



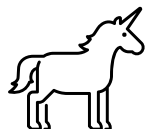
Industry Update
Venture Capital
Q3 2024

1

Stats at a Glance

As of Q3 2024

**Unicorns
YTD**



52

Exit Count



243

**Total Exit
Value**



\$10.4B

\$37.5B

Total Equity Funding

2,794

Number of Deals

\$13.4M

Average Deal Size

380

Active Fund Count

5.2%

VC 12-Month Distribution Yield*

Sources: PitchBook-NVCA Venture Monitor, Q3 2024

*For US VC's as % of NAV, as of Q1 2024

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Market Overview

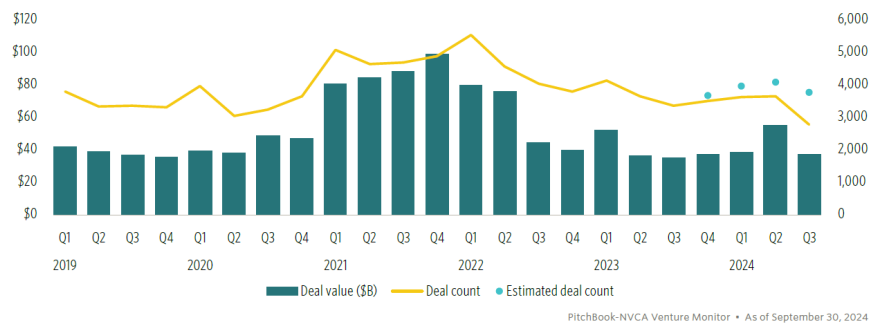
Funding, Deals, Exits

The third quarter of 2024 represents an ongoing recalibration phase for the venture capital market, characterized by a continued decline in investment activities and deal volumes compared to the extraordinary highs of 2021 and 2022. Venture capital investments totaled \$37.5 billion in Q3 2024. This represents a significant volume, though it marks a slight decline from the peak levels seen in the previous two years, indicating a more cautious investment environment.

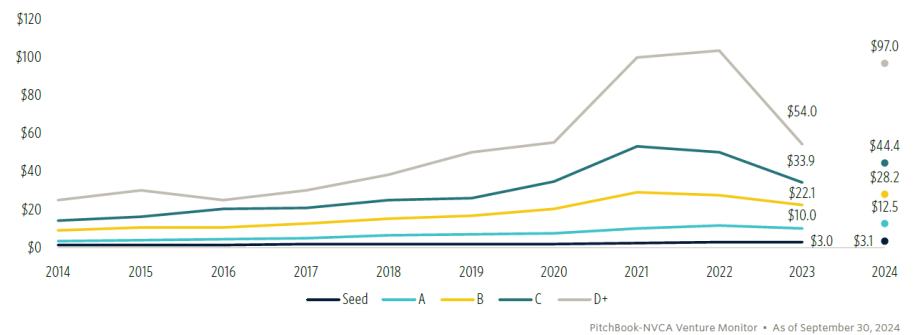
A total of 2,794 deals were completed in Q3 2024. While this demonstrates ongoing activity and interest, the number of deals has decreased compared to recent years, reflecting a more selective approach by investors. Furthermore, a large portion of these deals are insider rounds and bridge financings. The average deal size in Q3 2024 was approximately \$13.4 million. This reduction in average deal size indicates a conservative trend in funding rounds, with investors focusing on more prudent capital allocation. LP distributions remained similarly muted. Few exits throughout the year has translated to limited cash back to LPs.

