connectors, lasers, and light emitting diodes (LEDs), among others.

Ex: Oplink Communications, Optical Communication Products, Belden

6.1.4 **Internet Service Providers** - Providers of dial-up and DSL access to the internet.

Ex: America Online, NetZero, EarthLink, Juno, PeoplePC

6.1.5 **Telecommunications Service Providers** - Providers of commercial and residential voice and data services. Includes phone service, paging, and voicemail, among others.

Ex: BellSouth, AT&T, Qwest, Vodafone, Airtel

6.1.6 **Wireless Communications Equipment** - Manufacturers, designers and marketers of wireless communications equipment. Includes wireless handsets, and wireless modems and routers, among others.

Ex: LG, Motorola, Cisco

6.1.7 **Wireless Service Providers** - Providers of wireless telephone networks. Includes cellular telephone service, and personal communication service (PCS), among others.

Ex: Verizon Wireless, Qualcomm, Nextel Partners

6.1.8 Other Communications and Networking

6.2 Hardware

6.2.1 **Computers, Parts and Peripherals** - Manufacturers, designers, and distributors of computers and peripherals. Includes monitors, cases, mice, keyboards, and printers, among others.

Ex: Dell, Apple, Hewlett-Packard, Sony, IBM

6.2.2 **Electronic Components** - Manufacturers, designers, and distributors of electronic parts and components for use in more advanced products. Includes processors, video cards, sound cards, fans, and motherboards, among others.

Ex: Intel, Advanced Micro Devices (AMD), Texas Instruments, NVIDIA

6.2.3 **Electronic Equipment and Instruments** - Manufacturers, designers, and distributors of electronic equipment and instruments. Includes multimeters, and oscilloscopes, among others. This category is for electronic testing and measurement devices.

Ex: Agilent Technologies, National Instruments, Tektronix, Chase Scientific

6.2.4 **Office Electronics** - Manufacturers, designers, and distributors of office equipment. Includes copiers and faxes, among others.

Ex: Xerox, Ricoh, Lanier

6.2.5 **Storage** - Manufacturers, designers, and distributors of electronic storage devices. Includes hard drives, optical drives, and flash memory, among others.

Ex: Seagate Technology, EMC, Western Digital

6.2.6 Other Hardware

6.3 Semiconductors

6.3.1 **Application Specific** - Manufacturers and designers of application specific semiconductors and integrated circuits.

Ex: First Solar, NVIDIA, Linear Technology

6.3.2 **General Purpose** - Manufacturers and designers of generic or general purpose semiconductors and integrated circuits.

Ex: Intel, Texas Instruments, STMicroelectronics

6.3.3 **Production** - Owners and operators of semiconductor foundries. “Foundries” are companies that manufacture semiconductors, but are not involved in their design.

Ex: Taiwan Semiconductor Manufacturing, United Microelectronics, Chartered Semiconductor Manufacturing, SMIC

6.3.4 Other Semiconductors

6.4 Services

6.4.1 **Consulting and Outsourcing** - Providers of outside consulting, outsourcing, or offshoring services. Includes subcontractors, and business process outsourcers, among others.

Ex: Gartner, Infosys Technologies, Sapient Corporation

6.4.2 **Systems and Information** - Management Providers of systems and information management services. Includes companies providing IT hosting and data centers, among others.

Ex: Rackspace, Network World, Mosso

6.4.3 Other IT Services

6.5 Software

6.5.1 **Application Software** - Developers and producers of software for specific tasks or applications. Includes general application software not classified elsewhere.

Ex: Microsoft, Oracle, Adobe

6.5.2 **Automation/Workflow Software** - Developers and producers of software for automation and workflow management. Includes automation of IT processes, data transferring, FTPs, and scheduling, among others.

Ex: Tethys Solutions, Parallels, Synopsys

6.5.3 **Business/Productivity Software** - Developers and producers of software for the enterprise where the focus is on process management and automation.

Ex: Salesforce, IBM, Microsoft

6.5.4 **Communication Software** - Developers and producers of software for communicating electronically through voice, video or text. Includes text and video chat, web conferencing, and web-based presentations, among others.

Ex: America Online, Microsoft, WebEx

6.5.5 **Database Software** - Developers and producers of software to manage and utilize information in databases. Includes MySQL, Microsoft SQL Server, and Oracle, among others.

Ex: Microsoft, Oracle, IBM, Sun Microsystems

6.5.6 **Educational Software** - Developers and producers of educational software.

Ex: Renaissance Learning, Scientific Learning Corporation, The Learning Company

6.5.7 **Entertainment Software** - Developers of consumer-oriented gaming software and applications.

Ex: Zynga, Rovio

6.5.8 **Financial Software** - Developers and producers of software for managing accounting and financial processes. Also includes various software developed specifically for the financial industry.

Ex: Intuit, CapControls, Merlin Securities, Tally, Finacle

6.5.9 **Internet Software** - Developers and producers of software for accessing and manipulating internet content. Includes internet browsers, and file transfer protocol (FTP) programs, among others.

Ex: Apple, Microsoft, Mozilla Foundation, Norwegian Opera Software

6.5.10 **Multimedia and Design Software** - Developers and producers of software for creating and manipulating multimedia content. Includes Computer Aided Design (CAD) software, and video and image editing software, among others.

Ex: Adobe Systems, Quark, Autodesk

6.5.11 **Network Management Software** - Developers and providers of software and systems for managing and organizing networks and information. Includes network monitoring software, and network security software, among others.

Ex: Altiris, Tivoli, NetIQ

6.5.12 **Operating Systems Software** - Developers and producers of computer operating systems.

Ex: Apple, Microsoft, Red Hat Software, Novell

6.5.13 **Social/Platform Software** - Developers and producers of software that facilitates the production, distribution or following of social content. The category also includes online markets.

Ex: Facebook, LinkedIn

6.5.14 **Software Development Applications** - Developers and producers of software for planning, coding, and debugging of new software. Includes compilers, build tools, debuggers, disassemblers, and documentation generators, among others.

Ex: Eiffel Software, Borland Software, BigFix

6.5.15 **Vertical Market Software** - Developers and producers of vertical market software. Includes point of sale software, among others. A vertical market is a group of companies that do business in the same industry.

Ex: SAP, Hypercom, Ingenico

6.5.16 Other Software

6.6 Other Information Technology

6.6.1 Other Information Technology

7 Materials & Resources

7.1 Agriculture

7.1.1 **Animal Husbandry** - Companies that breed, raise, and market livestock.

Ex: Seaboard Corp., Smithfield Foods, Alico

7.1.2 **Aquaculture** - Companies that cultivate and market aquatic organisms. Includes fish, shrimp, kelp/seaweed and cultured pearls, among others.

Ex: Stolt Sea Farm, D.B. Kenney Fisheries, America's Catch

7.1.3 Cultivation

7.1.4 **Horticulture** - Companies that cultivate and market grains, fruits, flowers, and vegetables.

Ex: Cargill, Archer Daniels Midland, The Andersons, Inc.

7.1.5 Other Agriculture

7.2 Chemicals and Gases

7.2.1 **Agricultural Chemicals** - Producers of chemicals used primarily in an agricultural setting. Includes diammonium phosphate (DAP), anhydrous ammonia (NH_3), and potassium chloride (KCl), among others.

Ex: Monsanto, Mosaic, CF Industries Holdings

7.2.2 **Commodity Chemicals** - Producers of chemicals that are sold in bulk due to their low cost. Includes methane, hydrochloric acid, chlorine, and sodium chloride, among others.

Ex: Mitsubishi Chemical, Terra Nitrogen, ExxonMobil

7.2.3 **Industrial Chemicals** - Producers of chemicals used primarily in industrial applications. Includes plastics, biocides, coolants, and polyglycols, among others.

Ex: Celanese, FMC Corp., Archer Daniels Midland

7.2.4 **Multi-line Chemicals** - Producers of diversified chemicals.

Ex: Dow Chemical, Air Products and Chemicals, FMC Corp., DuPont

7.2.5 **Specialty Chemicals** - Producers of proprietary or advanced chemical compounds. Includes food additives, and polymers, among others.

