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2021

YEARBOOK

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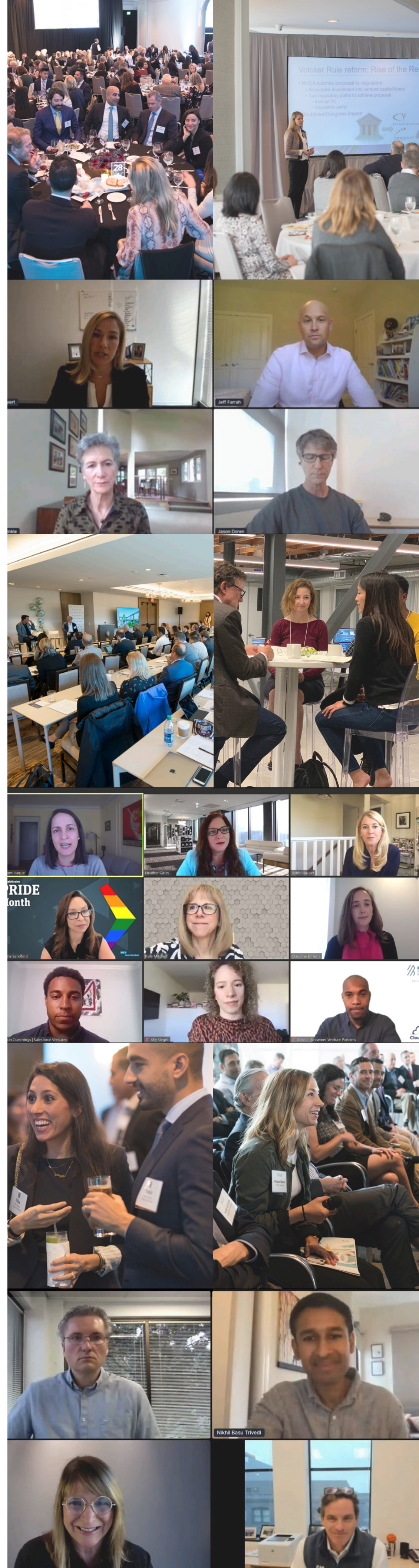

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Dear Readers

March 2021

Dear Readers:

NVCA's 24th annual Yearbook covers one of the most tumultuous years the US venture capital (VC) industry and the nation have witnessed. The COVID-19 pandemic, economic lockdowns to help contain the virus's spread, the worst economic downturn since the Great Depression, a national reckoning over continued racial and social injustices that have persisted for generations, and a contentious presidential election all made 2020 a year for the history books.

Despite this turmoil, VC made its own history this past year, displaying remarkable resilience in the face of profound headwinds and breaking numerous industry records. While the industry initially focused on triage and husbanding capital during the initial stages of the pandemic, it came roaring back during the second half of the year to set records in fundraising, investments, and exits.

VC made news in other ways in 2020. As the coronavirus spread nationwide last year, American venture-backed startups rose to the occasion and mobilized solutions to help battle the pandemic. From healthcare technologies and telemedicine services to educational platforms, virtual meeting software, and food delivery services, numerous high-growth companies contributed to meeting the country's growing and changing needs during the pandemic. NVCA highlighted ***Startups Combating COVID-19*** to emphasize the role VC-backed companies are playing. These companies are found in communities across the country, demonstrating the rise of emerging startup ecosystems in new cities and states that responded to the pressing needs of an extraordinary moment.

2020 also saw the launch of **Venture Forward**, NVCA's 501(c)(3) supporting organization with a mission of shaping the future of venture capital by driving the human capital, culture, values, and narrative of VC to promote a stronger and more inclusive industry. Although Venture Forward had been in the works for a few years at NVCA, its launch could not be timelier given the nation's focus on race relations, bias, and equity.

Looking ahead to 2021, we see both opportunities and challenges ahead for VC. Foremost among VCs' priorities will be navigating the pandemic that continues to ravage the world. As well, this deep recession has yet to end and the recovery will be slow and long. Depressed consumer spending and a sluggish business environment may have negative consequences for certain sectors and technologies. However, a new administration and Congress could enact key policies crucial to the startup ecosystem, such as a Startup Visa program and additional federal spending on basic research and development.

Once again, we offer sincerest thanks to our partner PitchBook, NVCA's official data provider, for providing the data in this publication (unless otherwise noted). The Yearbook and its supporting data may be accessed three ways: 1) this PDF report; 2) the PDF data pack, which is available to the public; and 3) the XLS data pack, which is available only to NVCA members.

Here's to turning the page on a turbulent year and looking ahead optimistically to a brighter 2021!

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Executive Summary

The US venture capital (VC) industry had a record year in 2020. Despite headwinds from the COVID-19 pandemic and the worst recession since the Great Depression, the VC industry posted records for fundraising, investments, and exits. For the third consecutive year, high-growth startups raised more than $130 billion, and 2020 represented the fourth straight year where more than 10,000 venture-backed companies received an investment. At the end of 2020, 1,965 VC firms managed 3,680 venture funds and had approximately $548 billion in US venture capital assets under management (AUM), as well as a record $151 billion in dry powder heading into 2021.

In 2020, the US remained the destination for about half of global VC investment dollars, attracting 51% of global capital invested. This year's share of global investment is up slightly from the 49% reported for 2019 and is eight percentage points higher than the most recent low of 43% in 2018. However, these percentages stand in stark contrast to the 83% global share the US garnered in 2004, when the US held dominant sway over investors, and serves as a good reminder that capital and talent are everywhere.

The popularity of mega-funds and mega-deals continued to increase in 2020. Interest in ever-larger funds and deals coincides with the surge in unicorn deals witnessed over the past three years. The size of exits, whether through IPOs, M&As, or special purpose acquisition companies (SPACs) – which have been around for decades but have experienced a renaissance this past year – also continues to get larger. These trends overlapped during the early days of the pandemic with a focus on late-stage companies and deals, as investors concentrated their efforts on ensuring the survival of their more mature portfolio companies. Angel/seed deals and first-time financings suffered relatively as a result, although in the context of long-term historical trends, both had strong years.

California, Massachusetts, and New York continue to dominate the VC investment scene, but meaningful investment activity is also occurring outside of these traditional geographical hubs. Washington, Texas, North Carolina, Michigan, Colorado, Illinois, and Pennsylvania all saw robust activity in 2020. Anecdotally, there have been several reports of highly skilled workers and investors departing dense cities with high costs of living, such as the Bay Area, in search of more space and a lifestyle better suited to a world grappling with COVID-19. The impact this migration of talent will have on investment and startup patterns will be felt as the industry continues to evolve. Through it all, investors demonstrated remarkable agility in transitioning to a distributed workforce model, and some adapted well to remotely conducting meetings, due diligence, and deal closings with founders. However, newcomers to the industry, specifically entrepreneurs raising their first institutional round and first-time fund managers, faced a more challenging environment for acquiring capital.

While proximity to founders may be less of a barrier for some investors and could lead to more geographic diversity for VC activity, 2020 also brought a renewed focus on the lack of racial and ethnic diversity, equity, and inclusion within the industry as the US grappled with its racial heritage. Inequities persist across many industries, including venture capital. Several VC firms have engaged in much needed introspection and committed to creating professional environments that provide equal opportunities for historically underrepresented minorities to access capital and thrive in the venture ecosystem. According to the 3rd edition of the **VC Human Capital Survey**, powered by NVCA, Venture Forward, and Deloitte, while steady progress has been made in increasing gender diversity in recent years, female employees still comprise just 23% of VC investment professionals. Furthermore, VC firms reported that only 4% of investment professionals are Black, and just 4% are Hispanic.

2020 presented major challenges to the VC industry, but investors and founders alike demonstrated commendable grit and determination, culminating in a record-setting year for the industry. While the COVID-19 crisis is far from over and the road to economic recovery will be lengthy, $151 billion in dry powder should ensure the industry is well-positioned to begin 2021 as strongly as it finished 2020.

Highlights of the US venture ecosystem in 2020

CAPITAL COMMITMENTS TO VENTURE FUNDS **(More details starting on page 22)**

- Venture capital investors raised $74.5 billion across 339 funds to deploy into promising startups, marking the seventh consecutive year that $40 billion or more raised and the third straight year in which at least $55 billion was raised.
- 54 first-time funds raised $4.1 billion in commitments last year, both a drop from 2019's 96 first-time funds that raised $6.1 billion.
- Tiger Global Management's $3.75 billion final close was the largest VC fund to close last year and one of five funds that closed at $2 billion or more.
- VC funds based in 35 states and the District of Columbia held final closes in 2020.
- The overall US median VC fund size in 2020 was $75 million, the highest since 2008 and a 69% increase from 2019.
- The median VC fund size for California, Massachusetts, and New York, collectively, was $100 million – more than four times the $24.6 million median VC fund size for the rest of the nation.

CAPITAL DEPLOYED TO STARTUPS **(More details starting on page 27)**

- 10,862 venture-backed companies received $164 billion in funding in 2020, the third consecutive year more than $130 billion has been invested.
- The 327 mega-deals (i.e., investments of $100 million+ into venture-backed companies) recorded in 2020 is the highest annual deal count on record, and the $76 billion invested in mega-deals accounted for nearly half (44%) of the total VC capital invested in 2020.
- Unicorns (i.e., venture-backed companies valued at $1 billion+), many of which raised mega-deals, attracted $52 billion, or 31% of total capital invested, but only 2% of the total deals completed last year.
- The number of angel/seed VC investments in 2020 fell compared to 2019, with 4,859 deals completed, representing 42% of total deals in 2020. By comparison, there were 5,277 angel & seed VC investments in 2019, representing 43% of total deals that year.
- 3,450 early-stage investments closed in 2020, representing approximately 30% of total deal count and down from 3,990 early-stage deals in 2019. Early-stage investments' share of total deal count fell slightly year-over-year from its 32% share in 2019.
- Late-stage VC investments continued their yearly increase – a trend that started in 2016 – reaching 3,342 deals closed in 2020, or approximately 29% of the total deal count. In 2019, 3,040 late-stage deals closed, accounting for 25% of total deal count.
- While angel/seed deals made up a plurality of the total number of VC deals in 2020, as a share of capital invested, they only accounted for $10 billion, or 6%, of the total $164 billion invested last year. Early-stage investments totaled $43 billion, or 26% of total investment, while $110 billion was invested in late-stage deals, representing 67% of total capital invested.
- Median deal sizes remained stable or increased year-over-year from 2019 to 2020. In 2020, the median US VC deal sizes for angel/seed, early, and late-stage deals were $1.3 million, $6.5 million, and $10.0 million, respectively. In 2019, the respective comparable median deal sizes were $1.2 million, $6.0 million, and $10.0 million.
- Median deal sizes for angel/seed and early-stage deals have more than doubled since 2010 when the median angel/seed deal size was $500,000 and the median early-stage deal size was $2.6 million. The median size of late-stage deals in 2010 was $6.0 million, or 60% of the median size for such deals in 2020.

- The number of first-time financings (i.e., first round of equity funding in a startup by an institutional venture investor) in 2020 was down relative to 2019 in terms of both capital invested and deal count. In 2020, $12.9 billion across 3,093 deals was invested in companies raising equity financing for the first time. By comparison, $13.1 billion across 3,328 deals was committed to first-time financings in 2019.
- The software sector's dominance continued in 2020, receiving $52 billion from VC investors (or 31% of total capital invested), up from $45 billion in 2019. In terms of capital invested, pharma & biotech placed a distant second with $28 billion invested (or 17% of total capital invested). However, 2020 was still a terrific year for pharma & biotech: The amount invested in the sector was a record high ($8.5 billion more than the previous high in 2018), and the sector's share of total investment jumped 4.5 percentage points from 2019.
- Pharma & biotech's strong results buoyed a record year for life sciences because of investor interest in vaccines, antivirals, and companies engaged in the fight against COVID-19. $36 billion in capital was invested in life sciences companies in 2020, 41% more than the previous annual record of $26 billion invested in 2018. Investment in drug discovery nearly doubled from $8.8 billion in 2019 to $16.2 billion in 2020.
- 2020 marked the seventh consecutive year in which corporate venture capital (CVC) participated in more than 1,400 venture investments. In 2020, 17% of all VC deals involved CVC.
- Growth equity* investment hit a record high of $96 billion in 2020, continuing the surge in popularity of this investment class. The 1,412 deals closed in 2020 was also a record.
- Venture funding reached startups in all 50 states and the District of Columbia, 233 Metropolitan Statistical Areas (MSAs), and 414 Congressional Districts.
- Startups that were venture-backed in 2020 represented approximately 4.44 million employees.**
- Globally, $321 billion was invested across 26,000+ deals in 2020. The US represented 51% and 44% of these global totals, respectively. Both the US shares of global deal flow and deal count are two percentage points higher than they were in 2019.

EXIT LANDSCAPE (More details starting on page 37)

- Venture-backed exit activity hit new records in 2020 on the back of large IPOs during the second half of the year.
- The 103 venture-backed IPOs representing $222 billion in exit value in 2020 marked the highest annual exit value on record.
- The median size of IPOs in 2020 reached $518 million, and median post-money valuation reached $718 million. Both figures are the highest on record, eclipsing the previous highs from 2019 when the median IPO size was $367 million and the median post-money valuation was $460 million.
- Venture-backed companies accounted for 22% of all US IPOs in 2020, down 12 percentage points from their 34% share of domestic IPOs in 2019. While this is a substantial year-over-year drop, the 21% share in 2020 is still within what could be considered the normal range for the past decade. The last time the share of venture-backed companies as a percentage of all US IPOs fell below 20% was in 2010 when the industry was still recovering from the global financial crisis (GFC).
- The number of mergers and acquisitions (M&As) fell to 886 in 2020 (compared to 1,042 in 2019), but total disclosed exit value hit a record high of $75 billion, 9% greater than the previous 2014 high of $68 billion and 24% more than the $60 billion reported for 2019.
- M&As continue to be the most popular exit type for venture-backed companies. The ratio of M&As to IPOs in 2020 was 8.6.
- SPAC activity skyrocketed in 2020 with $75 billion raised across 250 vehicles, surpassing the 2019 highs of $11 billion raised across 53 SPACs.

