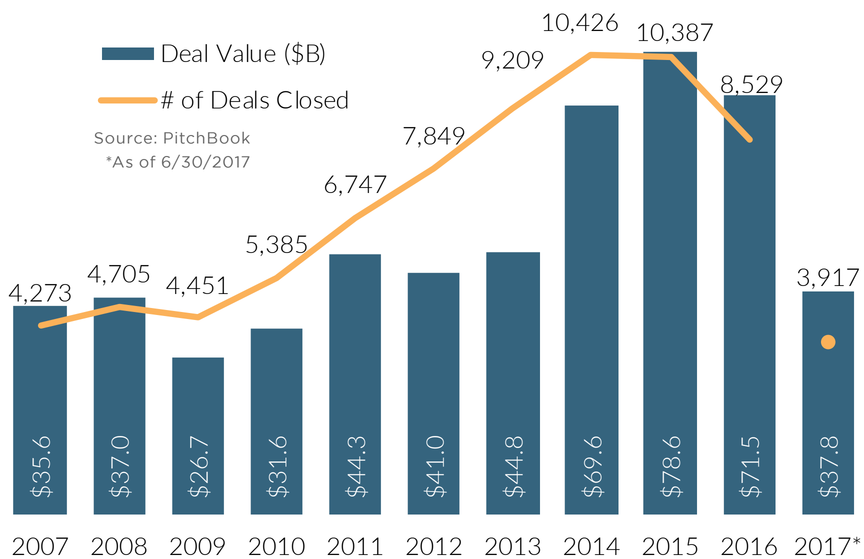
Venue

# Venue Venture Capital Update

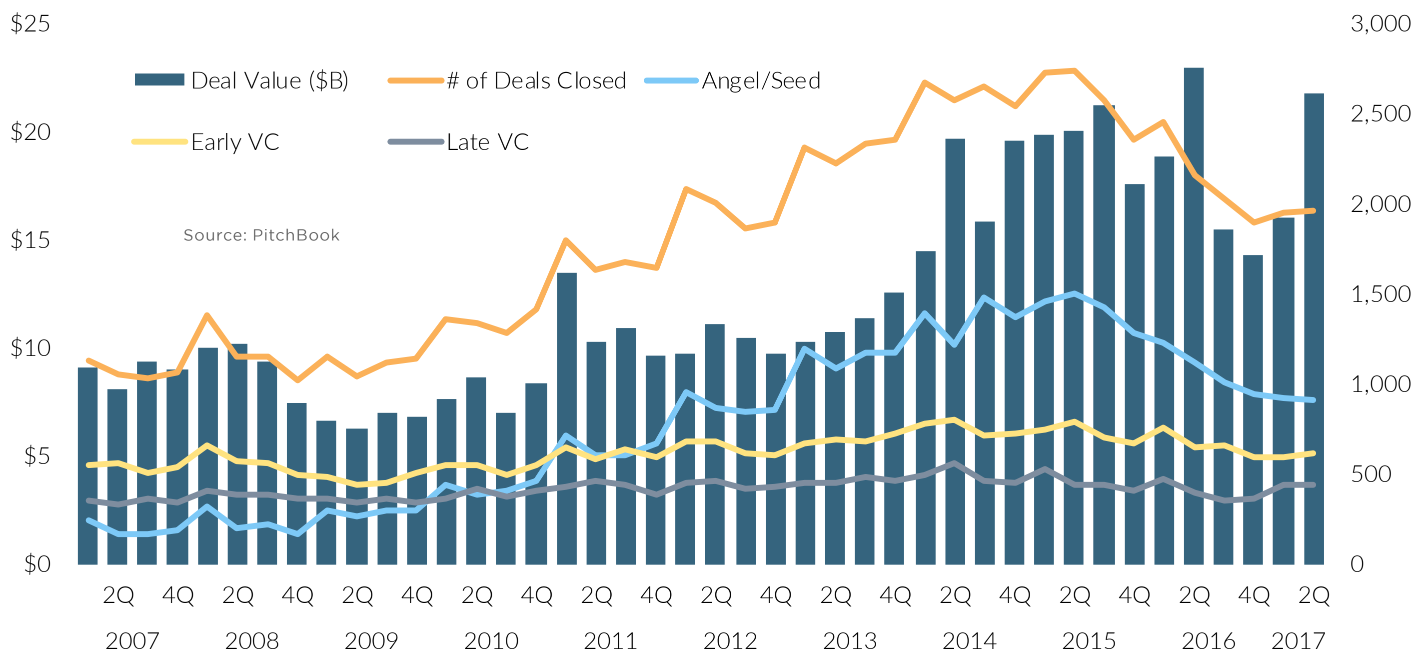
## US VC INDUSTRY LOOKING TO REBOUND

Through the first half of 2017, venture capital deal flow has continued its decline from the highs of 2014 and 2015, but the slowdown is moving lower at a more methodical pace, signaling that a plateau could be forming. Deal sizes have continued to grow as well, but aside from Series D+ rounds, valuations have also seen their growth stemming. This is a good sign for investors, who ofted gripped about rising deal prices and the unsustainable business models that were generating the values. Overall, much of the growth and decline seen around the number of completed rounds has derived from angel & seed investments, which contributed more than half of all completed financings during the past several years.

**US VC activity by yr**



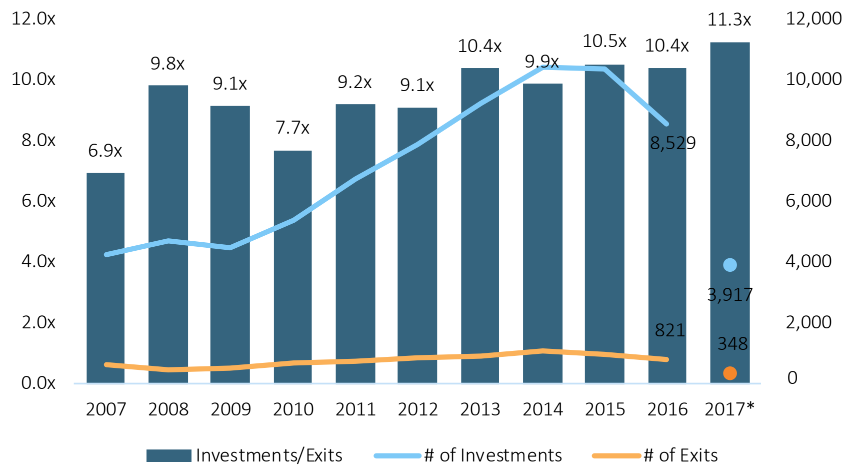

**US VC activity by qtr**



In the run up to the industry highs, the number of small funds targeting this stage vastly increased. In 2014 alone, more than 140 funds sized $50 million or smaller were raised. Just 41 such funds have closed during 2017, and while that number is still relatively high, the decline in these vehicles should translate into slower activity at