Dealmaking

Deal activity pulls back from Q2
VC deal activity by quarter



Deal sizes trend upward
Median VC deal value (\$M) by series



Source: PitchBook-NVCA Venture Monitor, Q3 2024

3 Market Overview (cont.)

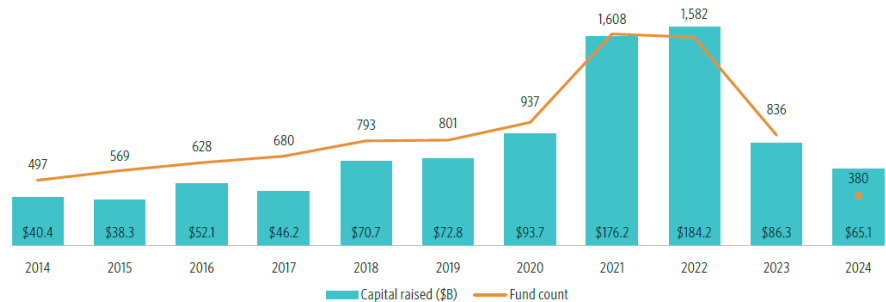
Funding, Deals, Exits

The fundraising performance in Q3 2024 continued to reflect challenging conditions, with venture capital funds raising year-to-date a total of \$65.1 billion in capital commitments across 380 funds. If annualized, this funding marks a slight uptick from 2023 and pre-pandemic level. However, this marks one of the lowest fund counts in nearly a decade, signaling ongoing caution from LPs amid economic volatility and a trend in consolidation to larger funds. The decline in fundraising underscores heightened selectivity among investors, who are focusing on more established funds and sectors with perceived lower risk.

Exit activity in Q3 2024 remained subdued, with an absence of large public listings that previously drove exit value. The quarter saw \$10.4 billion generated across 243 exit events. Of those, only 14 were IPOs. The overall exit market continued to struggle, with both the count and total value of exits falling short of previous years' levels. This cautious exit environment highlights valuation pressures and underscores the challenging landscape for companies seeking liquidity options. Investors and founders alike are adapting to these market dynamics, navigating a more conservative and value-focused exit landscape.

Fundraising

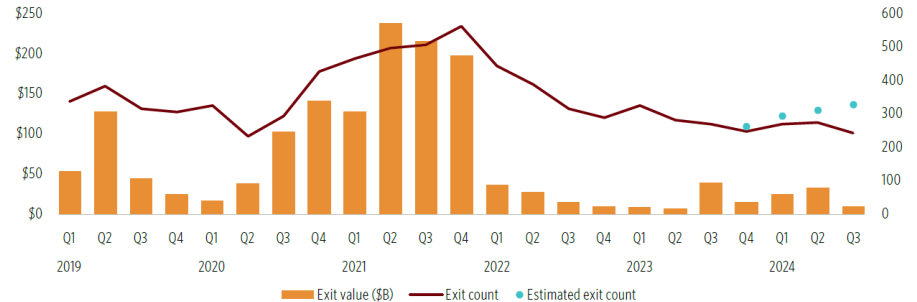
Fundraising on track to narrowly exceed 2023 level
VC fundraising activity



