

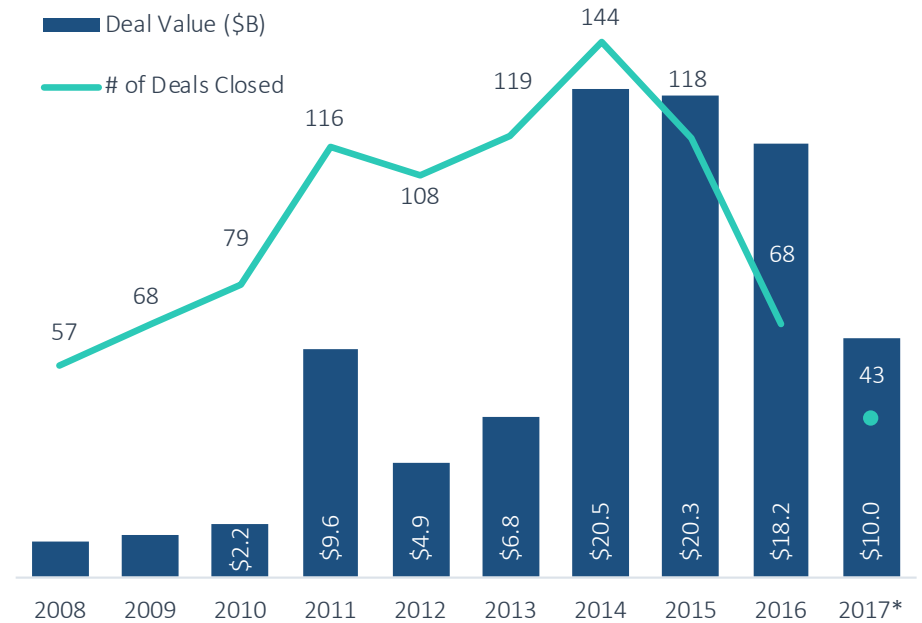
Venue Venture Capital Update

UNICORNS EXHIBIT LARGE INFLUENCE ON VC INDUSTRY

So far in 2017, unicorn deals (those that generate a valuation of at least \$1 billion) for companies that are based in the US have accounted for less than 1% of the total completed deals, but represent roughly 20% of the overall deal value. This is despite the relative decline in completed unicorn financings over the past two years. In 2014, 144 unicorn deals generated \$20.5 billion in deal value, roughly 1.3% and 29.5% of the US VC activity, respectively. These figures highlight the influence that unicorns have over the venture industry, whether or not they are believed to be overvalued.

The growth of unicorns hasn't been the result of any single trend, but has been the combination of high levels of fundraising, a stalling of the exit market, and industry interest from nontraditional investors such as mutual funds and hedge funds. The

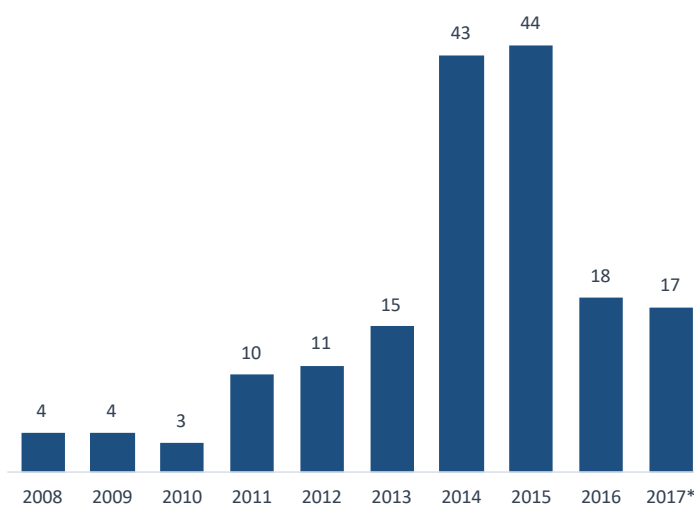
Venture-backed exits sliding further
US VC activity in unicorns