Ex: Sigma-Aldrich, Lubrizol, Cytec Industries

7.2.6 Other Chemicals and Gases

7.3 Construction (Non-Wood)

7.3.1 **Raw Materials (Non-Wood)** - Harvesters or producers of non-wood construction materials. Includes stone, gravel, sand, cement, and bricks, among others. Finished construction products are classified under Building Products.

Ex: Texas Industries, Eagle Materials, Hanson Aggregates North America

7.4 Containers and Packaging

7.4.1 **Metal** - Producers of metal containers and packaging materials.

Ex: Ball Corporation, Greif Inc., Silgan Holdings

7.4.2 **Paper** - Producers of paper containers and packaging materials.

Ex: Packaging Corporation of America, International Paper, Georgia-Pacific

7.4.3 **Plastic** - Producers of plastic containers and packaging materials.

Ex: Ball Corporation, Sonoco, Silgan Holdings

7.4.4 **Wood** - Producers of wood containers and packaging materials.

Ex: Greif Inc., Berry Industrial Group, Universal Forest Products

7.4.5 Other Containers and Packaging

7.5 Forestry

7.5.1 **Forestry Development/Harvesting** - Companies engaged in developing and harvesting forested areas.

Ex: Weyerhaeuser, Deltic Timber, MAXXAM

7.5.2 **Forestry Processing** - Companies engaged in converting raw forest products into marketable materials. Includes lumber, woodchips, engineered wood products, and paper products, among others.

Ex: Weyerhaeuser, Louisiana-Pacific, Stimson Lumber, Pope and Talbot, Georgia-Pacific, Boise Cascade, Temple-Inland Forest Products

7.5.3 Paper/Soft Products

7.5.4 Wood/Hard Products

7.5.5 Other Forestry

7.6 Metals, Minerals and Mining

7.6.1 **Aluminum** - Miners, producers and marketers of aluminum. Includes aluminum ore, and rolled aluminum, among others.

Ex: Alcoa, Kaiser Aluminum, Alcan

7.6.2 **Coal** - Miners, producers and marketers of coal. Includes lignite coal, bituminous coal, anthracite coal, and coke, among others.

Ex: Peabody Energy, CONSOL Energy, Drummond Company

7.6.3 **Gold** - Miners, producers and marketers of gold.

Ex: Newmont Mining, AngloGold Ashanti, Gold Fields Limited

7.6.4 **Iron and Steel** - Miners, producers and marketers of iron and steel.

Ex: Nucor, Olympic Steel, ArcelorMittal

7.6.5 Multi-line - Miners, producers and marketers of diversified metals and minerals.

Ex: BHP Billiton, Rio Tinto, Teck Cominco

7.6.6 **Precious Metals and Minerals** - Miners, producers and marketers of precious metals and minerals. Includes platinum, silver, and palladium, among others.

Ex: Coeur d'Alene Mines, Stillwater Mining, Metalor

7.6.7 Other Metals, Minerals and Mining

7.7 Textiles

7.7.1 **Animal** - Manufacturers of animal-based textiles. Includes wool, cashmere and silk, among others.

Ex: Buckskin Fur and Leather, J. Hewit and Sons

7.7.2 **Plant**- Manufacturers of plant-based textiles. Includes hemp and cotton, among others.

Ex: Parkdale Mills, Boston Felt Company, Aetna Felt Corporation

7.7.3 **Mineral** - Manufacturers of mineral-based textiles. Includes asbestos, glass fiber, and metal fiber, among others.

Ex: Roxul, Potter and Soar, Central Glass

7.7.4 **Synthetic** - Manufacturers of synthetic textiles. Includes polyester, aramid, nylon and spandex, among others.

Ex: Huitong Chemical, Unifi, DuPont-Akra Polyester

7.7.5 Other Textiles

7.8 Other Materials

Data Methodology

Fundraising

We define venture capital funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional venture capital 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 is domiciled, 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.

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, venture capital firms, corporate venture firms, and corporate investors. 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.

Stage Definitions

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.

Venture growth: Rounds are generally classified as Series E or later (which we typically aggregate together as venture growth) 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, number of VC rounds, company status, and participating investors.

Corporate venture capital: Financings classified as corporate venture capital include rounds that saw both firms investing via established CVC arms or corporations making equity investments off balance sheets or whatever other non-CVC method was actually employed.

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). In addition, special purpose acquisition companies (SPAC) registration is broken out, but only completed SPACs wherein the reverse merger is completed between the public SPAC and a privately held company are included in total exit value and volume calculations. 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.

Appendix

US VC Deal Flow by Stage by Quarter ($B)

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-seed/Seed	$0.76	$0.89	$0.80	$0.87	$0.93	$0.93	$0.89	$1.01	$1.08	$1.11	$1.37	$1.24
Early VC	$4.69	$6.60	$6.36	$5.76	$5.51	$7.06	$4.85	$5.98	$5.85	$6.60	$6.46	$8.76
Later VC	$6.58	$6.88	$7.09	$6.06	$8.66	$6.55	$7.17	$5.01	$6.44	$7.99	$7.58	$7.24
Venture Growth	$6.35	$4.45	$6.73	$5.73	$4.06	$10.36	$3.42	$3.22	$3.06	$4.44	$7.33	$3.45
Total	$18.38	$18.83	$20.97	$18.41	$19.19	$24.90	$16.35	$15.22	$16.47	$20.14	$22.74	$20.70

	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-seed/Seed	$1.72	$2.59	$1.78	$1.64	$2.01	$1.85	$2.11	$1.97	$2.54	$2.19	$2.28	$2.58
Early VC	$8.57	$10.47	$9.22	$9.52	$10.90	$10.58	$10.52	$8.56	$9.44	$8.15	$10.68	$12.72
Later VC	$11.18	$11.67	$13.75	$25.45	$14.09	$13.12	$13.87	$13.77	$17.50	$16.53	$16.95	$16.53
Venture Growth	$5.67	$5.19	$8.75	$8.48	$10.64	$9.17	$7.55	$7.31	$7.74	$8.40	$15.63	$12.19
Total	$27.13	$29.92	$33.51	$45.09	$37.64	$34.72	$34.04	$31.61	$37.22	$35.28	$45.55	$44.03

	2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-seed/Seed	$3.43	$4.06	$3.65	$4.48	$6.24	$5.31	$4.84	$3.60	$3.43	$3.23	$3.26	$2.11
Early VC	$14.12	$20.44	$19.75	$26.66	$22.33	$19.26	$13.80	$10.70	$9.11	$10.17	$8.85	$7.32
Later VC	$33.34	$35.31	$38.88	$39.45	$32.25	$27.57	$15.84	$12.50	$21.87	$13.26	$19.01	$14.60
Venture Growth	$23.85	$20.21	$20.19	$22.49	$15.70	$19.92	$7.45	$9.44	$12.70	$6.13	$5.89	$6.04
Total	$74.74	$80.02	$82.47	$93.07	$76.51	$72.07	$41.93	$36.25	$47.10	$32.79	$37.01	$30.08

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC Deal Flow by Stage by Quarter (#)

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-seed/Seed	668	665	578	587	677	567	535	564	716	638	638	656
Early VC	888	886	783	736	845	673	690	658	866	800	730	775
Later VC	474	442	388	376	503	448	389	349	530	473	463	429
Venture Growth	109	87	102	88	103	82	80	98	104	103	92	89
Total	2141	2082	1854	1788	2133	1771	1697	1673	2220	2015	1925	1951
	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-seed/Seed	767	702	706	788	902	826	885	840	1024	822	880	1014
Early VC	952	793	799	831	944	822	799	814	923	670	773	872
Later VC	622	554	522	528	793	665	655	594	809	684	629	666
Venture Growth	120	130	133	124	137	150	127	115	156	142	158	155
Total	2463	2179	2162	2271	2778	2465	2467	2364	2914	2319	2442	2709
	2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-seed/Seed	1324	1333	1293	1446	1528	1391	1198	1031	954	926	807	499
Early VC	1314	1187	1245	1266	1469	1157	1029	956	1035	917	839	837
Later VC	1143	957	982	954	1235	959	797	732	879	715	599	534
Venture Growth	205	204	188	196	207	157	150	153	137	145	119	91
Total	3988	3681	3712	3865	4440	3666	3175	2874	3007	2704	2365	1962