the angel & seed stage, bringing it back to a more healthy level. We do not look at this to be a negative, either. Even when the number of seed fundings was at a decade high in 2014 and 2015, many of those deals were the result of startups having raised multiples of these deals, a sign that even amid hyper investing at the stage, Series A investors were still staying disciplined in their approach to offering follow-on rounds.

One aspect that is of concern around the industry, however, is the low level of exits. This year's investment-to-exit ratio stands at 10.8x, the highest we have seen in the past decade, despite the fact that the aggregate count of investments has declined by roughly 1/4 since 2015.

**US VC investments versus exits**




Source: PitchBook
*As of 6/30/2017

## SELECT VC DEALS (JUNE 2017)

| Company | Series | Deal Date | Size ($M) | Select Investor(s) | HQ |
|---|---|---|---|---|---|
| Outcome Health | Late Stage | 6/6 | 600 | Alpha Venture Partners | Chicago |
| Mobike | E | 6/15 | 600 | Tencent, Warburg Capital | Beijing |
| Careem | E | 6/14 | 500 | Rakutenm Kingdom Holding, Endure Capital | Dubai |
| Houzz | E | 6/8 | 400 | ICONIQ Capital, Sequoia, Wellington Management | Palo Alto |
| AvidXchange | F | 6/8 | 300 | Temasek, MasterCard | Charlotte |

Source: PitchBook