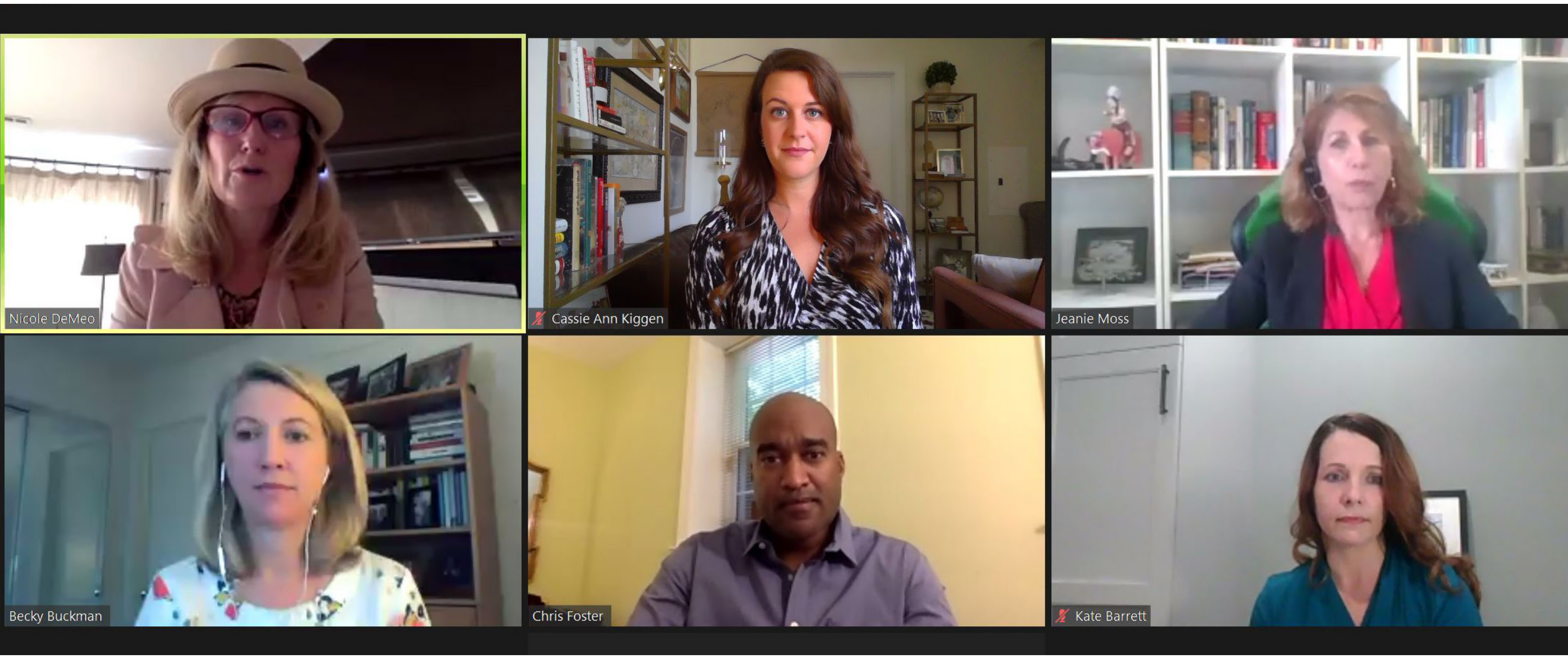
*Growth equity is not included as a subset of overall VC data in this publication, but is rather its own unique dataset. More details on the methodology defining growth equity data are on page 53.

**Based on PitchBook's custom estimation methodology for number of employees at venture-backed companies in the US. Data is as of 12/31/2020.

The VC industry in 2020 demonstrated remarkable resilience while facing the pandemic and a historically severe economic downturn. The startup ecosystem responded admirably to the public health challenge as many startups pivoted their attention to researching and producing products and services that directly addressed COVID-19. These efforts are well noted in the section "Startups Combating COVID-19" (see page 50).

NVCA continued to address the venture industry's needs across a range of areas in 2020, albeit in an environment characterized by remote work and virtual meetings. Serving as the voice for the VC industry in Washington, D.C. remained NVCA's core effort. NVCA worked diligently to ensure COVID-19 relief resources provided by the government, such as the Paycheck Protection Program (PPP), Payroll Tax Deferral, and Refundable Employer Credit, were available for and usable by VC-backed companies. In addition to advocacy, NVCA delivered a strong schedule of virtual programming, including the **Stanford/NVCA Venture Capital Symposium**, the **Strategic Operations & Policy Summit**, the annual **StratComm Summit** focused on communications and public relations best practices, and a host of **COVID-19 information and resources** for VCs and startups. Finally, NVCA **launched** Venture Forward, its 501(c)(3) supporting organization, whose mission is to shape the future of venture capital for the better by promoting a strong and inclusive community through programming, education, and other resources that will empower the startup ecosystem's ability to thrive.

Note to readers: Figures for prior years throughout this edition of the Yearbook may be different from last year's edition due to new and updated information.



Venture Capital 101

This section offers an overview of what venture capital is, the impact this unique form of financing has had on our economy and society, and why it is important for the future.

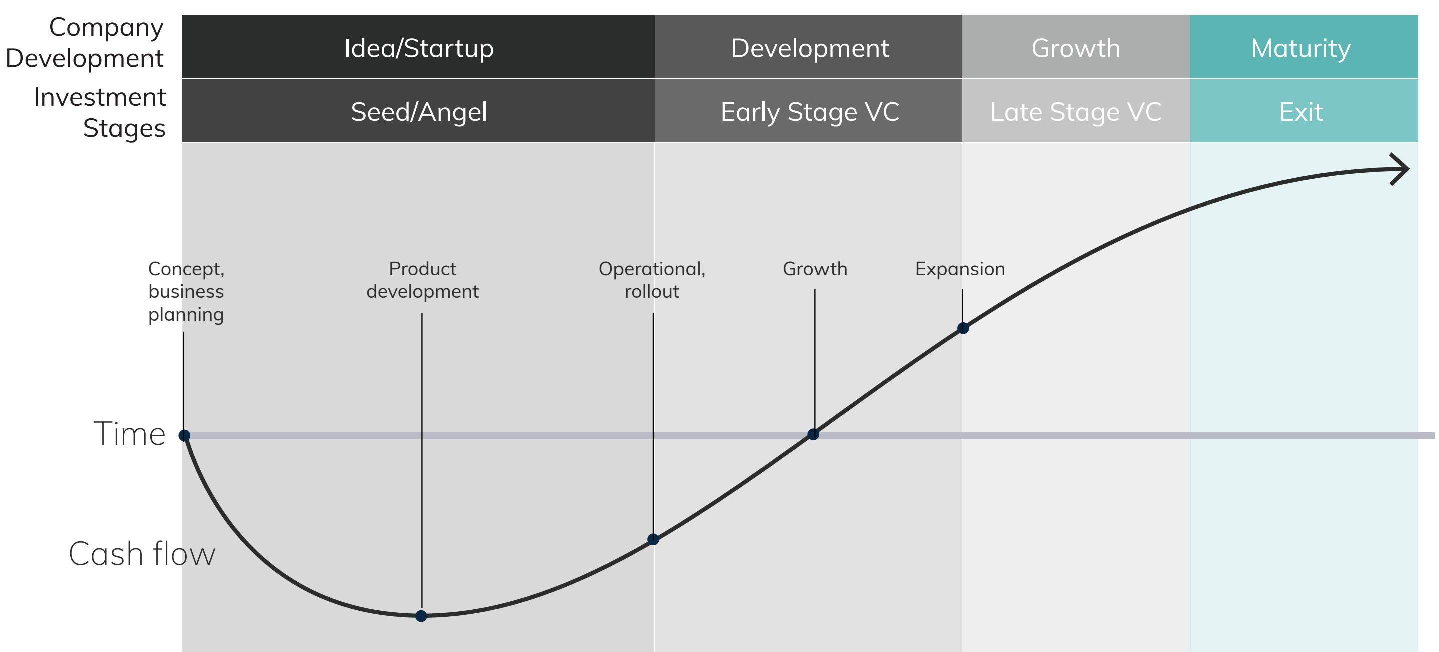
Venture capital has enabled the United States to support its entrepreneurial talent by turning ideas and basic research into products and services that have transformed the world. Venture capital funds build companies from the simplest form – perhaps just the entrepreneur and an idea expressed as a business plan – to freestanding, mature organizations.

Risk Capital for High-Growth Businesses

Venture capital firms are professional, institutional managers of risk capital that enable and support the most innovative and promising companies. Venture capital supports new ideas that 1) could not be financed with traditional bank financing; 2) threaten established products and services in a corporation or industry; and 3) typically require five to eight years (or longer!) to reach maturity.

Venture capital is quite unique as an institutional investor asset class. Venture capital funds make equity investments in a company whose stock is essentially illiquid and worthless until a company matures five to eight years down the road. Follow-on investment provides additional funding as the company grows. These “rounds,” typically occurring every year or two, are also based on equity in the company, with the shares allocated among the investors and management team based on an agreed “valuation.” However, unless a company is acquired or goes public, there is little actual value. Venture capital is a long-term investment.

Venture Capital Plays a Vital Role in a Startup’s Growth



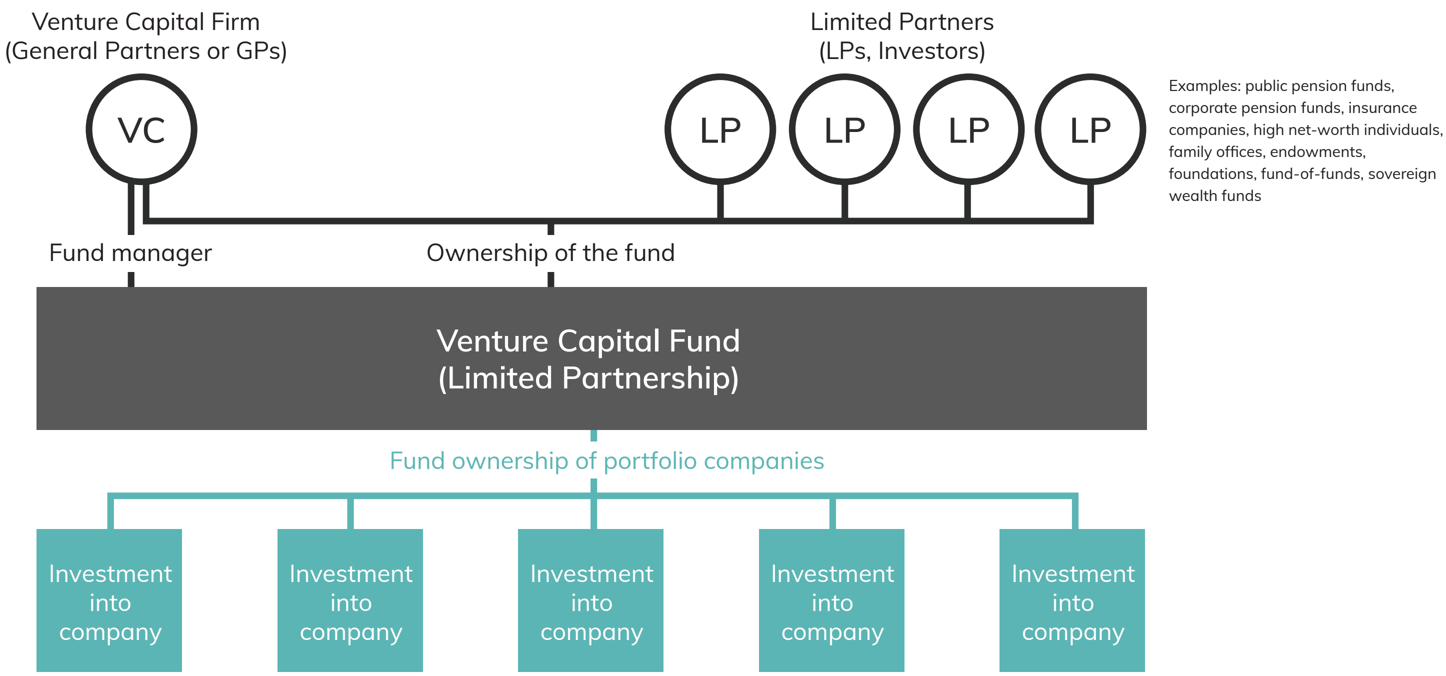
Sources of funding: VCs, angel investors, incubators, accelerators, strategic investors (corporate groups), growth equity investors, private equity firms, debt investors

Venture Investors Partner with Entrepreneurs

The US venture industry provides the capital to create some of the most innovative and successful companies. However, venture capital is more than money. A venture capital professional's most precious asset is time. According to a 2016 study, *How Do Venture Capitalists Make Decisions?*,[1] for every company in which a venture firm eventually invests, the firm considers roughly 100 potential opportunities. The same study, which included results from a survey of 889 venture capital professionals at 681 firms, showed that the median venture firm closes about four deals per year. Team, business model, product, market, valuation, fit, ability to add value, and industry are all important factors venture investors consider when evaluating investments into startups. Venture capital investors are seeking entrepreneurs who are addressing global markets, have superb scalability, demonstrate success within a reasonable timeframe, and are truly innovative.

A venture capital investor's competitive advantage is the expertise and guidance they provide to the entrepreneurs in their portfolio. Once the investment into a company has been made, venture capital partners actively engage with a company, providing strategic and operational guidance, connecting entrepreneurs with investors and customers, taking a board seat at the company, and hiring employees. With a startup, daily interaction with the management team is common. This active engagement with a fledgling startup is critical to the company's success and often limits the number of startups into which any single fund can invest. Many one- and two-person companies have received funding, but no one- or two-person company has ever gone public! Along the way, the company must recruit talent and scale up. Any venture capital investor who has had a "home-run" investment will tell you that the companies capable of breaking through the gravity were able to evolve the original business plan concept due to careful input from an experienced hand.