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC Deal Flow by Sector ($B)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	$6.96	$5.20	$5.70	$7.58	$9.12	$6.70	$9.69	$12.44	$20.77	$15.62	$37.61	$28.49	$25.39
Consumer Goods & Services	$3.34	$2.53	$3.82	$6.30	$9.42	$7.17	$11.05	$29.14	$17.59	$14.77	$27.67	$19.04	$7.84
Energy	$1.79	$1.95	$1.49	$0.93	$0.91	$0.81	$0.31	$0.78	$0.94	$1.38	$5.37	$6.21	$3.53
HC Devices & Supplies	$2.71	$2.55	$3.07	$3.86	$3.60	$3.02	$4.30	$4.98	$4.94	$7.29	$8.43	$5.88	$5.41
HC Services & Systems	$1.16	$1.93	$2.14	$3.18	$3.85	$4.51	$5.33	$7.58	$8.79	$13.15	$30.53	$22.32	$11.14
IT Hardware	$2.52	$2.12	$2.35	$2.02	$2.49	$3.00	$3.57	$4.36	$4.96	$6.55	$9.81	$7.73	$5.71
Media	$1.39	$1.04	$1.42	$1.96	$2.09	$1.64	$1.26	$1.30	$2.44	$1.75	$3.93	$4.00	$0.92
Other	$1.37	$0.79	$0.90	$2.79	$4.95	$3.95	$3.91	$6.30	$7.53	$11.25	$26.68	$15.68	$6.95
Pharma & Biotech	$4.10	$4.43	$5.53	$7.36	$9.66	$9.17	$11.94	$18.84	$17.55	$26.38	$36.18	$28.45	$18.93
Software	$13.06	$11.78	$15.18	$27.45	$28.76	$32.42	$26.08	$41.93	$45.06	$55.34	$130.91	$85.40	$59.06
Transportation	$0.34	$0.83	$0.30	$0.96	$1.74	$3.25	$2.61	$7.99	$7.44	$8.58	$13.17	$3.57	$2.10

Source: NVCA 2024 Yearbook, Data provided by PitchBook
*Other industry groups below:
Commercial Products, Commercial Transportation, Other Business Products and Services, Consumer Durables, Consumer Non-Durables, Services (Non-Financial), Transportation, Other Consumer Products and Services, Utilities, Other Energy, Capital Markets/Institutions, Commercial Banks, Insurance, Other Financial Services, Other Healthcare, IT Services, Other Information Technology, Agriculture, Chemicals and Gases, Construction (Non-Wood), Containers and Packaging, Forestry, Metals, Minerals and Mining, Textiles, Other Materials

US VC Deal Flow by Sector ($B)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	802	942	1146	1164	1115	979	1043	1134	1260	1264	1802	1812	1487
Consumer Goods & Services	418	592	807	1018	1113	1026	1172	1289	1575	1395	2072	1788	1108
Energy	117	112	98	99	81	95	67	81	85	88	155	150	144
HC Devices & Supplies	318	336	384	367	407	391	413	478	518	552	621	507	418
HC Services & Systems	221	304	376	424	506	515	570	697	801	880	1302	1164	818
IT Hardware	235	227	277	270	310	316	372	411	383	430	488	439	335
Media	253	287	326	342	298	243	251	228	256	259	356	382	230
Other	99	123	164	237	240	201	269	311	361	385	707	767	504
Pharma & Biotech	294	350	423	450	499	483	601	691	740	868	1118	836	646
Software	1844	2256	2917	3203	3210	2931	3232	3629	3952	4138	6442	6140	4239
Transportation	33	40	52	84	86	94	121	126	143	125	183	170	109

Source: NVCA 2024 Yearbook, Data provided by PitchBook
*Other industry groups below:
Commercial Products, Commercial Transportation, Other Business Products and Services, Consumer Durables, Consumer Non-Durables, Services (Non-Financial), Transportation, Other Consumer Products and Services, Utilities, Other Energy, Capital Markets/Institutions, Commercial Banks, Insurance, Other Financial Services, Other Healthcare, IT Services, Other Information Technology, Agriculture, Chemicals and Gases, Construction (Non-Wood), Containers and Packaging, Forestry, Metals, Minerals and Mining, Textiles, Other Materials

US VC CleanTech Investments by Year

	Capital Raised ($M)	# of Deals Closed	Average Capital Raised ($M)
2013	2,936.4	312	11.0
2014	2,789.2	320	10.3
2015	2,106.5	259	10.1
2016	3,688.4	281	15.7
2017	2,470.1	285	10.2
2018	6,269.1	338	21.6
2019	4,550.8	361	15.9
2020	9,628.3	440	25.7
2021	22,303.7	666	41.0
2022	15,214.9	754	26.1
2023	10,610.9	615	26.7

Source: NVCA 2024 Yearbook, Data provided by PitchBook

2023 Congressional District League Table - Top 50

	District	Deal Count	Company Count	Deal Value ($M)
California	California Congressional district 11	1,195	1,151	$33,097.43
New York	New York Congressional district 12	978	939	$13,409.63
California	California Congressional district 15	257	248	$12,804.75
California	California Congressional district 16	450	437	$7,317.27
Massachusetts	Massachusetts Congressional district 7	230	221	$6,217.76
New York	New York Congressional district 10	483	459	$5,643.75
California	California Congressional district 17	242	229	$4,398.10
Massachusetts	Massachusetts Congressional district 5	170	163	$3,927.94
California	California Congressional district 36	261	247	$3,687.40
Massachusetts	Massachusetts Congressional district 8	219	209	$3,177.99
California	California Congressional district 12	209	197	$2,693.63
Texas	Texas Congressional district 37	304	293	$2,388.94
California	California Congressional district 42	90	88	$2,346.27
California	California Congressional district 50	120	116	$2,332.51
District of Columbia	District of Columbia Congressional district 98	85	83	$2,228.73
Washington	Washington Congressional district 7	229	225	$2,006.32
Illinois	Illinois Congressional district 7	209	198	$1,802.36
Colorado	Colorado Congressional district 1	132	125	$1,630.53
California	California Congressional district 14	64	59	$1,534.83
Colorado	Colorado Congressional district 2	115	109	$1,492.18
California	California Congressional district 37	74	72	$1,358.62
Delaware	Delaware Congressional district 0	379	370	$1,337.48
Virginia	Virginia Congressional district 11	67	64	$1,306.72
California	California Congressional district 47	98	92	$1,241.58
Massachusetts	Massachusetts Congressional district 6	59	58	$1,194.17

Source: NVCA 2024 Yearbook, Data provided by PitchBook

2023 Congressional District League Table - Top 50 continued

	District	Deal Count	Company Count	Deal Value ($M)
Nevada	Nevada Congressional district 2	24	23	$1,110.56
California	California Congressional district 51	63	62	$1,107.71
Washington	Washington Congressional district 1	88	84	$1,080.21
California	California Congressional district 32	75	69	$1,028.34
California	California Congressional district 43	17	16	$840.00
Georgia	Georgia Congressional district 5	105	97	$839.22
New York	New York Congressional district 7	109	105	$812.35
California	California Congressional district 30	104	101	$799.08
Maryland	Maryland Congressional district 8	52	51	$793.85
Missouri	Missouri Congressional district 3	10	8	$780.66
Massachusetts	Massachusetts Congressional district 4	60	58	$726.54
North Carolina	North Carolina Congressional district 2	68	66	$685.59
Arizona	Arizona Congressional district 1	61	60	$678.99
Texas	Texas Congressional district 35	71	69	$657.78
New Jersey	New Jersey Congressional district 11	37	36	$651.47
Tennessee	Tennessee Congressional district 5	26	26	$637.10
Michigan	Michigan Congressional district 6	51	47	$628.24
California	California Congressional district 49	60	57	$599.39
Florida	Florida Congressional district 24	77	73	$572.49
Massachusetts	Massachusetts Congressional district 2	22	22	$554.25
California	California Congressional district 19	51	51	$527.72
Pennsylvania	Pennsylvania Congressional district 12	64	61	$516.50
Utah	Utah Congressional district 3	64	62	$509.47
Georgia	Georgia Congressional district 6	34	31	$494.36
Alabama	Alabama Congressional district 7	23	21	$490.23