PitchBook-NVCA Venture Monitor • As of September 30, 2024

Exits

Q3 continued to see a lack of large public listings
VC exit activity by quarter



PitchBook-NVCA Venture Monitor • As of September 30, 2024

Source: PitchBook-NVCA Venture Monitor, Q3 2024

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Regional Analysis

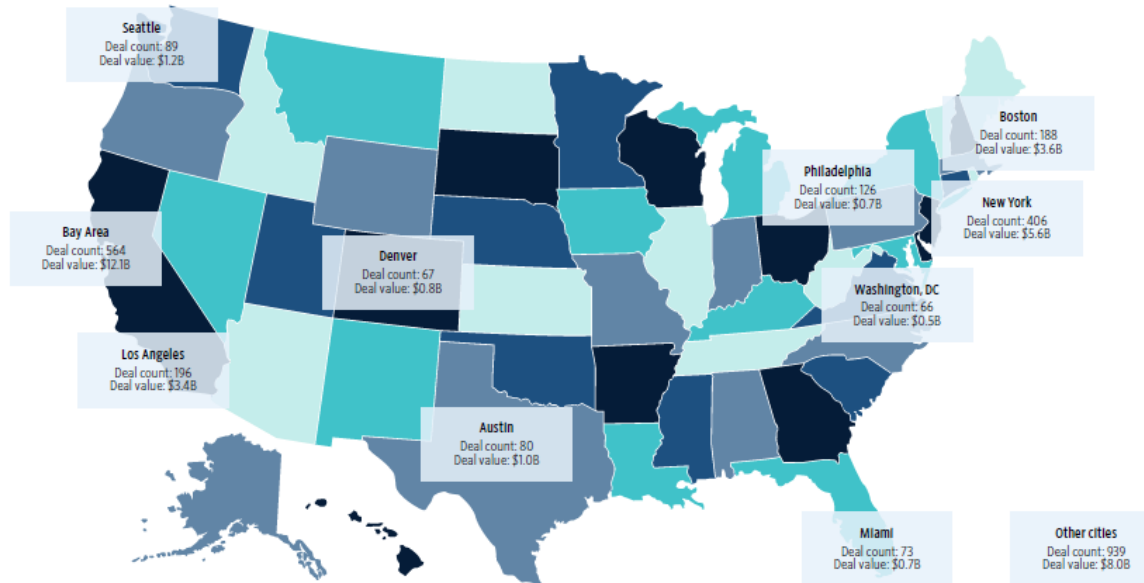
Established & Developing US Regions

The United States continued to lead the global venture capital market in Q3 2024, with 2,794 deals totaling \$37.5 billion across all sectors. The investment landscape remained cautious, with investors prioritizing later-stage companies and sectors with clearer paths to profitability, amid ongoing economic and regulatory uncertainties. This trend toward strategic investments underscores a period of recalibration, where both investors and startups are focusing on sustainable growth over rapid expansion. Key tech hubs such as the Bay Area, New York, and Boston sustained their roles as primary centers of venture activity. However, emerging markets within the U.S. also garnered increased attention, with deal count about even between the combined hubs vs. combined outside-hub markets. However, on a dollar basis, nearly 75% of funding went into hub cities. This shift illustrates a broadening of the venture capital landscape as new regions develop stronger startup ecosystems.

Regional spotlight

Deal value overwhelmingly centered on VC hubs in Q3

Q3 2024 VC deal activity by ecosystem



PitchBook-NVCA Venture Monitor • As of September 30, 2024

Source: PitchBook-NVCA Venture Monitor, Q3 2024

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Sector Analysis

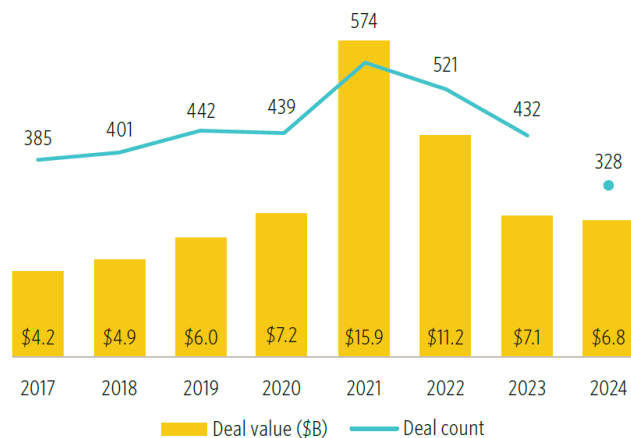
Summary

The third quarter of 2024 highlighted a slow but steady venture capital market across major sectors. The technology sector remained a significant focus, with continued investments in AI, cybersecurity, and next-generation computing. However, funding levels for tech have moderated, with many concentrating on later-stage companies with established business models. Fintech also saw substantial investment, albeit with a more selective approach, as digital transformation in financial services continues to drive demand for innovative solutions. Overall, both technology and fintech exhibited a restrained enthusiasm, reflecting market saturation and the impact of economic uncertainties.

In healthcare and life sciences, the landscape was mixed. Investment interest in biotechnology and medical devices persisted, but funding levels were constrained by regulatory hurdles and cost concerns. The life sciences sector faced ongoing challenges, with heightened scrutiny on returns leading to fewer, more strategically targeted investments. Across the board, venture capitalists displayed a preference for sectors and companies with clear paths to profitability, indicating a shift toward sustainable growth over aggressive expansion. This recalibrated approach underscores the industry’s focus on risk management and long-term value creation.