The VC Fund Structure



[1]Gompers, Paul A. and Gornall, Will and Kaplan, Steven N. and Strebulaev, Ilya A., How Do Venture Capitalists Make Decisions? (August 1, 2016). Stanford University Graduate School of Business Research Paper No. 16-33; European Corporate Governance Institute (ECGI) - Finance Working Paper No. 477/2016. Available at SSRN: https://ssrn.com/abstract=2801385

Common Structure – Unique Results

While the legal and economic structures used to create a venture capital fund are similar to those used by other alternative investment asset classes, venture capital itself is unique. Typically, a venture capital firm will create a limited partnership with the investors as LPs and the firm itself as the general partner. Examples of LPs include public pension funds, corporate pension funds, insurance companies, family offices, endowments, and foundations. Each "fund," or portfolio, is a separate partnership.

A new fund is established when the venture capital firm obtains necessary commitments from its investors, say $80 million (i.e., the median size of a US venture fund closed in 2019). The money is taken from limited partners as the investments are made through what are referred to as "capital calls." Typically, an initial funding of a company will cause the venture fund to reserve three or four times that first investment for follow-on financing. Over the next three to eight years, partners from the venture firm works with the founding entrepreneur to grow the company. The potential payoff comes only after the company 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.

Economic Alignment of All Stakeholders – An American Success Story

Venture capital is rare among asset classes in that success is truly shared. It is not driven by quick returns, financial engineering, debt, or transaction fees. Economic success occurs when

How Venture Capital Works

Fundraising

VCs raise capital for funds from LPs.

Investment

VCs typically invest in young, high-growth companies in need of capital to scale.

Company Growth

VCs provide active management and act as advisors & mentors, taking board seats, providing strategic advice, facilitating introductions.

Exit

After about 5–10 years of creating a high-growth company, the VC exits its stake via an acquisition or IPO. IPOs have more advantages: greater capital raised, higher returns, local job creation.

Returns

In addition to companies benefitting, VCs and LPs make a profit on their investment. High-quality jobs are created, more capital is available for university research, retirees have more for retirement, foundations have more resources to fund their work.

Re-investment

The fund ends when all investments have been exited and proceeds have been distributed to LPs. LPs can then reinvest earnings in a new crop of funds.

the stock price increases above the purchase price. When a company is successful and has a strong public stock offering, or is acquired, the stock price of the company reflects its success. The entrepreneur benefits from appreciated stock and stock options. The rank and file employees throughout the organization historically also do well with their stock options. The venture capital fund and its LP investors split the capital gains per a pre-agreed formula. Many college endowments, pension funds, charities, individuals, and corporations have benefited far beyond the risk-adjusted returns of the public markets.

At the same time, the risk capital that fuels startups can bring benefits to local economies in the form of company growth, competitiveness, and job creation. In fact, recent studies have found that high-growth startups account for as many as 50% of gross jobs created, and an average of 2.9 million net jobs created annually between 1980 and 2010.[2]

The Impact of Venture-backed Companies Beyond Financial Returns

While venture investing has generated billions of dollars for investors and their institutions and created millions of jobs over the years, the economic impact of venture-backed companies has been even more far-reaching. Many venture-backed companies have scaled, gone public, and become household names, and at the same time have generated high-skilled jobs and trillions of dollars of benefit for the US economy.

A 2015 study, *The Economic Impact of Venture Capital: Evidence from Public Companies*,[3] analyzed the impact venture-backed companies, as a subset of all US public companies founded between 1974 and 2015, have had on the economy. The study found that of the 1,339 US companies that went public in that period, 556 (or 42%) are venture-backed. These 556 companies represent 63% of the market capitalization and 85% of total research and development.

As of this writing, venture-backed companies accounted for the five largest publicly traded companies by market capitalization in the US: Apple ($2.01 trillion), Microsoft ($1.70 trillion), Amazon ($1.49T), Alphabet ($$1.37 trillion), and Facebook ($729 billion).[4]

Furthermore, recent research released by Silicon Valley Bank found that 42% of FDA-approved US drugs between 2009 and 2018 originated with venture capital funding.[5]

What's Ahead

Much of venture capital's success has come from the vibrant entrepreneurial spirit in the US, financial recognition of success, access to good science, a pipeline of talent, and fair and open capital markets. It is dependent upon investment in scientific research, motivated entrepreneurs, protection of intellectual property, a skilled workforce, and public policies that encourage new company formation. The nascent deployment of venture capital in some countries is gated by a country's or region's cultural fit, tolerance for failure, services infrastructure that supports developing companies, intellectual property protection, efficient capital markets, and the willingness of big business to purchase from small companies.

Venture capital investing is now global. While the US historically has been a stronghold of global venture capital activity, the rest of the world has been catching up. In the 1990s, US-based startups attracted more than 90% of annual global venture capital dollars invested. Today, US-based startups account for about half of global venture capital dollars invested. It's important to note that global investment has grown over that time, i.e., the US decline in global market share is on relative terms, not by absolute dollars. However, with global competition increasing for innovation and talent, empowering high-growth startups and ensuring the US is the most attractive place to start a company are critical to the continued success of our country's entrepreneurial ecosystem.

[2]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

[3]Gornall, Will and Strebulaev, Ilya A., The Economic Impact of Venture Capital: Evidence from Public Companies (November 1, 2015). Stanford University Graduate School of Business Research Paper No. 15-55. Available at SSRN: https://ssrn.com/abstract=2681841 or http://dx.doi.org/10.2139/ssrn.2681841

[4]Source: TradingView, data as of March 4, 2021.

[5]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

At-a-Glance: The US Venture Industry

Despite the enormous challenges of 2020, the numbers of venture investors, venture funds, and assets under management by the venture industry continued to grow. There were 1,965 venture firms (i.e., those who have raised a fund in the last eight years) at the end of 2020. These 1,965 firms managed 3,680 venture funds and had approximately $548 billion in US venture capital AUM, including $151 billion in dry powder, at the end of 2020.

A record $74 billion in fundraising by VC firms in 2020 contributed to the substantial year-over-year growth in AUM. The $548 billion in VC AUM at the end of 2020 is up 11.4% from the $492 billion under management at the end of 2019, and 114% greater than the $256 billion under management at 2012's close. The compound annual growth rate for VC AUM between 2012 and 2020 is 10%.

In another sign of strength for the industry, VC investors ended the year with a record $151 billion in dry powder heading into 2021, up 20.1% from the $126 billion available at the close of 2019. Dry powder has increased yearly since 2013, when the industry finished with $65 billion in dry powder, less than half of what the industry has on hand today. VC dry powder accumulated at an annual compound growth rate of 12.7% between 2013 and 2020.

VC assets remain geographically concentrated in three states: California, Massachusetts, and New York. These

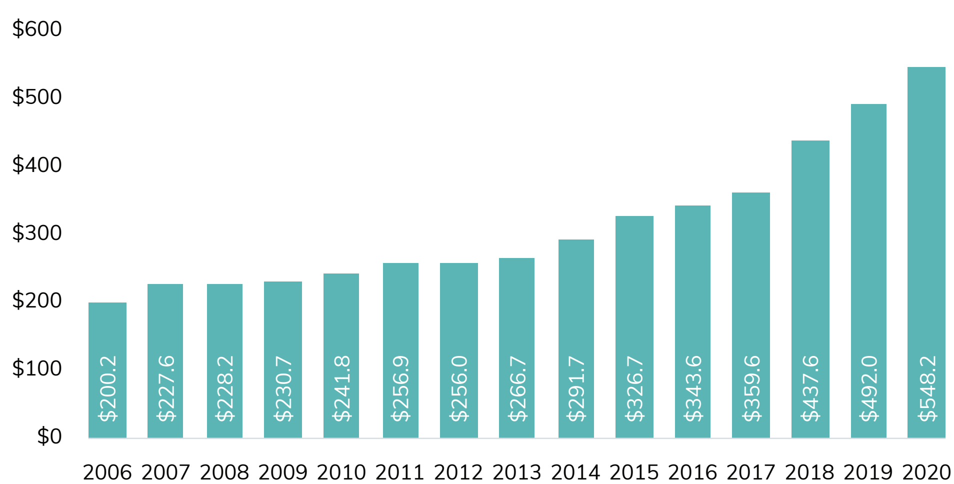
VC AUM Summary Statistics

	2007	2013	2020
# of VC Firms in Existence	931	952	1,965
# of VC Funds in Existence	1,614	1,554	3,680
# of First Time VC Funds Raised	34	38	54
# of VC Funds Raising Money this Year	192	266	339
VC Capitlal Raised this Year ($B)	34.6	20.7	74.5
VC AUM ($B)	227.6	266.7	548.2
Avg VC AUM per Firm ($M)	224.2	245.5	281.3
Avg VC Fund Size to Date ($M)	128.1	131.0	129.7
Avg VC Fund Size Raised this Year ($M)	205.7	91.3	229.2
Median VC AUM per Firm ($M)	69.6	60.7	47.5
Median VC Fund Size to Date ($M)	55.0	52.0	45.0
Median VC Fund Size Raised this Year ($M)	115.5	28.9	75.0
Largest VC Fund Raised to Date ($M)	3,000.0	1,100.0	3,750.0

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Note: The number of firms in existence is based on a rolling count of firms that raised a fund in the last eight vintage years. The number of VC funds in existence is based on a rolling count of funds that have closed in the last eight 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 2021 Yearbook, Data provided by PitchBook

three states together made up 85% of total US VC AUM in 2020, on par with 2019. California, Massachusetts, and New York saw considerable year-over-year AUM increases of 11%, 15%, and 13%, respectively.

Apart from the three traditional hub states, New Mexico, Kansas, Kentucky, Wisconsin, and Washington were among the states with the highest year-over-year VC AUM increases. At the end of 2020, 37 states had more than $100 million in AUM, a meaningful increase over the 31 states that had more than $100 million in AUM at the end of 2019 and a sign of VC's momentum outside of California, Massachusetts, and New York. However, it is important to note that tracking VC assets by the location of a firm's headquarters is not the most reliable indicator of VC activity by geography, since firms frequently invest in companies outside their state, as noted in the tables on page 31.

The median venture firm size was $48 million in 2020, down considerably from 2013 and 2007 when the median firm sizes were $61 million and $70 million, respectively. This decrease is possibly a function of the remarkable growth in the number of VC firms over the past several years. The 1,965 firms in 2020 represented 3,680 VC funds. The number of firms and funds existing in 2020 were more than double 2013's figures when 952 VC firms represented 1,554 funds.

While the median firm size has decreased over time, the average firm size has increased, reflecting the influence of a small number of very large firms. In 2020, the average firm size was $281 million, up 15% from 2013's $246 million average fund size and up 25% from 2007's $224 million average fund size. The number of mega-funds ($500 million+) has also continued to increase. In 2020, 207 firms managed more than $500 million. The sheer size of these venture behemoths outweighed the influence of the majority of firms, which averaged less than $100 million at the end of 2020 (1,187 firms or 64% of firms).

In 2020, 10,596 active investors of all types across the globe made one or more investment in US companies, down slightly from 2019 (10,703 investors) but still close to the peak value of 11,010 investors in 2015. Active US-based VC investors in 2020 numbered 2,599, also down slightly from the record high of 2,750 active US-based VC investors in 2019.

The US maintained its competitive posture, once again attracting the majority of global VC investment. In 2020, US VC investment as a percentage of global VC investment was 51%. The US share of global fundraising was more impressive, rising from 62% in 2019 to 67% in 2020. However, exit activity fell modestly compared to 2019's record year. 64% of global venture-backed exit value in 2020 came from US companies, down seven percentage points from 2019. These last data points are concerning because they occur in the context of US public equity markets that have seen the number of listed companies decline by almost 50% since 1996, the consequence of declining appetites for IPOs on US exchanges, more companies delisting from US exchanges, and thriving stock markets in emerging Asia and Europe and developed Asia, which have seen explosive growth since the mid-1990s.[1] Healthy public equity markets bring numerous benefits to an economy, including the public's participation in the growth of the corporate sector, efficient price discovery, and accountability among management. A strong exit environment is key to healthy public markets, so further deterioration in the US share of global exits should concern policymakers, regulators, and financial markets participants.

[1] "What is the point of the equity market?", Schroders, November 2019.