Source: NVCA 2024 Yearbook, Data provided by PitchBook

2023 MSA League Table - Top 50

MSA	Deal Count	Company Count	Deal Value ($M)	Deal Value ($M)
San Francisco-Oakland-Fremont, CA MSA	2,693	2,526	$52,658.34	$33,097.43
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA	2,432	2,299	$22,854.65	$13,409.63
Boston-Cambridge-Quincy, MA-NH MSA	1,054	982	$15,637.90	$12,804.75
Los Angeles-Long Beach-Santa Ana, CA MSA	1,396	1,319	$12,975.24	$7,317.27
San Jose-Sunnyvale-Santa Clara, CA MSA	836	787	$10,134.72	$6,217.76
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	365	349	$4,986.98	$5,643.75
San Diego-Carlsbad-San Marcos, CA MSA	321	300	$4,052.08	$4,398.10
Austin-Round Rock, TX MSA	492	460	$3,936.71	$3,927.94
Seattle-Tacoma-Bellevue, WA MSA	480	451	$3,571.88	$3,687.40
Denver-Aurora, CO MSA	286	264	$2,523.82	$3,177.99
Chicago-Naperville-Joliet, IL-IN-WI MSA	431	415	$2,449.65	$2,693.63
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	536	487	$2,423.82	$2,388.94
unknown	770	736	$2,063.74	$2,346.27
Miami-Fort Lauderdale-Pompano Beach, FL MSA	486	455	$1,926.06	$2,332.51
Atlanta-Sandy Springs-Marietta, GA MSA	304	283	$1,573.58	$2,228.73
Houston-Sugar Land-Baytown, TX MSA	179	166	$1,478.02	$2,006.32
Nashville-Davidson-Murfreesboro-Franklin, TN MSA	108	101	$1,373.51	$1,802.36
Boulder, CO MSA	132	119	$1,295.53	$1,630.53
Phoenix-Mesa-Scottsdale, AZ MSA	161	146	$1,233.73	$1,534.83
Minneapolis-St. Paul-Bloomington, MN-WI MSA	171	161	$1,177.56	$1,492.18
Dallas-Fort Worth-Arlington, TX MSA	251	232	$1,035.45	$1,358.62
Carson City, NV MSA	6	6	$1,002.43	$1,337.48
Columbia, MO MSA	6	6	$780.14	$1,306.72
Baltimore-Towson, MD MSA	104	101	$725.80	$1,241.58
Raleigh-Cary, NC MSA	113	105	$723.75	$723.75
Salt Lake City, UT MSA	107	101	$590.95	$590.95
Detroit-Warren-Livonia, MI MSA	82	78	$587.44	$587.44
Columbus, OH MSA	54	51	$569.18	$569.18
Worcester, MA MSA	17	17	$532.52	$532.52
Pittsburgh, PA MSA	117	106	$521.07	$521.07
Indianapolis-Carmel, IN MSA	110	107	$508.50	$508.50

Source: NVCA 2024 Yearbook, Data provided by PitchBook

2023 MSA League Table - Top 50 continued

MSA	Deal Count	Company Count	Deal Value ($M)	Deal Value ($M)
Birmingham-Hoover, AL MSA	38	34	$502.36	$502.36
Sacramento-Arden-Arcade-Roseville, CA MSA	73	69	$485.25	$485.25
Provo-Orem, UT MSA	84	80	$480.17	$480.17
Portland-Vancouver-Beaverton, OR-WA MSA	145	136	$455.13	$455.13
New Haven-Milford, CT MSA	43	39	$438.37	$438.37
Durham, NC MSA	90	81	$432.18	$432.18
St. Louis, MO-IL MSA	63	59	$382.59	$382.59
Fort Collins-Loveland, CO MSA	14	12	$330.91	$330.91
Tampa-St. Petersburg-Clearwater, FL MSA	92	85	$307.79	$307.79
Santa Cruz-Watsonville, CA MSA	20	18	$301.95	$301.95
Cleveland-Elyria-Mentor, OH MSA	65	62	$299.61	$299.61
Ann Arbor, MI MSA	44	42	$292.66	$292.66
Dover, DE MSA	75	66	$277.85	$277.85
Charlotte-Gastonia-Concord, NC-SC MSA	45	45	$252.76	$252.76
Bridgeport-Stamford-Norwalk, CT MSA	83	77	$232.14	$232.14
Oxnard-Thousand Oaks-Ventura, CA MSA	29	28	$223.24	$223.24
Kansas City, MO-KS MSA	60	57	$221.70	$221.70
Cincinnati-Middletown, OH-KY-IN MSA	58	56	$189.08	$189.08
Jacksonville, FL MSA	18	17	$173.54	$173.54

Source: NVCA 2024 Yearbook, Data provided by PitchBook

VC Deal Flow by US Region ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Great Lakes	$2,955.78	$2,584.62	$3,564.62	$5,676.74	$6,433.17	$7,460.92	$13,804.46	$15,968.94	$5,440.91
Mid-Atlantic	$13,409.41	$13,081.35	$15,157.33	$34,149.05	$32,756.83	$25,871.63	$68,318.63	$43,631.58	$24,666.81
Midwest	$503.40	$330.24	$513.48	$856.98	$746.38	$848.85	$2,385.80	$1,738.88	$1,597.97
Mountain	$3,116.56	$4,265.68	$3,496.60	$6,874.14	$5,694.62	$6,592.32	$15,415.25	$11,028.46	$7,142.77
New England	$8,820.73	$7,583.68	$9,910.47	$12,262.40	$12,103.02	$17,105.11	$35,673.52	$22,887.02	$15,765.30
South	$2,880.83	$2,406.69	$3,463.62	$4,270.92	$6,042.88	$7,094.56	$12,950.65	$11,722.73	$7,526.08
Southeast	$3,412.18	$2,632.53	$3,299.39	$6,680.27	$6,090.90	$7,632.67	$13,445.53	$15,024.85	$5,340.73
West Coast	$41,459.64	$42,687.16	$40,640.51	$64,829.00	$68,142.90	$89,447.42	$168,219.04	$104,554.11	$79,185.16
Other Territory	$0.54	$9.07	$3.91	$2.70	$4.34	$7.62	$23.21	$151.76	$135.94
Total	$76,585.97	$75,652.00	$80,056.93	$135,643.60	$138,016.67	$162,069.64	$330,296.59	$226,758.69	$146,974.33

Source: NVCA 2024 Yearbook, Data provided by PitchBook

Data provided by PitchBook

VC Deal Flow by US Region (#)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Great Lakes	594	600	543	603	703	742	769	1036	991	728
Mid-Atlantic	1558	1582	1552	1717	1930	2240	2290	3551	3423	2515
Midwest	142	142	113	126	133	133	153	206	188	156
Mountain	449	470	401	473	497	634	616	864	813	539
New England	647	692	612	723	790	839	908	1224	1122	746
South	564	594	530	582	629	697	701	1018	988	777
Southeast	451	468	408	476	542	614	665	1096	1099	764
West Coast	3242	3310	3105	3401	3841	4155	4262	6209	5467	3755
Other Territory	3	1	3	6	4	10	12	13	29	13
Total	7658	7865	7274	8111	9075	10074	10384	15246	14155	10038

Source: NVCA 2024 Yearbook, Data provided by PitchBook

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Data provided by PitchBook

VC Deal Flow by State ($B)