Source: PitchBook
*As of 8/11/2017

Number of unicorns created has fallen

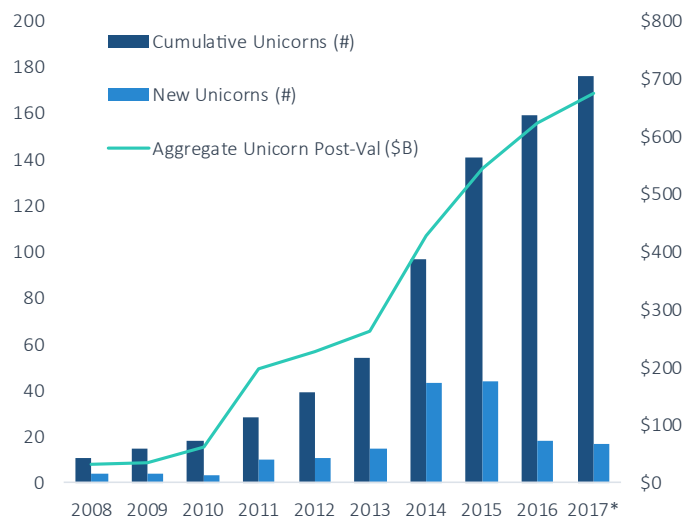
Number of new US unicorns by year



Source: PitchBook
*As of 8/11/2017

Aggregate post-valuation nears \$700B

Aggregate US unicorns and valuations

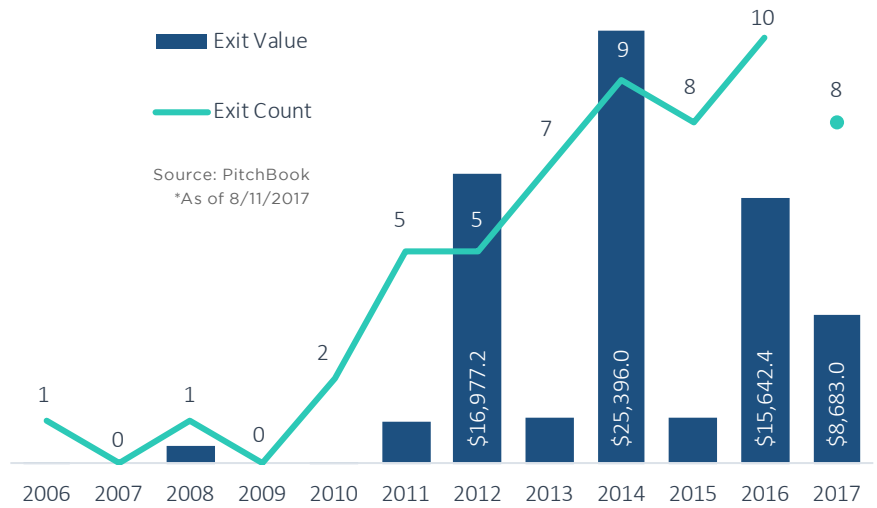


Source: PitchBook
*As of 8/11/2017

latter was very evident in 2014 and 2015. Nontraditional investors were present in 54 of the completed unicorn transactions during those two years. While their interest has waned—likely because of the low number of exits—the record levels of fundraising over the past few years, coupled with already high dry powder figures, has kept capital availability high at this later stage. No longer do companies looking for growth capital need to exit in order to raise funds, as VC investors have raised more than \$129 billion since the beginning of 2014.

One problem that has arisen is the relatively low number of unicorn companies that have been able to exit. Considering these companies are generally older than the rest of VC-backed companies, and have been held in portfolios for longer, investors are likely looking for returns to be sooner than later. The public markets have shown to be less than welcoming to these companies lately, and as valuations grow the number of corporations able to purchase unicorns shrinks. While a high amount of value has been created in unicorns, relatively little wealth has been generated.

Exits still being well out-paced by deals US VC-backed unicorn exit activity



SELECT VC DEALS (AUGUST 2017)

Company	Series	Deal Date	Size (\$M)	Select Investor(s)	HQ
WeWork	G	8/24	3,000	SoftBank	New York
Ofo	Late stage	8/7	700	Alibaba Capital Partners	Beijing
Intarcia Therapeutics	EE	8/3	524.6	Baillie Gifford, Bill & Melinda Gates Foundation	Boston
Auris Surgical Robotics	D	8/4	280.2	Coatue Management, Highland Capital Partners	San Carlos, CA
Prodigy Finance	C	8/21	240	Balderton Capital, Index Ventures, AlphaCode	London

Source: PitchBook



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