Fund and Firm Analysis

	Total Cumulative Funds	Total Cumulative Firms	Total Cumulative Capital ($B)	Existing Funds	Firms That Raised Funds in the Last 8 Vintage Years	AUM ($B)	Average Fund Size ($M)	Average Commitments + NAV ($M)	Median Fund Size ($M)	Median Commitments + NAV ($M)
2006	2,740	1,117	$314.8	1,691	946	$200.2	$198.8	$204.8	$95.0	$65.2
2007	2,932	1,172	$349.3	1,614	931	$227.6	$205.7	$224.2	$115.5	$69.6
2008	3,128	1,233	$381.3	1,411	829	$228.2	$182.5	$227.3	$82.0	$65.6
2009	3,256	1,277	$394.5	1,300	781	$230.7	$118.1	$225.4	$50.0	$69.8
2010	3,413	1,337	$414.1	1,319	793	$241.8	$141.0	$242.1	$50.0	$75.8
2011	3,593	1,416	$438.4	1,393	837	$256.9	$155.9	$260.7	$45.0	$76.8
2012	3,832	1,521	$463.4	1,464	892	$256.0	$124.5	$246.6	$25.0	$65.3
2013	4,098	1,633	$484.1	1,554	952	$266.7	$91.3	$245.5	$28.9	$60.7
2014	4,506	1,831	$520.5	1,766	1,085	$291.7	$109.3	$241.8	$22.1	$51.3
2015	4,983	2,041	$560.6	2,051	1,234	$326.7	$102.7	$234.0	$20.3	$47.3
2016	5,508	2,263	$606.6	2,380	1,384	$343.6	$111.4	$221.6	$29.6	$42.1
2017	6,038	2,525	$647.5	2,782	1,612	$359.6	$101.3	$210.9	$25.8	$40.5
2018	6,646	2,799	$715.9	3,233	1,826	$437.6	$150.0	$241.5	$30.2	$42.9
2019	7,173	3,013	$773.1	3,580	1,956	$492.0	$130.6	$259.6	$44.5	$46.3
2020	7,512	3,127	$847.6	3,680	1,965	$548.2	$229.2	$281.3	$75.0	$47.5

Source: NVCA 2021 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	# of Active US VC Investors	# of Active US VC 1st Round Investors	# of Active US VC Life Science Investors
2006	2,849	1,310	855	1,412	719	508	2,071	995	651	1,104	581	404
2007	3,395	1,496	982	1,588	748	557	2,449	1,141	738	1,256	634	447
2008	3,667	1,521	985	1,676	743	564	2,605	1,160	763	1,313	613	453
2009	3,169	1,325	887	1,471	595	511	2,255	1,008	677	1,140	506	413
2010	3,699	1,696	831	1,629	701	488	2,616	1,263	650	1,275	589	405
2011	4,876	2,500	911	1,867	925	524	3,158	1,689	723	1,437	765	442
2012	6,003	3,053	1,004	2,134	1,062	543	3,701	2,003	775	1,645	863	452
2013	7,648	3,494	1,176	2,438	1,102	598	4,129	2,001	871	1,808	883	490
2014	10,116	4,056	1,537	2,869	1,251	696	4,820	2,155	1,025	2,095	1,011	547
2015	11,010	3,933	1,753	3,184	1,334	781	5,013	2,040	1,112	2,278	1,054	615
2016	9,571	3,114	1,373	3,397	1,353	749	4,770	1,782	980	2,402	1,083	597
2017	9,789	3,199	1,687	3,770	1,579	906	4,853	1,830	1,102	2,600	1,236	670
2018	10,402	3,489	1,934	4,142	1,811	1,040	5,004	1,975	1,217	2,695	1,330	752
2019	10,703	3,441	1,813	4,248	1,714	1,035	5,127	1,918	1,190	2,750	1,294	757
2020	10,596	3,345	2,031	4,105	1,577	1,092	4,823	1,725	1,275	2,599	1,164	773

*VC investors include entities with primary investor type as: Venture Capital, Corporate Venture Capital, or Not-for-profit Venture Capital
*VC investors are headquartered globally, but only counted if they invested in a US company

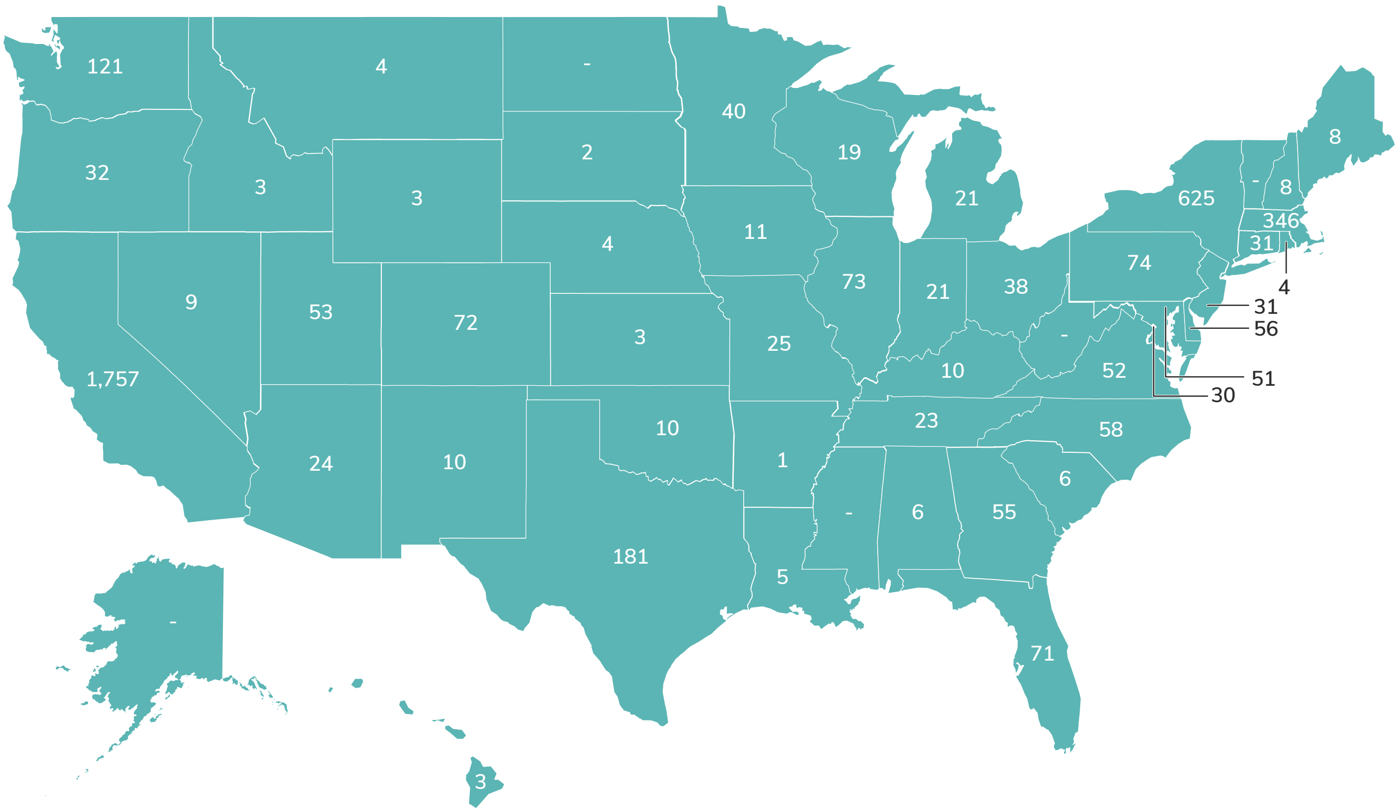
Source: NVCA 2021 Yearbook, Data provided by PitchBook

US as a % of Global VC Deal Flow by Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Global Deal Value ($B)	$50.8	$37.4	$47.8	$66.9	$62.0	$73.7	$118.6	$174.2	$176.9	$198.7	$331.4	$282.5	$321.3
US Deal Value ($B)	$37.2	$27.5	$31.8	$45.2	$41.5	$48.2	$73.8	$85.1	$80.9	$87.3	$142.6	$139.5	$164.0
Global Deal Value (#)	7,416	7,157	9,208	11,729	13,999	17,264	21,114	25,756	25,402	26,402	29,046	28,982	26,575
US Deal Value (#)	4,852	4,587	5,519	6,892	8,023	9,474	10,662	11,272	10,086	10,919	11,324	12,307	11,651
US as % of Global ($)	73.1%	73.5%	66.6%	67.6%	66.9%	65.4%	62.2%	48.8%	45.7%	43.9%	43.0%	49.4%	51.1%
US as % of Global (#)	65.4%	64.1%	59.9%	58.8%	57.3%	54.9%	50.5%	43.8%	39.7%	41.4%	39.0%	42.5%	43.8%

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Active Investor Count in 2020 Deals by HQ State



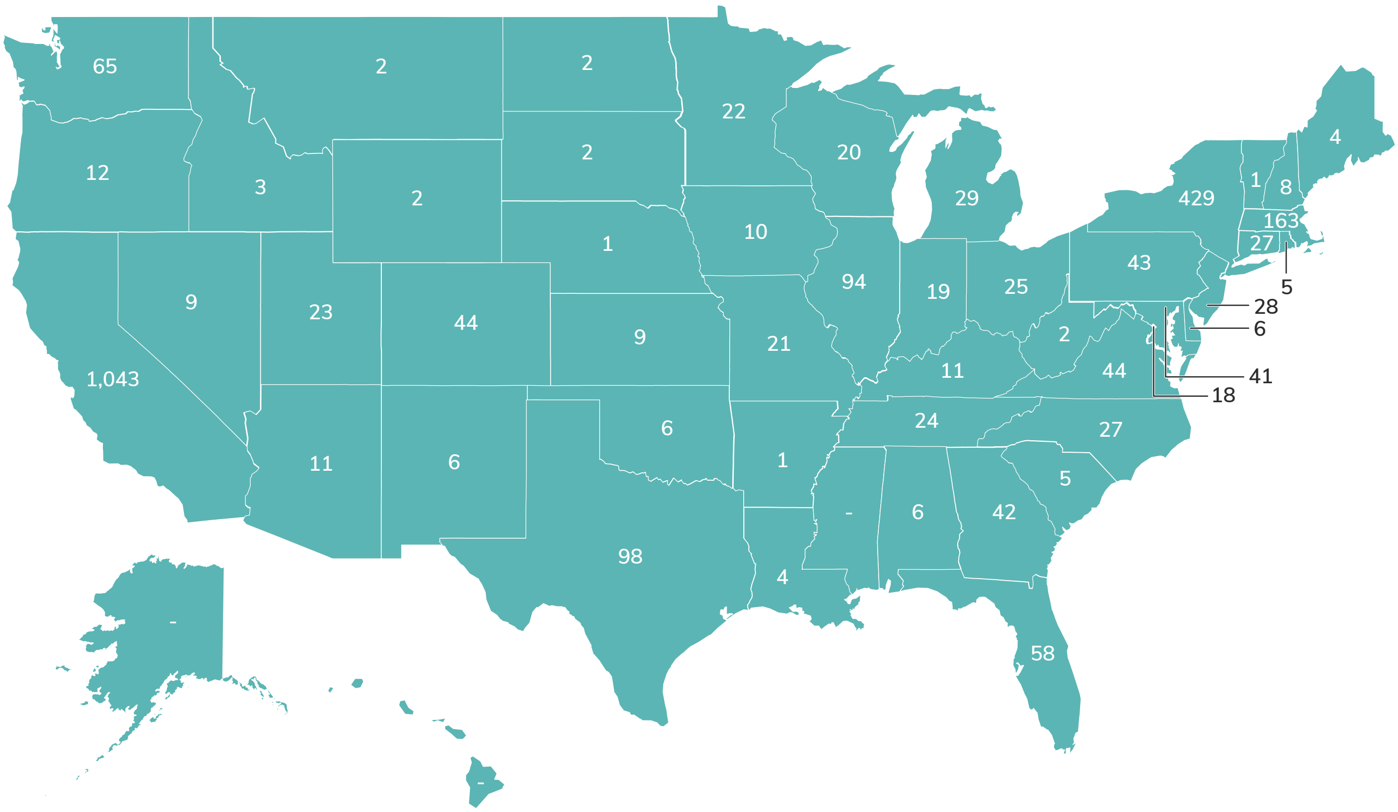
Source: NVCA 2021 Yearbook, Data provided by PitchBook

US as a % of Global VC Exits by Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Global Exit Value ($B)	$28.4	$30.3	$68.0	$95.5	$138.0	$100.6	$201.8	$124.4	$114.9	$172.4	$363.6	$363.6	$464.7
US Exit Value ($B)	$20.1	$16.9	$42.8	$67.0	$128.5	$71.7	$112.7	$72.8	$72.5	$99.9	$123.3	$257.5	$296.6
Global Exit Value (#)	855	802	1,222	1,278	1,454	1,591	2,007	2,181	2,072	2,095	2,111	2,242	2,077
US Exit Value (#)	494	481	720	743	875	912	1,089	1,040	939	983	1,100	1,124	989
US as % of Global ($)	70.7%	55.8%	62.9%	70.2%	93.2%	71.3%	55.9%	58.5%	63.1%	58.0%	33.9%	70.8%	63.8%
US as % of Global (#)	57.8%	60.0%	58.9%	58.1%	60.2%	57.3%	54.3%	47.7%	45.3%	46.9%	52.1%	50.1%	47.6%

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Active Investor Count in 2020 Deals by Investor HQ State