	2016	2017	2018	2019	2020	2021	2022	2023
California	$40.90	$38.43	$61.26	$63.13	$84.11	$158.37	$96.00	$75.66
New York	$9.08	$10.93	$14.72	$23.44	$17.19	$48.42	$29.52	$16.07
Massachusetts	$7.16	$8.80	$11.75	$11.20	$15.71	$33.09	$20.27	$14.72
Texas	$1.95	$2.85	$3.70	$4.77	$6.02	$11.48	$10.04	$5.76
Washington	$1.45	$1.85	$3.04	$3.84	$4.67	$7.84	$7.44	$3.22
Illinois	$1.24	$1.97	$1.83	$2.72	$2.82	$6.53	$10.11	$1.94
Colorado	$1.92	$1.11	$1.55	$2.47	$2.98	$7.16	$5.65	$3.58
Florida	$1.44	$1.15	$3.02	$2.34	$2.08	$5.66	$7.91	$2.11
Pennsylvania	$1.54	$1.10	$1.63	$3.44	$2.18	$4.86	$4.25	$1.70
District of Columbia	$0.35	$0.74	$14.34	$1.32	$1.48	$2.62	$1.29	$0.82
North Carolina	$0.74	$0.87	$2.53	$1.58	$3.11	$3.47	$4.40	$1.27
New Jersey	$0.75	$0.89	$1.13	$2.27	$1.59	$5.33	$1.94	$1.52
Georgia	$0.38	$1.13	$0.96	$1.99	$2.22	$3.94	$2.06	$1.38
Utah	$1.03	$1.03	$1.71	$1.44	$1.51	$3.68	$2.42	$0.87
Virginia	$0.75	$0.83	$0.95	$1.08	$1.05	$2.01	$2.35	$1.77
Minnesota	$0.47	$0.67	$1.25	$1.24	$2.03	$2.59	$1.79	$1.00
Maryland	$0.48	$0.49	$1.19	$0.83	$1.27	$2.30	$1.86	$1.63
Arizona	$1.08	$0.81	$2.40	$1.11	$0.93	$2.00	$1.40	$1.07
Ohio	$0.43	$0.33	$1.09	$1.07	$1.26	$2.50	$1.85	$1.04
Connecticut	$0.21	$0.65	$0.34	$0.69	$1.05	$1.63	$1.67	$0.66
Delaware	$0.12	$0.18	$0.18	$0.38	$1.12	$2.74	$2.40	$1.14
Oregon	$0.33	$0.35	$0.52	$1.16	$0.63	$1.93	$1.00	$0.28
Tennessee	$0.26	$0.33	$0.31	$0.45	$0.58	$1.04	$1.01	$1.42
Michigan	$0.12	$0.33	$0.60	$0.62	$0.82	$0.96	$1.03	$0.81
Nevada	$0.11	$0.19	$0.23	$0.26	$0.39	$1.86	$0.81	$1.19
Missouri	$0.10	$0.22	$0.39	$0.38	$0.47	$1.13	$0.58	$1.08
Indiana	$0.17	$0.15	$0.32	$0.57	$0.30	$0.72	$0.70	$0.46
Wisconsin	$0.16	$0.12	$0.59	$0.21	$0.24	$0.50	$0.51	$0.19
Kentucky	$0.11	$0.15	$0.15	$0.63	$0.32	$0.18	$0.06	$0.06
New Hampshire	$0.17	$0.11	$0.07	$0.07	$0.13	$0.09	$0.21	$0.14
Montana	$0.10	$0.18	$0.76	$0.11	$0.58	$0.09	$0.27	$0.04
Nebraska	$0.13	$0.08	$0.20	$0.05	$0.11	$0.78	$0.48	$0.14
Kansas	$0.06	$0.15	$0.18	$0.28	$0.13	$0.19	$0.50	$0.20
South Carolina	$0.04	$0.09	$0.14	$0.12	$0.10	$0.12	$0.52	$0.08
Vermont	$0.01	$0.03	$0.03	$0.05	$0.05	$0.64	$0.49	$0.14
New Mexico	$0.01	$0.06	$0.09	$0.23	$0.12	$0.15	$0.17	$0.19
Alabama	$0.04	$0.06	$0.03	$0.06	$0.11	$0.22	$0.11	$0.50
Rhode Island	$0.03	$0.08	$0.04	$0.03	$0.06	$0.10	$0.18	$0.02
Iowa	$0.03	$0.05	$0.06	$0.01	$0.12	$0.23	$0.17	$0.12
Idaho	$0.01	$0.10	$0.10	$0.07	$0.06	$0.35	$0.21	$0.04
Maine	$0.01	$0.24	$0.03	$0.05	$0.10	$0.12	$0.07	$0.08
Louisiana	$0.05	$0.10	$0.01	$0.11	$0.09	$0.10	$0.13	$0.12
Oklahoma	$0.02	$0.02	$0.07	$0.05	$0.03	$0.10	$0.21	$0.07
Arkansas	$0.03	$0.01	$0.03	$0.03	$0.04	$0.05	$0.26	$0.10
Wyoming	$0.01	$0.02	$0.03	$0.01	$0.03	$0.12	$0.09	$0.15
Hawaii	$0.01	$0.01	$0.01	$0.01	$0.02	$0.07	$0.04	$0.03
Mississippi	$0.00	$0.01	$0.00	$0.01	$0.00	$0.04	$0.03	$0.00
North Dakota	$0.00	$0.00	$0.01	$0.02	$0.00	$0.05	$0.01	$0.05
Alaska	$0.00	$0.00	$0.00	$0.00	$0.01	$0.00	$0.07	$0.00
South Dakota	$0.01	$0.02	$0.02	$0.00	$0.02	$0.00	$0.00	$0.01
West Virginia	$0.01	$0.00	$0.00	$0.00	$0.00	$0.02	$0.01	$0.00

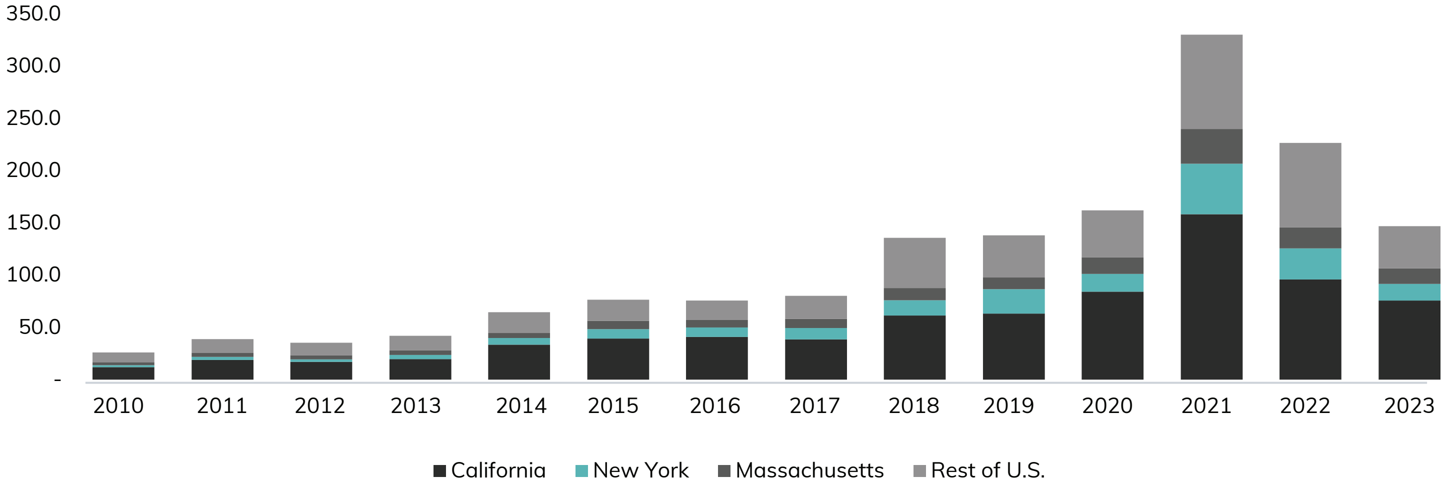
Source: NVCA 2024 Yearbook, Data provided by PitchBook