Cybersecurity deal value trending up

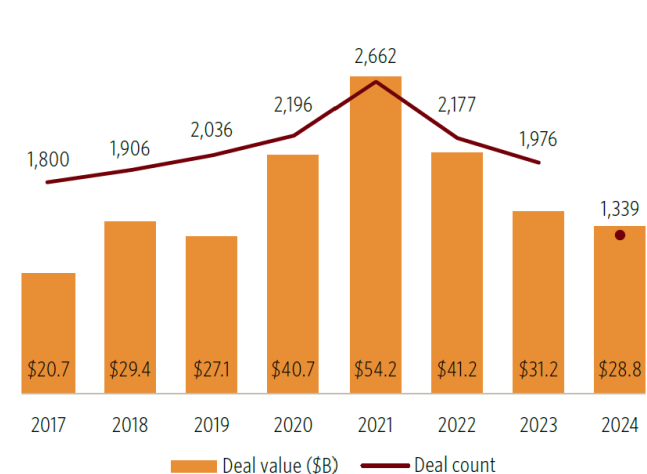
Cybersecurity VC deal activity



PitchBook-NVCA Venture Monitor • As of September 30, 2024

Deal counts continue to decrease

Life sciences VC deal activity



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Source: PitchBook-NVCA Venture Monitor, Q3 2024

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Sector Analysis (cont.)

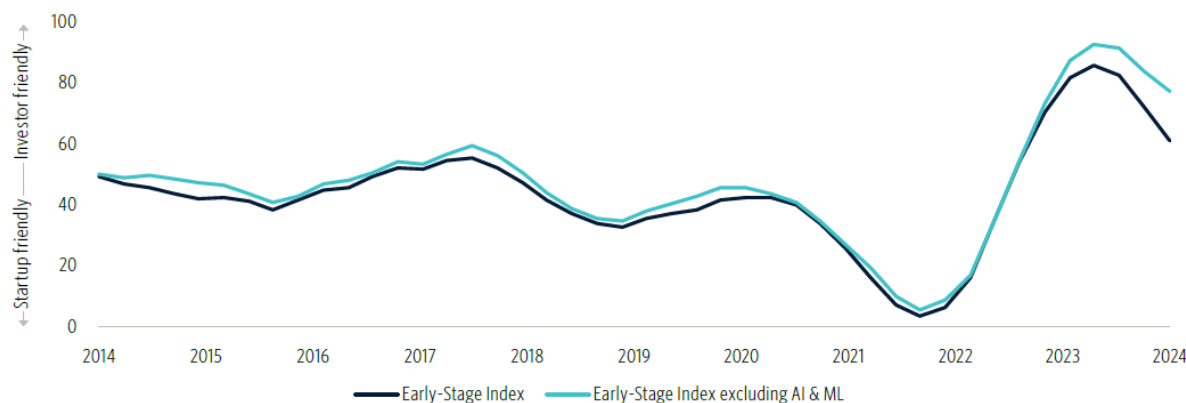
Artificial Intelligence & Machine Learning (AI & ML)

While startups in other sectors have had to focus on cost cutting and offering investor more friendly investor terms, AI & ML companies have enjoyed significant interest, allowing them to command larger deal sizes and valuations. Noteworthy deal in the AI & ML sector in Q3 2024 include raises by Anduril Industries, and Safe Superintelligence.

Anduril Industries is a defense tech company, using AI in weapons systems. The company raised \$1.5 billion in Series F financing at a \$12.5 billion pre-money valuation, making this Q3 2024's largest deal. Safe Superintelligence (SSI), whose founding team includes OpenAI co-founder Ilya Sutskever, is a company with a mission to develop an AI that surpasses human intelligence. Despite not having a finalized business model, the company's first round of financing raised \$1.0 billion at a commanding \$4.0 billion valuation. These deals highlight the elevated attention and interest that AI & ML startups have enjoyed over the past several quarters.

AI & ML startups are moving the VC market toward neutral territory

Early-Stage VC Dealmaking Indicator



PitchBook-NVCA Venture Monitor • As of August 31, 2024

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- **Complex & Illiquid Securities (Level 3)**
- **Cryptoasset /Blockchain Valuations**
 - Locked Token Valuations
- **Enterprise Valuations**
- **Fairness & Solvency Opinions**
 - SPAC Fairness Opinions
- **Estate & Gift Valuations**
- **Purchase Price Allocation (ASC 805)**
- **Goodwill Impairment Testing (ASC 350)**
- **Stock-based Compensation (ASC 718, IRC 409A)**

Investment Banking

- **Mergers & Acquisitions**
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