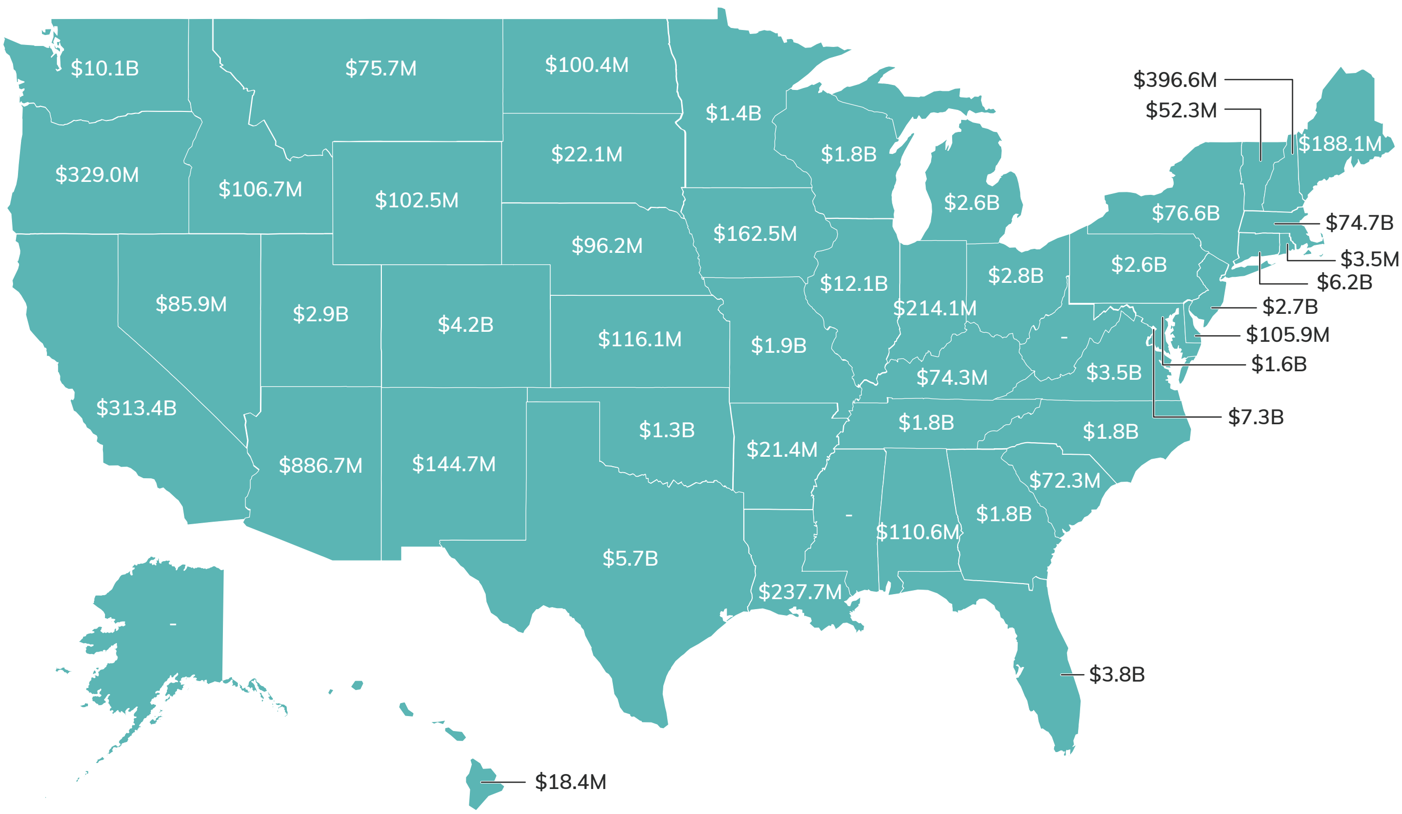
Source: NVCA 2021 Yearbook, Data provided by PitchBook
Note: This map breaks out active VC investors by their HQ state. Note that active VC investors headquartered outside of the US are not included in this map.

US as a % of Global VC Fundraising by Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Global Capital Raised ($B)	$51.0	$26.0	$35.5	$48.9	$45.8	$37.6	$56.7	$81.3	$89.0	$94.8	$124.5	$92.8	$111.8
US Capital Raised ($B)	$31.9	$13.2	$19.6	$24.3	$25.0	$20.7	$36.4	$40.0	$46.0	$40.9	$68.4	$57.2	$74.5
Global Capital Raised (#)	444	359	415	494	527	530	749	838	938	986	995	825	604
US Capital Raised (#)	196	128	157	180	239	266	408	477	525	530	608	527	339
US as % of Global ($)	62.6%	50.8%	55.2%	49.7%	54.6%	55.1%	64.2%	49.2%	51.7%	43.2%	55.0%	61.7%	66.6%
US as % of Global (#)	44.1%	35.7%	37.8%	36.4%	45.4%	50.2%	54.5%	56.9%	56.0%	53.8%	61.1%	63.9%	56.1%

Source: NVCA 2021 Yearbook, Data provided by PitchBook

AUM by State in 2020



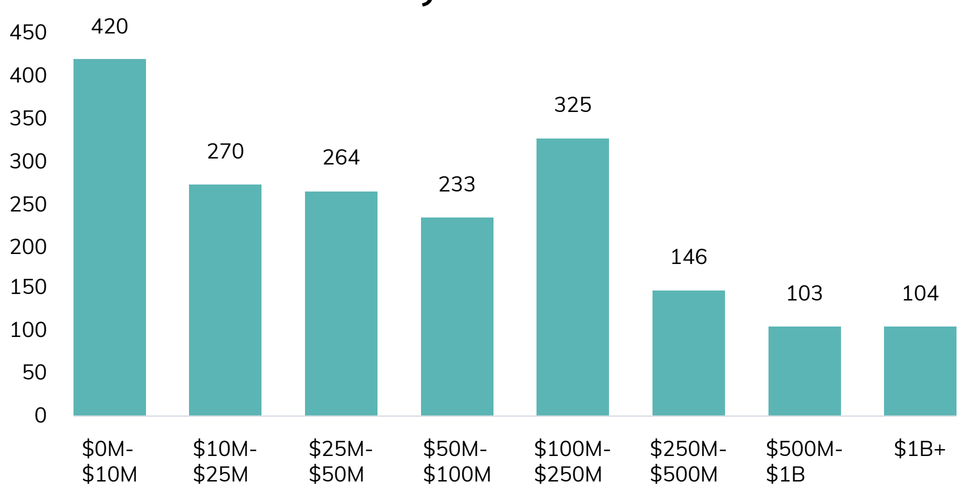
Source: NVCA 2021 Yearbook, Data provided by PitchBook

Top 5 States by AUM in 2020 ($B)

	AUM
California	$313.4
New York	$76.6
Massachusetts	$74.7
Illinois	$12.1
Washington	$10.1
Total	$486.9

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Distribution of Firms by AUM in 2020



Source: NVCA 2021 Yearbook, Data provided by PitchBook

AUM by Year by State ($M)

	2006	2007	2008	2009	2010	2011	2012	2013
Alabama	$147.6	$139.9	$137.5	$133.5	$134.0	$122.3	$112.6	$93.4
Arizona	$91.4	$84.2	$82.0	$76.5	$67.3	$97.9	$147.4	$265.0
Arkansas	—	—	—	—	—	—	—	—
California	$96,527.6	$107,601.5	$111,011.0	$112,601.3	$119,503.2	$127,844.2	$129,145.1	$133,788.9
Colorado	$1,285.6	$1,868.6	$1,703.0	$1,561.1	$1,820.4	$1,869.5	$1,897.8	$2,152.9
Connecticut	$9,653.2	$10,053.7	$8,913.2	$9,517.4	$9,532.1	$9,186.7	$9,229.9	$8,688.8
Delaware	$53.0	$50.4	$38.6	$34.5	$33.1	$29.8	$31.2	$23.0
District of Columbia	$1,409.1	$2,293.4	$2,297.9	$2,140.8	$1,991.4	$2,481.6	$2,297.0	$2,383.1
Florida	$1,532.9	$1,902.7	$1,826.6	$1,876.6	$1,924.5	$1,902.3	$2,346.9	$2,380.2
Georgia	$1,803.2	$1,909.8	$1,631.4	$1,683.2	$1,860.4	$1,850.0	$1,639.3	$1,472.1
Hawaii	$11.3	$38.1	$36.9	$37.5	$39.8	$41.5	$35.9	$40.2
Idaho	$21.9	$95.0	$148.2	$196.1	$210.1	$217.5	$211.7	$228.0
Illinois	$3,520.8	$4,015.7	$4,272.0	$4,058.5	$4,555.7	$5,295.5	$5,238.9	$5,400.3
Indiana	$320.2	$303.1	$250.0	$229.7	$230.1	$208.2	$192.9	$173.6
Iowa	$28.5	$27.7	$23.6	$18.8	$18.0	$16.0	$16.9	$17.1
Kansas	$2.4	$2.1	—	—	—	$2.6	$2.6	$2.7
Kentucky	$355.5	$349.9	$321.8	$293.4	$285.8	$307.2	$278.8	$273.2
Louisiana	$606.2	$603.7	$606.5	$654.9	$740.5	$703.3	$650.4	$688.2
Maine	$251.0	$307.0	$270.8	$261.0	$287.9	$298.0	$255.3	$274.6
Maryland	$2,146.6	$2,456.5	$2,096.7	$1,971.2	$1,811.3	$1,637.4	$1,592.5	$1,628.5
Massachusetts	$33,174.3	$38,790.9	$36,303.3	$37,228.2	$39,326.9	$42,052.8	$39,667.6	$43,262.1
Michigan	$444.1	$506.6	$1,373.7	$1,562.1	$1,578.2	$1,786.9	$1,766.9	$1,904.7
Minnesota	$1,565.1	$2,052.9	$2,066.4	$1,913.6	$1,831.3	$1,731.7	$1,835.9	$1,772.2
Missouri	$1,266.7	$1,487.3	$1,336.2	$1,250.2	$1,248.0	$1,300.8	$1,118.7	$1,336.0
Montana	$1.8	$1.7	$1.6	$1.6	$1.6	$1.6	$1.5	$1.5
Nebraska	$26.3	$24.6	$18.2	$17.1	$18.1	$52.6	$49.7	$41.9
Nevada	$49.4	$46.5	$34.7	$32.0	$28.5	$21.8	$64.3	$50.4
New Hampshire	$64.4	$74.5	$69.0	$65.8	$65.0	$66.4	$65.6	$65.0
New Jersey	$4,777.9	$5,576.1	$4,796.4	$4,974.4	$5,022.8	$5,225.8	$4,987.8	$5,170.3
New Mexico	$85.4	$76.3	$68.0	$60.9	$56.5	$57.3	$56.0	$54.8
New York	$18,519.4	$21,321.1	$19,981.3	$20,252.7	$21,463.6	$24,051.8	$26,059.4	$28,004.5
North Carolina	$1,299.1	$1,352.0	$1,253.3	$1,170.0	$1,142.4	$983.1	$1,040.2	$1,103.0
North Dakota	—	—	$10.5	$10.5	$10.6	$11.0	$11.0	$57.2
Ohio	$1,131.3	$1,214.0	$1,192.0	$1,154.2	$1,248.9	$1,286.0	$1,202.9	$1,458.4
Oklahoma	$570.5	$564.2	$757.0	$730.9	$747.6	$789.2	$787.8	$741.3
Oregon	$98.1	$92.5	$68.7	$66.7	$77.8	$74.1	$72.4	$112.8
Pennsylvania	$3,218.6	$3,626.0	$3,797.2	$3,911.6	$4,093.1	$4,001.6	$3,731.4	$3,648.4
Rhode Island	—	—	—	—	—	—	$1.1	$1.1
South Carolina	—	—	—	—	—	—	—	$6.1
South Dakota	$9.8	$9.6	$40.2	$39.6	$56.2	$56.8	$57.0	$59.7
Tennessee	$695.1	$699.1	$642.3	$599.4	$653.5	$625.4	$714.3	$803.0
Texas	$5,958.8	$5,840.0	$5,961.3	$5,624.9	$5,826.2	$6,401.4	$5,681.8	$5,508.6
Utah	$572.2	$893.7	$941.0	$1,039.7	$996.7	$1,214.1	$1,178.4	$1,349.1
Vermont	$12.7	$26.2	$23.9	$22.2	$27.4	$27.6	$25.2	$26.9
Virginia	$2,606.1	$2,880.3	$3,460.6	$3,403.8	$3,340.7	$3,509.0	$3,385.0	$3,079.9
Washington	$3,982.4	$6,052.9	$8,077.4	$7,915.8	$7,410.8	$6,975.4	$6,487.1	$6,559.5
Wisconsin	$250.0	$240.4	$266.0	$254.7	$450.2	$486.0	$592.8	$594.2
Wyoming	$16.7	$15.6	$11.5	$10.9	$9.9	$7.8	$6.3	—