VC Deal Flow by State (#)

	2016	2017	2018	2019	2020	2021	2022	2023
California	2,779	3,041	3,477	3,705	3,847	5,583	4,881	3,359
New York	926	1,029	1,197	1,404	1,393	2,260	2,074	1,471
Massachusetts	499	606	651	686	726	973	878	578
Texas	373	448	484	523	526	797	755	605
Washington	232	266	274	335	316	472	436	305
Illinois	193	212	219	254	262	382	361	239
Colorado	170	222	235	288	272	370	344	240
Florida	186	203	236	253	267	518	561	394
Pennsylvania	215	200	200	220	252	291	316	204
District of Columbia	61	57	56	58	62	97	87	66
North Carolina	96	110	124	130	148	237	234	174
New Jersey	86	111	117	147	127	195	200	141
Georgia	86	121	132	165	185	253	230	151
Utah	111	103	103	146	132	191	172	114
Virginia	118	131	146	164	138	230	182	166
Minnesota	66	68	92	82	80	125	123	93
Maryland	100	112	118	127	142	169	162	146
Arizona	56	65	68	90	86	119	113	73
Ohio	122	120	136	135	114	159	143	108
Connecticut	55	72	83	81	100	150	132	99
Delaware	43	76	95	117	176	301	394	319
Oregon	89	83	85	100	90	131	127	76
Tennessee	75	70	79	81	79	114	117	69
Michigan	57	79	109	105	142	163	144	117
Nevada	39	36	44	47	48	77	85	44
Missouri	58	52	68	65	74	80	80	57
Indiana	52	79	85	108	108	135	156	123
Wisconsin	53	45	62	58	63	72	64	48
Kentucky	29	21	31	42	48	49	45	36
New Hampshire	15	12	17	19	22	29	36	21
Montana	10	10	12	20	23	15	20	12
Nebraska	25	19	25	26	27	49	38	40
Kansas	17	30	20	28	21	29	38	32
South Carolina	25	29	32	41	35	41	37	17
Vermont	7	10	13	20	18	29	28	17
New Mexico	6	15	16	19	24	30	19	24
Alabama	13	11	14	19	25	41	30	25
Rhode Island	23	14	8	8	17	20	26	11
Iowa	10	19	14	9	26	41	26	20
Idaho	6	16	16	15	19	33	31	14
Maine	13	9	18	25	25	23	22	20
Louisiana	19	14	10	18	12	25	25	24
Oklahoma	21	16	15	23	22	20	27	31
Arkansas	13	13	10	10	14	13	19	12
Wyoming	3	6	3	9	12	29	29	18
unknown	7	4	6	10	8	29	35	45
Hawaii	5	10	5	13	6	19	17	15
Mississippi	2	2	4	6	5	6	7	3
North Dakota	1	2	4	1	2	5	2	5
Alaska	–	1	–	2	3	4	6	
South Dakota	2	4	2	4	3	2	4	2
West Virginia	3	1	1	3	–	8	8	2

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC State Comparison by Year ($B)



Source: NVCA 2024 Yearbook, Data provided by PitchBook

US First VC Financings by Stage ($B)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Angel/Seed	$2,955.78	$2,584.62	$3,564.62	$5,676.74	$6,433.17	$7,460.92	$13,804.46	$15,968.94	$5,440.91
Early VC	$13,409.41	$13,081.35	$15,157.33	$34,149.05	$32,756.83	$25,871.63	$68,318.63	$43,631.58	$24,666.81
Later VC	$503.40	$330.24	$513.48	$856.98	$746.38	$848.85	$2,385.80	$1,738.88	$1,597.97
Venture Growth	$3,116.56	$4,265.68	$3,496.60	$6,874.14	$5,694.62	$6,592.32	$15,415.25	$11,028.46	$7,142.77
Total	$8,820.73	$7,583.68	$9,910.47	$12,262.40	$12,103.02	$17,105.11	$35,673.52	$22,887.02	$15,765.30

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US First VC Financings by Stage (#)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Angel/Seed	1131	973	1083	1200	1437	1626	2547	2394	1415
Early VC	816	735	865	894	900	894	1512	1520	1390
Later VC	206	170	167	204	242	201	278	271	265
Venture Growth	-	-	-	-	-	-	1	-	-
Total	2153	1878	2115	2298	2579	2721	4338	4185	3070

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US First VC Financings by Sector ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	$898.16	$1,004.77	$927.15	$954.77	$1,658.31	$1,619.62	$1,700.55	$1,652.15	$1,579.32
Consumer Goods & Services	$790.98	$566.68	$576.88	$1,122.07	$1,607.26	$866.79	$2,040.07	$1,606.01	$685.03
Energy	$31.71	$39.27	$25.59	$53.02	$37.00	$68.07	$179.01	$914.59	$121.35
HC Devices & Supplies	$137.52	$162.19	$171.65	$370.08	$321.72	$809.69	$428.04	$375.97	$160.61
HC Services & Systems	$722.23	$792.19	$529.21	$541.09	$633.61	$680.17	$1,504.32	$1,311.68	$1,155.65
IT Hardware	$174.34	$508.01	$248.34	$405.13	$197.28	$307.72	$510.46	$429.54	$205.56
Media	$152.98	$124.53	$180.69	$238.50	$287.88	$188.17	$423.05	$342.52	$256.24
Other	$648.46	$401.84	$245.87	$1,038.28	$1,306.04	$570.57	$1,580.81	$2,644.38	$649.93
Pharma & Biotech	$1,449.65	$1,728.36	$1,893.78	$3,559.13	$2,744.19	$3,415.21	$4,714.61	$3,565.27	$2,240.81
Software	$1,897.31	$1,817.02	$2,526.44	$3,309.20	$3,424.32	$3,556.57	$6,604.87	$8,157.73	$4,316.53
Transportation	$168.75	$110.39	$223.14	$100.82	$1,032.05	$123.51	$128.96	$463.91	$68.17

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US First VC Financings by Sector (#)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	315	284	306	298	361	369	531	567	517
Consumer Goods & Services	347	286	302	372	475	386	641	511	327
Energy	16	20	10	18	10	16	30	34	40
HC Devices & Supplies	62	73	67	89	86	85	88	78	56
HC Services & Systems	149	128	147	166	201	212	354	279	225
IT Hardware	54	76	79	88	69	67	62	72	51
Media	98	78	81	78	95	94	139	137	97
Other	78	57	82	88	93	107	231	298	191
Pharma & Biotech	117	116	149	165	179	193	264	185	130
Software	903	744	870	919	987	1170	1958	1985	1411
Transportation	21	26	27	18	23	24	46	42	30

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US Venture Growth Investments by Sector (#)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	51	49	50	66	59	62	93	89	73
Consumer Goods & Services	26	28	39	47	49	76	66	77	44
Energy	10	10	7	4	9	9	18	12	14
HC Devices & Supplies	37	35	47	52	42	57	54	55	45
HC Services & Systems	25	31	25	35	37	42	68	64	45
IT Hardware	25	24	24	27	24	35	32	37	36
Media	12	7	8	6	10	12	9	16	5
Other	8	10	17	13	19	18	43	30	15
Pharma & Biotech	46	30	31	44	31	44	66	38	32
Software	142	135	127	197	241	244	328	239	174
Transportation	4	4	13	16	8	12	16	10	9