Source: NVCA 2021 Yearbook, Data provided by PitchBook

	2014	2015	2016	2017	2018	2019	2020
Alabama	$80.8	$114.0	$95.3	$78.6	$106.6	$96.2	$110.6
Arizona	$442.0	$493.4	$516.7	$558.5	$697.1	$864.8	$886.7
Arkansas	$10.5	$11.2	$13.1	$14.1	$17.4	$20.0	$21.4
California	$153,844.0	$174,157.3	$190,254.3	$202,432.1	$250,177.5	$282,411.3	$313,380.4
Colorado	$2,170.6	$3,192.1	$2,904.6	$3,078.1	$3,879.2	$4,005.0	$4,162.0
Connecticut	$8,324.3	$6,378.2	$5,671.5	$5,175.4	$5,184.6	$5,134.0	$6,224.2
Delaware	$42.0	$56.7	$71.5	$72.9	$83.1	$101.1	$105.9
District of Columbia	$2,477.5	$2,648.8	$3,231.8	$3,204.6	$3,560.6	$6,368.5	$7,257.2
Florida	$2,508.8	$2,756.6	$2,513.8	$2,589.9	$2,408.1	$3,035.0	$3,785.8
Georgia	$1,350.8	$1,495.5	$1,369.9	$1,378.2	$1,612.8	$1,739.3	$1,769.9
Hawaii	$47.6	$42.7	$36.8	$30.8	$29.9	$29.1	$18.4
Idaho	$213.0	$190.1	$182.6	$208.5	$108.3	$91.7	$106.7
Illinois	$6,199.7	$6,648.4	$7,526.7	$8,355.5	$10,901.1	$11,485.4	$12,067.4
Indiana	$108.1	$112.8	$88.6	$67.0	$202.6	$207.8	$214.1
Iowa	$5.1	$44.5	$44.0	$47.5	$55.2	$158.5	$162.5
Kansas	$3.3	$3.8	$3.9	$3.7	$47.8	$81.9	$116.1
Kentucky	$225.6	$235.2	$187.0	$172.7	$143.4	$52.4	$74.3
Louisiana	$645.9	$594.6	$472.2	$317.1	$279.7	$214.5	$237.7
Maine	$197.7	$300.7	$263.6	$200.1	$203.7	$210.7	$188.1
Maryland	$1,418.9	$1,224.1	$1,011.3	$986.8	$1,150.8	$1,579.7	$1,621.7
Massachusetts	$42,305.0	$46,622.5	$48,801.0	$48,975.0	$60,042.6	$65,032.1	$74,728.5
Michigan	$1,873.0	$2,050.9	$2,173.7	$2,229.9	$2,261.6	$2,507.4	$2,459.8
Minnesota	$1,846.0	$1,587.4	$1,253.7	$1,151.5	$1,111.0	$1,284.6	$1,397.1
Missouri	$991.6	$1,132.4	$1,209.6	$1,588.5	$1,752.8	$2,058.1	$1,920.0
Montana	$4.1	$4.1	$26.4	$26.3	$68.3	$72.8	$75.7
Nebraska	$51.0	$59.8	$90.1	$87.0	$95.2	$94.9	$96.2
Nevada	$59.1	$69.0	$68.2	$73.8	$74.6	$85.9	$85.9
New Hampshire	$62.1	$61.2	$74.9	$136.1	$288.8	$387.6	$396.6
New Jersey	$4,808.9	$4,979.3	$4,383.1	$3,856.5	$3,767.4	$3,506.8	$2,653.3
New Mexico	$66.0	$64.5	$55.0	$50.3	$42.7	$41.1	$144.7
New York	$34,893.0	$42,292.5	$43,174.1	$46,543.5	$58,436.1	$67,752.7	$76,578.1
North Carolina	$1,070.0	$945.8	$1,150.4	$1,233.9	$1,259.3	$1,586.7	$1,804.4
North Dakota	$60.7	$69.1	$64.0	$67.1	$69.4	$97.8	$100.4
Ohio	$1,446.6	$1,588.1	$1,899.5	$1,818.1	$1,910.1	$2,682.4	$2,832.5
Oklahoma	$778.2	$1,504.4	$1,351.7	$1,301.0	$1,042.4	$1,238.3	$1,257.5
Oregon	$128.2	$148.5	$156.5	$219.6	$298.1	$320.6	$329.0
Pennsylvania	$3,804.4	$4,183.0	$3,574.3	$3,270.9	$3,141.0	$2,943.9	$2,580.4
Rhode Island	$1.3	$1.9	$1.9	$2.0	$3.3	$3.6	$3.5
South Carolina	$18.3	$26.0	$32.3	$46.1	$51.5	$68.4	$72.3
South Dakota	$63.4	$58.2	$47.6	$41.0	$35.6	$26.1	$22.1
Tennessee	$810.2	$908.3	$1,263.5	$1,275.6	$1,407.8	$1,639.5	$1,844.8
Texas	$4,699.2	$4,532.8	$4,416.9	$4,103.4	$5,066.5	$5,329.7	$5,728.3
Utah	$1,616.3	$2,171.0	$2,172.5	$2,174.0	$2,614.0	$2,826.0	$2,881.9
Vermont	$33.9	$32.0	$44.0	$42.3	$45.4	$56.4	$52.3
Virginia	$3,489.7	$3,734.8	$3,028.1	$2,906.5	$3,195.1	$3,284.2	$3,504.8
Washington	$5,555.5	$6,241.4	$5,790.9	$6,449.6	$7,425.3	$7,794.1	$10,139.3
Wisconsin	$869.1	$880.5	$877.4	$919.3	$1,258.1	$1,408.9	$1,836.9
Wyoming	—	—	—	—	—	—	$102.5

Source: NVCA 2021 Yearbook, Data provided by PitchBook

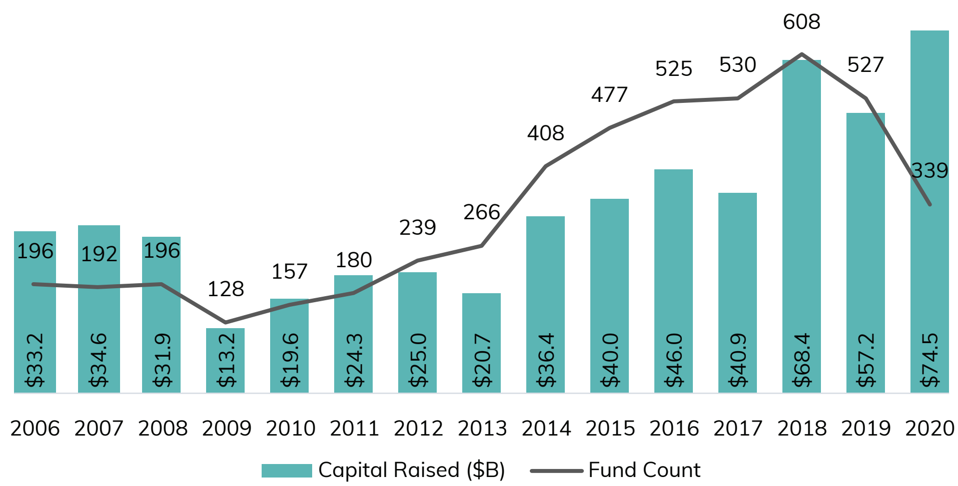
Capital Commitments: Venture Fundraising

In 2020, 339 US venture capital funds closed on a record $74.5 billion, representing a 36% year-over-year decrease in funds closed but a 30% year-over-year increase in capital raised. These trends reflect the continuing move to ever larger VC funds by investors. Last year also marked the sixth consecutive year of $40 billion+ in fundraising and the third straight year when $55 billion+ was raised.

The closing sizes of US venture funds grew considerably relative to 2019, with median and average sizes of $75 million and $229 million, respectively. In 2019, the median fund size was $44.5 million while the average fund size was $131 million. The strong fundraising environment, particularly for large funds, suggests limited partners (i.e., investors in VC funds) remain bullish on the asset class and emphasizes the growing capital needs for large, late-stage companies even during a year filled with economic uncertainty. The number of very large funds continues to increase: 14 funds closed on $1 billion+ in 2020 compared to eight such funds in 2019. Tiger Global Management, New Enterprise Associates, and Andreessen Horowitz led the way, each with its own fund in excess of $3 billion.

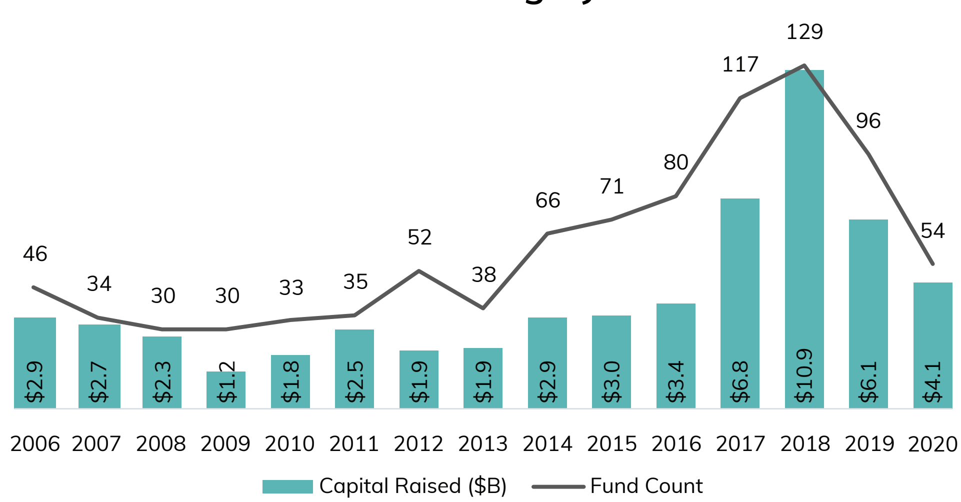
The number of funds in existence, defined as those having closed in the past eight years, increased slightly to 3,680 funds, 100 more than existed at year-end 2019. The number of existing funds and the

US VC Fundraising by Year



Source: NVCA 2021 Yearbook, Data provided by PitchBook

US VC First-time Fundraising by Year



Source: NVCA 2021 Yearbook, Data provided by PitchBook

number of firms that raised funds in the last eight vintage years have consistently grown year after year since 2009 when the Great Recession ended. In 2009, just 1,300 funds existed, nearly two-thirds fewer than exist today. Similarly, in 2009, only 781 firms had raised funds in the previous eight vintage years, just 40% of the funds raised in 2020. The compound annual growth rates for the number of existing funds and the numbers of firms that raised funds in 2009 and 2020 are 9.9% and 8.7%, respectively.

First-time fund activity dropped for a second consecutive year after a record 2018. These funds are typically created from individuals who have spun out of established firms, those who were previously angel investors, or those who were previously in operating roles at companies. First-time funds, many of which are smaller in size, are important to the VC landscape because they allow for larger numbers of players and amounts of available capital at the seed and earlier stages of the venture investment cycle.

VC investors looking to raise capital for the first time may have been a casualty of COVID-19, which encouraged limited partners (LPs) to direct their attention mainly to larger, established funds with which they have existing relationships. The cost of LPs' flight to safety by prioritizing relationships with established funds is fewer opportunities to develop relationships with new managers who may lack a lengthy investment track record and may therefore be perceived as riskier bets. In 2018, 129 first-time funds closed, raising $10.9 billion in the process. By comparison, 96 first-time funds closed, raising $6.1 billion in capital in 2019. And last year, just 54 first-time funds closed, raising $4.1 billion. Both the number of funds closed and the amount of capital raised by first-time funds in 2020 are the lowest since 2016. The decrease in first-time funds over the past two years may have a lagging impact on the fortunes of seed and early-stage companies.

VC funds based in 35 states and the District of Columbia held final closes on venture funds in 2020, with Washington, Tennessee, Michigan, the District of Columbia, and New York seeing the biggest year-over-year gains. Funds based in California, New York, and Massachusetts accounted for 50%, 18%, and 16%, respectively, of total capital raised in the US in 2020. Collectively, these three states represented 84% of total US VC capital raised, on par with 2019. All but one of the 14 funds exceeding $1 billion were located in California, New York, or Massachusetts. The exception is the Seattle-based Climate Pledge Fund, managed by Amazon.com, which closed on $2 billion in capital in mid-July.

While the overall US median VC fund size in 2020 was $75 million, the highest since 2008 and a 69% increase from 2019, there is considerable variation in fund sizes across states. The median fund size in the dominant venture hubs of California, New York, and Massachusetts, for example, was $100 million across 225 funds. Outside of those three states, the median fund size was $24.6 million across 100 funds. Put another way, the median fund size in nontraditional or emerging VC ecosystems equaled roughly 25% of the median fund size in the traditional VC hubs, and VC firms in California, New York, and Massachusetts raised more than twice as many funds as the rest of the country.

Two important notes on the VC fundraising data: First, as mentioned in the prior section, a fund's location does not mean the capital will only be deployed in that geography. Local capital is important to support the local ecosystem, but capital also travels, even virtually given travel limitations in 2020 due to the pandemic. Investors frequently invest in companies outside of their state.

Second, comparing fundraising to investment figures in this report is not apples to apples for the following reasons:

- Firms generally do not deploy all of their capital into startups in a single year or in the year they close their fund.
- The VC fundraising statistics only capture US funds, whereas VC funds outside of the US frequently invest in US startups. The VC investment statistics, however, are inclusive of investors headquartered outside the US.
- There are increasingly more types of investors becoming active in the venture ecosystem. Most of these investors do not invest in companies via traditional venture funds, choosing instead corporate venture groups, hedge funds, mutual funds, sovereign wealth funds, and family offices.

10 Largest US VC Funds in 2020

Investor Name	Fund Name	Fund Size ($M)	Close Date	Fund State
Tiger Global Management	Tiger Global Private Investment Partners XII	$3,750.0	January 30, 2020	New York
New Enterprise Associates	New Enterprise Associates 17	$3,600.0	March 11, 2020	California
Andreessen Horowitz	Andreessen Horowitz LSV Fund II	$3,230.7	November 20, 2020	California
General Catalyst	General Catalyst Group X	$2,300.0	April 9, 2020	Massachusetts
Amazon.com	The Climate Pledge Fund	$2,000.0	July 23, 2020	Washington
Lightspeed Venture Partners	Lightspeed Venture Partners Select IV	$1,830.0	April 14, 2020	California
Lightspeed Venture Partners	Lightspeed Opportunity Fund	$1,500.0	April 15, 2020	California
Founders Fund	Founders Fund Growth	$1,500.0	February 19, 2020	California
Andreessen Horowitz	Andreessen Horowitz Fund VII	$1,341.3	November 20, 2020	California
Addition	Addition One	$1,300.0	July 1, 2020	New York

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Top States by VC Raised in 2020

	# of Funds	Capital Raised ($M)
California	151	$37,263.7
Massachusetts	35	$13,450.0
New York	49	$11,708.1
Washington	7	$2,809.2
Illinois	7	$1,706.2
District of Columbia	4	$1,404.0
Connecticut	4	$1,068.8
Florida	6	$995.4
Texas	12	$495.8
Utah	8	$444.8

Source: NVCA 2021 Yearbook, Data provided by PitchBook

VC Fundraising by State by Year ($M)