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US Venture Growth Investments by Sector ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	$2,951.91	$1,648.23	$3,543.17	$1,862.54	$9,050.02	$4,518.54	$10,648.74	$8,226.54	$6,693.54
Consumer Goods & Services	$2,615.54	$1,340.27	$3,939.27	$5,075.88	$5,455.87	$4,821.30	$6,702.80	$5,343.16	$1,391.83
Energy	$397.33	$229.06	$94.77	$159.00	$163.23	$215.04	$1,364.46	$1,543.54	$912.38
HC Devices & Supplies	$1,052.72	$711.27	$1,544.36	$1,423.95	$911.73	$1,819.66	$1,714.37	$1,333.42	$1,180.62
HC Services & Systems	$630.50	$525.35	$563.32	$1,780.26	$993.38	$2,985.44	$7,042.17	$9,394.28	$1,948.00
IT Hardware	$589.82	$403.94	$574.77	$636.98	$1,345.47	$1,433.12	$2,324.56	$2,104.54	$1,162.52
Media	$589.92	$357.32	$142.62	$24.76	$697.83	$404.24	$999.07	$1,416.74	$7.53
Other	$2,119.45	$402.86	$1,363.26	$1,055.54	$2,071.30	$3,968.44	$8,209.65	$2,657.54	$1,546.31
Pharma & Biotech	$2,427.18	$1,387.52	$1,110.17	$1,965.20	$976.11	$2,339.51	$2,473.99	$1,813.73	$1,282.85
Software	$9,161.42	$12,998.13	$4,410.88	$11,278.61	$12,060.63	$18,175.83	$39,517.99	$17,925.77	$14,242.59
Transportation	$714.00	$1,056.57	$1,002.78	$2,818.16	$945.60	$3,282.93	$5,740.50	$746.66	$389.79

Source: NVCA 2024 Yearbook, Data provided by PitchBook

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Data provided by PitchBook

US Venture Growth Investments by Region (#)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Great Lakes	21	22	21	39	28	49	52	55	44
Mid-Atlantic	59	71	53	88	101	103	152	125	109
Midwest	4	4	3	7	5	3	7	10	15
Mountain	20	21	32	27	30	30	37	40	21
New England	57	51	49	57	61	66	76	63	45
South	23	18	27	34	33	34	42	49	32
Southeast	21	14	20	30	26	35	30	42	34
West Coast	181	162	183	224	245	291	397	283	192

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US Venture Growth Investments by Region ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Great Lakes	$609.49	$416.21	$259.59	$1,011.08	$1,010.10	$2,680.44	$2,465.58	$7,931.73	$818.82
Mid-Atlantic	$2,299.06	$2,571.92	$3,916.46	$3,456.49	$10,842.51	$4,587.65	$18,612.77	$8,209.72	$4,831.32
Midwest	$64.49	$64.98	$6.85	$192.43	$248.72	$88.37	$556.51	$644.17	$995.25
Mountain	$387.17	$1,276.40	$602.67	$2,342.16	$885.02	$1,694.66	$2,491.64	$2,306.74	$635.80
New England	$2,349.11	$2,076.22	$1,993.62	$2,587.05	$2,490.95	$3,645.33	$4,818.13	$3,380.59	$1,999.76
South	$423.19	$200.56	$567.62	$974.02	$1,022.40	$941.19	$2,400.13	$1,506.11	$1,077.63
Southeast	$745.29	$135.94	$1,064.96	$656.12	$1,553.68	$1,548.14	$1,057.98	$3,251.25	$893.36
West Coast	$16,371.98	$14,318.28	$9,877.58	$16,821.54	$16,617.80	$28,778.28	$54,335.55	$25,275.61	$19,506.03

Source: NVCA 2024 Yearbook, Data provided by PitchBook

Top 5 States Venture Growth Investments in 2023 by Total Capital Raised

	# of Companies	# of Deals	Capital Raised ($M)
California	3,854	180	$19,308.3
New York	1,768	64	$2,693.0
Massachusetts	783	38	$1,913.3
Texas	803	26	$1,073.6
Missouri	72	7	$806.7
Total	13,009	492	$30,758.0
Southeast	$745.29	$135.94	$1,064.96
West Coast	$16,371.98	$14,318.28	$9,877.58

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC backed IPOs by Sector ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	$1,536.0	$655.8	$6,496.9	$1,707.7	$4,300.3	$929.2	$12,638.4	$23.6	$7,268.9
Consumer Goods & Services	$5,287.8	-	$3,961.6	$5,110.0	$16,097.5	$79,656.3	$24,847.0	$18.9	$10,171.3
Energy	$1,112.9	-	-	-	-	-	$748.3	-	-
HC Devices & Supplies	$1,948.0	$657.9	$331.3	$2,711.7	$3,856.6	$3,280.0	$9,838.4	$91.0	$30.2
HC Services & Systems	$2,419.6	$1,792.4	-	-	$2,120.0	$6,531.0	$14,924.3	$24.6	$56.3
IT Hardware	$204.3	$1,794.0	$5,173.5	$484.7	-	-	$19,453.7	$1,286.7	$211.3
Media	-	-	$1,200.5	-	-	-	-	-	-
Other	$622.4	-	$546.7	$589.0	$330.3	$8,220.5	$36,754.1	$56.3	$79.3
Pharma & Biotech	$10,563.3	$3,423.1	$7,967.1	$24,638.5	$22,948.1	$34,025.1	$49,730.5	$5,097.0	$6,952.3
Software	$7,440.5	$4,947.0	$24,263.7	$21,747.5	$110,052.4	$78,304.4	$308,663.6	-	$25.9
Transportation	-	-	$1,728.3	-	$18,243.2	$2,067.7	$56,009.3	-	$360.3

Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC backed IPOs by Sector (Company Count)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	7	2	5	5	4	2	10	2	2
Consumer Goods & Services	3	-	3	5	6	6	15	1	6
Energy	1	-	-	-	-	-	1	-	-
HC Devices & Supplies	7	4	4	8	8	6	20	3	2
HC Services & Systems	5	3	3	-	6	5	4	1	3
IT Hardware	2	7	5	2	-	-	2	6	1
Media	-	-	1	-	-	-	-	-	-
Other	3	1	6	7	1	8	9	1	4
Pharma & Biotech	43	20	26	54	45	66	88	17	18
Software	12	7	13	14	19	19	40	7	3
Transportation	-	-	2	-	1	1	4	1	1

Source: NVCA 2024 Yearbook, Data provided by PitchBook

Average & Median Time Since 1st VC to Exit (VC backed IPOs)

	2018		2019		2020		2021		2022		2023	
	Avg	Median	Avg	Median	Avg	Median	Avg	Median	Avg	Median	Avg	Median
Commercial Products & Services	6.29	5.28	6.67	6.01	6.30	5.58	6.85	6.46	6.39	5.16	5.90	5.56
Consumer Goods & Services	5.00	4.27	4.92	4.15	5.79	5.07	5.56	5.01	5.90	5.46	5.65	4.52
Energy	8.53	8.76	8.25	8.19	9.04	9.65	4.90	3.82	7.27	5.84	6.98	8.55
HC Devices & Supplies	9.19	8.47	8.06	7.34	8.50	7.55	8.54	7.52	7.75	6.51	8.88	8.13
HC Services & Systems	6.99	5.42	5.78	5.68	6.60	5.29	6.75	6.14	6.13	5.83	5.09	4.23
IT Hardware	7.85	6.81	7.41	5.46	8.22	5.85	6.31	5.33	8.80	7.68	9.03	7.55
Media	6.66	6.15	6.02	5.36	5.73	4.81	5.78	4.34	6.71	6.21	5.28	4.04
Other	5.14	4.55	4.69	3.10	5.03	3.92	5.35	4.45	5.44	4.54	4.74	3.50
Pharma & Biotech	5.48	4.27	5.39	4.10	4.79	4.16	4.58	3.80	6.14	4.45	6.19	4.68
Software	5.53	4.63	5.92	5.11	6.12	5.41	6.08	5.61	5.80	5.07	5.67	4.70
Transportation	4.15	2.61	5.98	4.59	4.70	4.23	5.14	5.02	4.73	4.22	5.89	4.78

Source: NVCA 2024 Yearbook, Data provided by PitchBook

*Other industry groups below:

Commercial Products, Commercial Transportation, Other Business Products and Services, Consumer Durables, Consumer Non-Durables, Services (Non-Financial), Transportation, Other Consumer Products and Services, Utilities, Other Energy, Capital Markets/Institutions, Commercial Banks, Insurance, Other Financial Services, Other Healthcare, IT Services, Other Information Technology, Agriculture, Chemicals and Gases, Construction (Non-Wood), Containers and Packaging, Forestry, Metals, Minerals and Mining, Textiles, Other Materials