	2006	2007	2008	2009	2010	2011	2012	2013
Alabama	$21.9	-	$25.7	-	-	-	$5.0	-
Arizona	-	-	$20.0	-	-	$38.2	$59.8	$129.5
Arkansas	-	-	-	-	-	-	-	-
California	$16,069.2	$14,281.5	$17,184.4	$6,350.0	$10,108.8	$14,279.3	$15,220.5	$9,173.5
Colorado	$52.3	$420.8	$132.6	$6.1	$328.0	-	$84.0	$234.4
Connecticut	$3,050.0	$45.0	$650.0	$25.0	$1,079.3	$195.0	$617.5	$193.1
Delaware	$13.0	-	-	-	$15.0	-	$4.9	-
District of Columbia	-	$828.0	$380.0	-	-	$450.0	$20.9	$200.0
Florida	-	$448.5	$150.0	$145.6	$82.2	$123.1	$268.0	$45.9
Georgia	$215.0	$175.0	$138.0	$155.0	$280.0	-	$50.0	$114.7
Hawaii	-	$27.4	$1.8	-	-	-	-	-
Idaho	-	$75.0	$64.0	$51.9	-	-	-	-
Illinois	$370.5	$818.2	$843.9	$225.0	$512.7	$743.0	$275.3	$283.8
Indiana	$26.3	-	-	$10.0	$90.0	-	$19.0	-
Iowa	-	-	-	-	-	-	$3.0	$1.4
Kansas	-	-	-	-	-	$2.6	-	-
Kentucky	$36.4	-	$175.0	-	-	-	$10.7	-
Louisiana	$70.0	$28.0	$106.7	$70.0	$56.0	-	$6.0	$14.2
Maine	-	$65.0	-	-	-	-	$10.1	-
Maryland	$327.0	$575.0	-	$84.3	-	$6.0	$20.0	$213.0
Massachusetts	$6,079.5	$6,644.8	$2,951.8	$3,014.3	$3,048.7	$4,060.8	$1,908.2	$5,218.2
Michigan	$20.0	$78.0	$910.0	$244.6	$42.4	$185.7	$45.2	$73.0
Minnesota	$398.0	$331.0	$475.1	$30.0	-	-	$150.0	$107.4
Missouri	-	$210.2	$128.9	$65.0	$2.0	-	$23.0	$346.0
Montana	$1.8	-	-	-	-	-	-	-
Nebraska	-	-	-	-	$2.6	$37.3	$18.2	-
Nevada	-	-	-	-	-	-	$50.0	-
New Hampshire	$50.0	$12.0	-	-	-	-	-	$4.5
New Jersey	$1,063.0	$895.2	$9.0	$516.0	-	$500.0	$349.0	$13.0
New Mexico	$5.2	-	-	-	-	$10.0	-	-
New York	$2,349.4	$5,147.2	$1,727.6	$736.1	$2,482.9	$2,815.0	$4,625.5	$1,763.1
North Carolina	$340.0	$40.3	$83.0	$102.0	-	-	$12.5	$215.0
North Dakota	-	-	$11.0	-	-	-	-	$45.0
Ohio	$100.0	$30.5	$254.7	$23.7	$90.3	$86.1	$63.9	$104.7
Oklahoma	$15.0	-	-	-	$212.8	-	$10.0	-
Oregon	-	$0.9	$2.6	$3.0	$20.4	$3.4	$7.8	$25.8
Pennsylvania	$407.2	$192.5	$739.6	$940.5	$134.9	$100.0	$298.0	$171.6
Rhode Island	-	-	-	-	-	-	$1.1	-
South Carolina	-	-	-	-	-	-	-	$6.0
South Dakota	-	-	$32.5	-	$16.0	-	-	-
Tennessee	$54.0	$40.0	$93.2	$14.0	$74.2	$30.6	$190.0	$103.0
Texas	$862.1	$103.3	$1,221.8	$17.1	$194.3	$465.3	$31.2	$654.9
Utah	$129.2	$352.0	$114.0	$122.0	$66.4	$33.0	$38.2	$359.7
Vermont	-	-	$14.0	-	$5.0	-	-	-
Virginia	$478.0	$297.0	$331.8	$274.6	$441.0	$111.1	$80.2	$345.0
Washington	$431.0	$2,400.5	$2,902.9	$2.5	$5.9	-	$328.2	$551.2
Wisconsin	$171.5	-	$57.8	-	$201.5	$40.0	$116.4	$5.1

Source: NVCA 2021 Yearbook, Data provided by PitchBook

*For this table we give precedent to the fund location, but if unvailable, we use the HQ location of the firm

	2014	2015	2016	2017	2018	2019	2020
Alabama	-	$41.8	-	-	$25.0	-	$13.6
Arizona	$160.4	$11.0	$30.6	$6.0	-	$150.6	$1.9
Arkansas	$10.5	$0.3	$1.5	-	$0.1	-	-
California	$22,315.7	$23,331.8	$27,664.7	$25,543.0	$37,965.8	$34,876.1	$37,263.7
Colorado	$199.9	$648.1	$570.9	$74.3	$1,129.5	$179.3	$269.0
Connecticut	$500.0	$1.0	$351.9	$658.0	$404.3	$828.4	$1,068.8
Delaware	$26.0	$13.9	-	-	-	$11.7	-
District of Columbia	$8.7	$60.5	$887.8	$512.0	$69.2	$567.0	$1,404.0
Florida	$346.9	$299.5	$56.4	$45.5	$95.4	$736.5	$995.4
Georgia	$67.0	$262.0	$79.0	$122.0	$68.5	$481.4	$140.6
Hawaii	$10.0	-	-	-	-	-	-
Idaho	-	-	-	-	-	$50.0	$2.2
Illinois	$656.1	$469.1	$1,362.6	$1,898.8	$832.1	$1,057.3	$1,706.2
Indiana	$1.7	$15.4	-	$11.0	$132.7	-	$6.0
Iowa	$0.1	$38.1	-	$0.4	$4.3	$100.4	-
Kansas	-	-	$0.2	-	$42.7	$35.7	$31.8
Kentucky	-	$7.5	-	-	$25.5	-	$22.0
Louisiana	$10.4	$11.1	-	-	$6.0	-	$53.0
Maine	-	$123.0	-	$10.2	-	-	$2.4
Maryland	$82.2	$152.7	$29.2	$285.2	$114.7	$237.8	$434.9
Massachusetts	$2,443.3	$5,494.0	$6,081.5	$6,770.2	$9,874.5	$7,152.1	$13,450.0
Michigan	$66.8	$306.3	$407.5	$156.7	$59.6	$350.0	$3.0
Minnesota	$14.9	$106.0	$1.6	$53.3	$153.2	$287.0	$260.0
Missouri	$1.5	$124.7	$411.1	$113.1	$204.9	$111.6	$41.0
Montana	-	-	$21.1	$2.8	$38.0	-	-
Nebraska	-	$1.6	-	$31.0	-	-	-
Nevada	-	$0.0	-	$5.0	-	-	$5.0
New Hampshire	$0.9	$7.5	$6.9	$34.8	$151.3	$120.7	$28.8
New Jersey	$26.8	$8.5	$620.5	$54.0	$390.1	$398.7	$48.7
New Mexico	$8.7	-	$3.7	$2.7	-	-	$100.0
New York	$7,503.8	$6,232.0	$4,220.4	$2,804.3	$11,785.8	$5,436.6	$11,708.1
North Carolina	$38.1	$36.2	$312.3	$283.0	$60.1	$304.2	$190.0
North Dakota	$3.5	-	-	$1.3	-	$30.0	-
Ohio	$349.4	$149.9	$492.3	$34.1	$79.6	$694.1	$152.0
Oklahoma	$1.0	$13.2	-	-	-	-	$17.0
Oregon	$33.9	$18.2	$28.6	$42.7	$66.0	$36.6	$8.7
Pennsylvania	$291.7	$295.0	$69.3	$135.6	$73.1	$471.1	$7.6
Rhode Island	-	$0.4	-	-	$1.3	-	-
South Carolina	$12.2	$6.0	$6.0	$11.7	-	$10.2	-
South Dakota	-	-	-	-	-	-	-
Tennessee	$2.5	$0.3	$543.9	$125.4	$25.4	$87.9	$329.1
Texas	$467.5	$197.7	$269.5	$183.1	$879.1	$905.1	$495.8
Utah	$228.9	$305.2	$346.0	$137.8	$182.0	$125.5	$444.8
Vermont	$12.0	-	-	$71.3	-	$6.6	-
Virginia	$99.5	$540.7	$180.0	$161.1	$387.9	$415.8	$413.2
Washington	$190.8	$690.3	$920.3	$438.3	$2,916.4	$690.6	$2,809.2
Wisconsin	$217.7	$25.9	$39.3	$94.5	$160.7	$250.0	$427.8

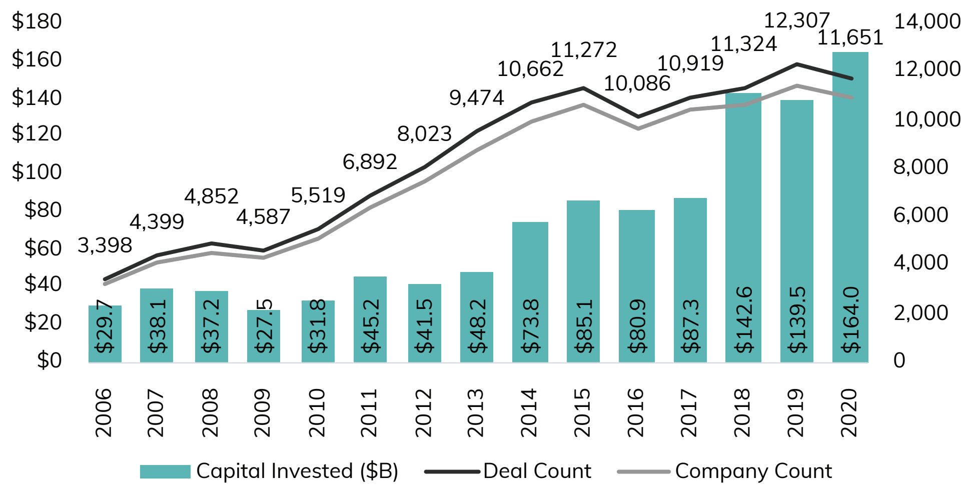
Source: NVCA 2021 Yearbook, Data provided by PitchBook

*For this table we give precedent to the fund location, but if unvailable, we use the HQ location of the firm

Capital Deployed: Investment into Companies

The key story for VC investment in 2020 is the profound resilience of the industry while confronting multiple black swan events. Facing headwinds from the COVID-19 pandemic and the worst economic downturn since the Great Depression, the record-setting amount of capital infused by VC investors can only be considered remarkable. For the third year running, high-growth startups raised more than $130 billion. In total, VC firms invested $164 billion into 10,862 portfolio companies, a record dollar amount across 11,651 deals. Just three years ago in 2017, total US VC deal flow was just $87 billion, a then-record high.

US VC Deal Flow



Source: NVCA 2021 Yearbook, Data provided by PitchBook

In 2020, the US remained the destination for about half of global VC investment dollars, attracting 51% of global capital invested. This year's share of global investment is up slightly from the 49% reported for 2019 and is eight percentage points higher than the most recent low of 43% in 2018. However, these percentages stand in stark contrast to the US's 83% global share in 2004, when the US's appeal to investors worldwide was dominant, and serves as a good reminder that capital and talent are everywhere.

The popularity of mega deals (investments of $100 million+ into venture-backed companies) continued to grow in 2020 with the number of mega deals increasing for a fifth straight year. In 2020, 327 mega deals closed worth a record $76 billion in capital invested. The number of mega deals last year was 36% more than the same number in 2019 (240 deals) and more than 4x the 79 mega deals that closed in 2016.

US VC Deal Flow by Stage (#)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Angel & seed	795	935	1,229	1,749	2,585	3,513	4,596	5,237	5,702	4,852	5,131	4,954	5,277	4,859
Early VC	2,144	2,320	1,868	2,150	2,518	2,674	2,928	3,228	3,353	3,128	3,475	3,703	3,990	3,450
Later VC	1,460	1,597	1,490	1,620	1,789	1,836	1,950	2,197	2,217	2,106	2,313	2,667	3,040	3,342

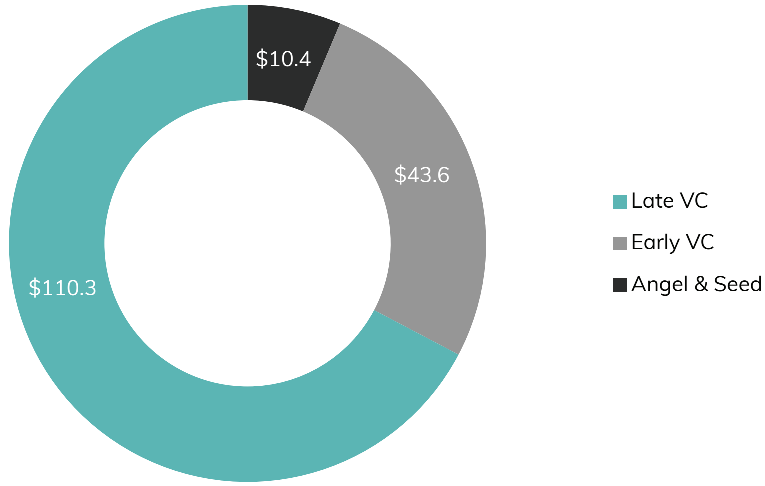
Source: NVCA 2021 Yearbook, Data provided by PitchBook

2020 marked the third straight year of more than $50 billion in capital being invested in mega deals. Prior to 2018, the highest annual amount committed to mega deals was $25 billion in 2016.

Many of these mega deals are for unicorns (venture-backed companies valued at $1 billion+), since they tend to be later in their growth cycle and are larger companies. Unicorns attracted $52 billion, or 31% of total capital invested, but the number of unicorn deals represented just 2.0% of all deals completed in 2020. Similar to mega deal count, unicorn deal count (232) also hit a record high last year.

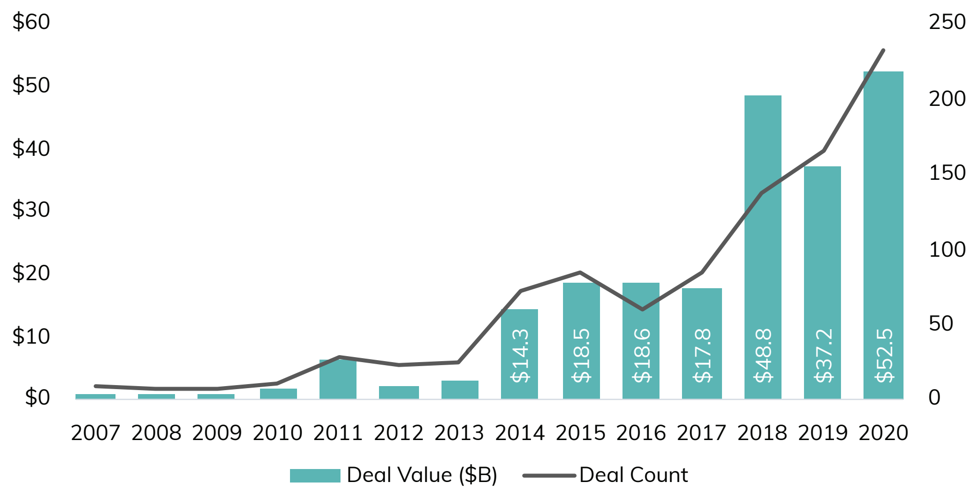
While the aggregate data indicate a healthy investment environment, the aggregate figures mask a dichotomy in the fortunes of different companies. As discussed further below, later stage investment had a strong year in 2020, while founders raising their first institutional round of VC struggled. And while life sciences had a record year with heavy investment in research and development of treatments for COVID-19, sectors serving businesses and consumers had a relatively poor year.