VC backed IPOs Pre Valuation Analysis

	Average	Max ($M)	Upper Quartile ($M)	Median ($M)	Lower Quartile ($M)	Min ($M)
2014	$367.7	$4,666.6	$368.8	$185.8	$87.7	$0.6
2015	$404.3	$3,666.7	$428.8	$219.3	$68.0	$0.2
2016	$316.0	$1,958.5	$395.0	$178.3	$90.5	$15.1
2017	$847.0	$17,207.6	$689.8	$264.7	$106.6	$9.8
2018	$640.3	$6,961.5	$502.6	$325.5	$139.5	$1.9
2019	$2,045.4	$67,613.5	$1,171.1	$353.9	$180.3	$16.3
2020	$2,088.4	$37,136.5	$920.9	$507.9	$311.6	$25.7
2021	$2,981.0	$85,800.0	$2,008.1	$526.6	$213.6	$7.2
2022	$235.6	$1,452.4	$307.8	$54.4	$25.7	$11.8
2023	$838.5	$7,876.6	$428.1	$151.9	$44.3	$18.0

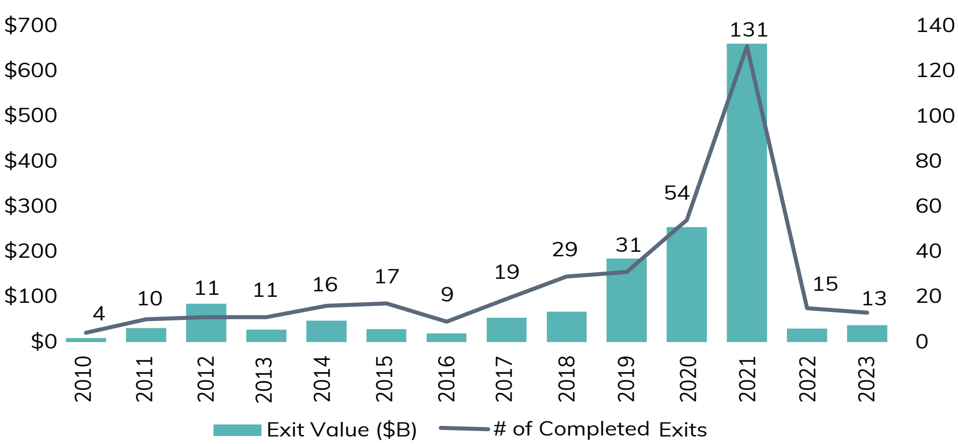
Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC backed M&A by Sector ($M)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	$6,085.6	$5,784.4	$2,155.2	$4,660.5	$3,187.9	$6,668.2	$6,358.5	$8,303.9	$1,577.3
Consumer Goods & Services	$2,657.9	$6,806.6	$4,362.2	$4,271.8	$4,263.2	$7,944.3	$3,152.3	$2,531.1	$301.2
Energy	$229.1	$376.3	-	$14.0	$164.8	$51.6	$50.0	$370.0	$2,462.7
HC Devices & Supplies	$4,115.9	$2,570.9	$2,443.5	$4,511.0	$9,471.5	$2,260.5	$4,112.7	$3,353.2	$2,146.9
HC Services & Systems	$1,402.7	$1,365.9	$1,377.8	$3,162.4	$1,052.4	$3,372.7	$10,886.1	$505.4	$1,320.0
IT Hardware	$2,885.1	$2,757.0	$1,714.4	$794.4	$3,742.3	$2,667.5	$5,943.5	$665.3	$2,363.0
Media	$600.1	$964.1	$381.0	$1,942.3	$1,077.9	$546.7	$2,307.5	$1,484.1	$75.2
Other	$125.5	$722.7	$647.0	$1,506.7	$2,883.7	$8,749.1	$1,699.0	$1,574.9	$1,116.9
Pharma & Biotech	$11,514.2	$15,575.4	$10,545.5	$13,648.6	$11,110.2	$14,527.7	$22,439.2	$7,672.8	$6,463.9
Software	$10,088.4	$10,630.3	$15,973.7	$26,025.0	$29,163.5	$16,698.1	$45,237.6	$13,622.8	$8,001.3
Transportation	$36.0	$646.0	$481.0	$162.0	$77.0	$5,721.0	$929.8	$167.8	$851.9

Source: NVCA 2024 Yearbook, Data provided by PitchBook
*Other industry groups below:
Commercial Products, Commercial Transportation, Other Business Products and Services, Consumer Durables, Consumer Non-Durables, Services (Non-Financial), Transportation, Other Consumer Products and Services, Utilities, Other Energy, Capital Markets/Institutions, Commercial Banks, Insurance, Other Financial Services, Other Healthcare, IT Services, Other Information Technology, Agriculture, Chemicals and Gases, Construction (Non-Wood), Containers and Packaging, Forestry, Metals, Minerals and Mining, Textiles, Other Materials

US VC backed M&A by Sector (Company Count)



Source: NVCA 2024 Yearbook, Data provided by PitchBook

US VC backed M&A by Sector (Company Count)

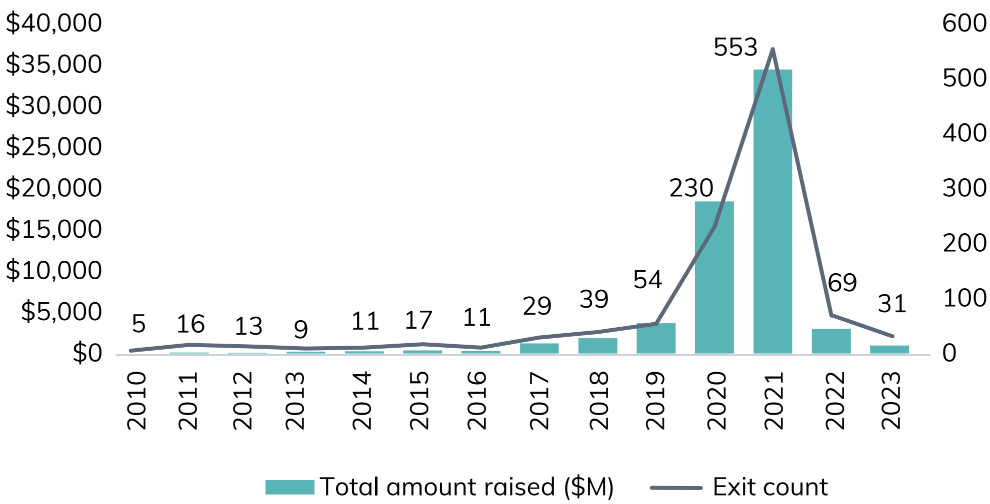
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial Products & Services	159	152	137	139	142	169	199	137	82
Consumer Goods & Services	67	91	84	95	130	93	128	113	85
Energy	16	9	5	9	8	9	7	16	6
HC Devices & Supplies	51	42	34	47	47	46	51	44	30
HC Services & Systems	42	49	44	44	58	67	87	73	59
IT Hardware	54	39	33	48	37	33	57	36	26
Media	51	54	34	33	40	24	30	32	23
Other	23	22	19	20	25	25	41	39	38
Pharma & Biotech	41	46	44	53	60	56	76	60	39
Software	360	350	356	429	410	336	613	457	301
Transportation	5	3	16	9	7	7	18	11	6

Source: NVCA 2024 Yearbook, Data provided by PitchBook

*Other industry groups below:

Commercial Products, Commercial Transportation, Other Business Products and Services, Consumer Durables, Consumer Non-Durables, Services (Non-Financial), Transportation, Other Consumer Products and Services, Utilities, Other Energy, Capital Markets/Institutions, Commercial Banks, Insurance, Other Financial Services, Other Healthcare, IT Services, Other Information Technology, Agriculture, Chemicals and Gases, Construction (Non-Wood), Containers and Packaging, Forestry, Metals, Minerals and Mining, Textiles, Other Materials

SPAC registration in the US over the past decade



Source: NVCA 2024 Yearbook, Data provided by PitchBook