2020 US VC Deals by Stage ($B)



Source: NVCA 2021 Yearbook, Data provided by PitchBook

US VC Unicorn Deal Activity by Year



Source: NVCA 2021 Yearbook, Data provided by PitchBook

Sectors

As in previous years, the software sector received the most capital from VC investors among all sectors. Investors committed $52 billion to software startups in 2020 (or 31% of total capital invested), up from $45 billion invested in 2019. Pharma & Biotech placed a distant second in terms of capital invested with $28 billion invested (17% of total). However, 2020 was still a terrific year for Pharma & Biotech: the amount invested in the sector was a record high ($8.5 billion more than the previous high in 2018), and the sector's share of total investment jumped 4.5 percentage points from 2019.

Life science companies had a record year due to investor interest in vaccines, antivirals, and companies engaged in the fight against COVID-19 and the race for a cure. Numerous companies that are (or were) venture-backed startups in this sector devoted considerable resources and energy to battling the novel coronavirus in 2020. The most famous name may be Moderna, which produced a COVID-19 vaccine with 94% efficacy that was granted emergency use authorization by the FDA and is now critical in the administration's efforts to help the American population achieve herd immunity. Founded in 2010, Moderna received multiple rounds of venture financing before going public in 2018. Other venture-financed companies that joined the fight include A2A Pharma, which conducted research on COVID-19 viral replication and cell entry; Biomeme, which created a technology platform that allows for COVID-19 tests to be performed on a smartphone; Formlabs, which utilized 3D printing to address supply chain shortages and provide hospitals and health systems with COVID-19 testing, PPE, and medical equipment; Ovation.io, which launched an initiative to significantly expand the nation's COVID-19 testing capacity; and Smart Monitor, which developed a remote patient triage solution for COVID-19 patients who are recovering at home in self-isolation.

In total, life science companies received $36 billion in capital invested in 2020, 41% more than the previous annual record of $26 billion invested in 2018. Investment in drug discovery nearly doubled from $8.8 billion in 2019 to $16.2 billion in 2020. Large increases in investment were also seen in biotechnology, drug delivery, pharmaceuticals, and therapeutic devices.

Two sectors saw notable drops in capital investment in 2020. VC investment into commercial services, which includes business services such as accounting, outsourcing services, human capital services, and legal services, decreased by more than $2.4 billion, falling from $10.1 billion in 2019 to $8.7 billion in 2020. Investment into consumer goods & recreation also fell, dropping from $5.3 billion in 2019 to $4.5 billion in 2020, possibly due to investor wariness about the financial health of the US consumer after a year of COVID-19, economic shutdowns, lost jobs, and shuttered businesses.

Investment Stages & First-time Fundings

The pandemic forced firms to triage for a large part of 2020, during which investors focused their attention on later stage firms at the expense of angel/seed and early stage companies. Later stage deal count increased by 302 (or 9.0%) compared to 2019, but angel/seed activity fell by 418 year-over-year (8.6%). Early stage deal count also fell by 540 (15.7%). The increase in the number of later stage VC investments marks the continuation of a growth trend that started in 2016. From 2016 to 2020, the annual number of later stage deals increased from 2,106 to 3,342, approximately 29% of total deal count. The number of later stage deals has grown annually by 12.2% from 2016 to 2020 (compound annual growth rate).

Late-stage deals represented 28% of total capital invested in 2020, reflecting the consistent year-over-year growth dating back to 2015, when the share of late-stage deals was 20%. Last year's share of late-stage capital investment is a recent high, however, and is still some ways off of the record high of 38% in 2004. The growth in the share of capital invested in late-stage deals mainly comes at the expense of angel/seed deals. Between 2015 and 2020, the share of angel/seed capital investment as a percent of total capital investment decreased from 50% to 41%.

With uncertainty looming around consumer and enterprise sales, public market volatility, capital availability, and an economic downturn, many VC firms evaluated their portfolios at the onset of the pandemic and chose to prioritize support for mature, late-stage companies at the expense of early-stage companies. With firms focused on existing portfolio companies and with in-person meetings on hold due to COVID-19 restrictions, founders struggled to line up their first institutional VC funding. First-time financing* in 2020 accounted for just 7.9% of total capital invested in 2020, a 17-year low. While the actions taken by investors to shore up their portfolios contributed to this low share of investment in 2020, it is worth noting that annual first-time financing as a share of total capital invested has been on a steady decline since 2012, when first-time financing's share was 15.9%. In 2020, first-time financing deal count as a share of total deal count was 28.5%, also a 17-year low, but on par with 2018. Pharma & biotech companies attracted $3.5 billion in first-time financings last year, the highest among all sectors. The software sector held down second place, pulling in $2.9 billion in initial capital raised. With new investments taking a back seat to existing portfolio support, VC investors deployed a record $151 billion in follow-on funding in 2020, 18% more than the previous high of $128 billion invested in 2018.

Geographical Analysis

Despite restrictions on travel and in-person meetings between investors and entrepreneurs in the wake of COVID-19, venture funding still managed to reach startups in all 50 states and the District of Columbia, 233 metropolitan statistical areas (MSAs), and 414 Congressional districts. Many investors shifted meetings, due diligence, and deal closings online, which helped ensure the wide

*Defined as the first round of equity funding in a startup by an institutional venture investor

2020 US VC Deals by Sector ($B)

Commercial Services	$8.7	IT Hardware	$5.0
Consumer Goods & Recreation	$4.5	Media	$3.5
Energy	$1.9	Other**	$41.1
HC Devices & Supplies	$7.8	Pharma & Biotech	$28.3
HC Services & Systems	$11.6	Software	$51.6

Source: NVCA 2021 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 State in 2020

	Company Count	# of Deals Closed	Capital Invested ($M)
California	3,672	3,948	$84,189.3
New York	1,333	1,440	$18,151.7
Massachusetts	784	850	$17,367.1
Washington	386	418	$4,851.2
Texas	545	582	$4,818.0
North Carolina	221	230	$3,636.5
Michigan	133	147	$3,332.7
Colorado	341	376	$2,624.5
Illinois	303	321	$2,588.4
Pennsylvania	281	311	$2,137.3
Georgia	189	205	$2,031.6
Florida	283	298	$1,927.2
Minnesota	124	131	$1,810.4
Utah	145	150	$1,773.9
Ohio	159	167	$1,450.3
Connecticut	136	145	$1,238.6
Maryland	133	143	$1,194.7
New Jersey	138	144	$1,191.1
Virginia	176	179	$1,139.4
Delaware	120	127	$835.3
District of Columbia	75	82	$645.2
Arizona	113	129	$626.3
Oregon	134	137	$600.9
Missouri	78	79	$477.6
Tennessee	91	94	$450.3
Indiana	118	125	$348.8
Nevada	48	48	$317.8
Wisconsin	91	98	$293.3
Kentucky	43	45	$255.9
Alabama	29	30	$184.4
Iowa	36	38	$154.6
New Hampshire	31	31	$139.8
Arkansas	24	26	$118.3
South Carolina	39	41	$117.8
New Mexico	20	23	$113.3
Montana	29	29	$112.8
Nebraska	24	26	$105.5
Kansas	18	21	$99.5
Louisiana	19	20	$98.9
Idaho	28	32	$92.2
Rhode Island	27	30	$91.1
Maine	36	41	$86.5
Oklahoma	22	24	$38.2
Vermont	21	21	$30.3
Hawaii	10	10	$27.2
South Dakota	4	4	$19.3
Alaska	5	6	$16.2
Wyoming	12	13	$9.2
North Dakota	7	7	$6.5
West Virginia	3	3	$0.9
Mississippi	1	1	$0.4

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Top 10 US VC Deals in 2019

Company Name	Close Date	Deal Size ($M)	Deal Type	Industry Sector	State
Waymo	May 12, 2020	$3,000.0	Late VC	B2C	California
Rivian Automotive	July 10, 2020	$2,500.0	Late VC	B2C	Michigan
SpaceX	August 18, 2020	$1,901.4	Late VC	B2B	California
Epic Games	September 18, 2020	$1,780.0	Late VC	IT	North Carolina
Generate (Specialized Finance)	January 14, 2020	$1,000.0	Late VC	Financial Services	California
SoFi	May 13, 2020	$879.0	Late VC	Financial Services	California
Stripe	April 16, 2020	$850.0	Late VC	IT	California
Loanpal	December 01, 2020	$800.0	Late VC	Financial Services	California
Resilience	October 23, 2020	$755.0	Early VC	Healthcare	California
Quibi	March 03, 2020	$750.0	Early VC	B2C	California

Source: NVCA 2021 Yearbook, Data provided by PitchBook

2020 VC Deals & Company Counts by State

	Company Count	% of Total	Capital Invested ($M)	% of Total
California	3,672.0	33.8%	$84,189.3	51.3%
New York	1,333.0	12.3%	$18,151.7	11.1%
Massachusetts	784.0	7.2%	$17,367.1	10.6%
Washington	386.0	3.6%	$4,851.2	3.0%
Texas	545.0	5.0%	$4,818.0	2.9%
North Carolina	221.0	2.0%	$3,636.5	2.2%
Michigan	133.0	1.2%	$3,332.7	2.0%
Colorado	341.0	3.1%	$2,624.5	1.6%
Illinois	303.0	2.8%	$2,588.4	1.6%
Pennsylvania	281.0	2.6%	$2,137.3	1.3%
All Others	2,863.0	26.4%	$20,316.1	12.4%
Total	10,862.0		$164,012.9	

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Top 5 States by Percentage of 2020 Deals Done in State Which Featured Investor(s) from Outside State

Company HQ State	% Invested From Outside State
Delaware	98.2%
District of Columbia	84.1%
Nevada	83.3%
New Jersey	82.5%
South Carolina	77.8%

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Example of how to read this table: 84.1% of deals done by DC-based investors were investments into DC-based companies.

*This ranking is inclusive of states with 20 or more investments.

Top 5 States by Percentage of 2020 Deals Done in State which Featured Investor(s) from that State

Company HQ State	% Invested From Within State
Indiana	74.6%
California	69.2%
Michigan	68.0%
Iowa	65.0%
Connecticut	59.6%

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Example of how to read this table: 68% of investments in Michigan-based companies featured at least one Michigan-based investor.

*This ranking is inclusive of states with 20 or more investments.

of States Invested Into by Investor HQ State

Investor HQ State	# of States Invested In
California	47
New York	42
Illinois	39
Massachusetts	37
Maryland	35
Texas	35
District of Columbia	30
Florida	30
Colorado	30
Georgia	29
Washington	29
Missouri	29
Tennessee	28
Connecticut	27
Pennsylvania	26
Virginia	26
New Hampshire	25
New Jersey	25
North Carolina	24
Wisconsin	22
Kentucky	21
Minnesota	21
Michigan	20
Ohio	19
Iowa	18
Kansas	18
Utah	17
Oregon	17
Arizona	16
South Carolina	16
Louisiana	16
Indiana	15
Delaware	15

Source: NVCA 2021 Yearbook, Data provided by PitchBook

of States California Investors Invested Into by Year

Year	# of States Invested In
2007	37
2013	43
2020	47

Source: NVCA 2021 Yearbook, Data provided by PitchBook

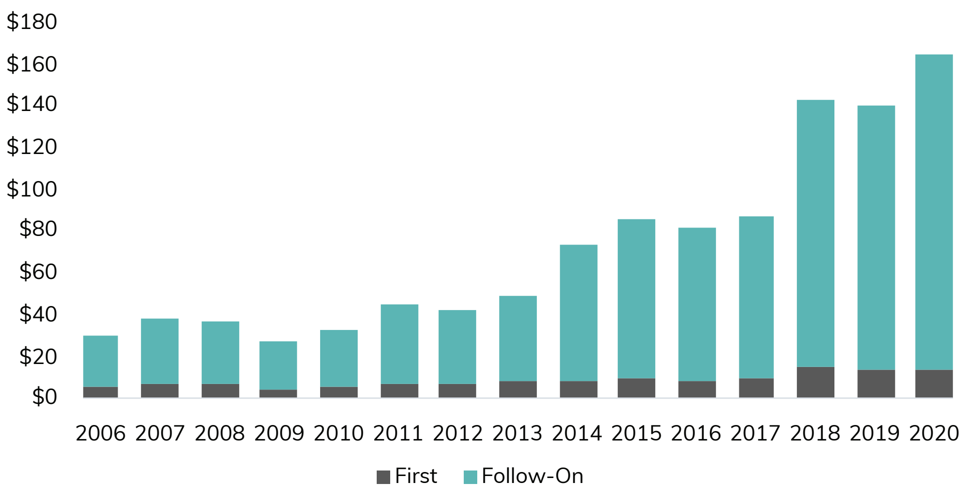
geographical distribution of capital last year. Still, the traditional hubs of California, Massachusetts, and New York continued to pull in the lion's share of VC deal activity. These three states together accounted for 54% of total VC deal count and 73% of total VC capital invested, unchanged from 2019. Apart from the three traditional hub states, the states with the most VC investment activity (as measured by capital invested) were Washington, Texas, North Carolina, Michigan, Colorado, Illinois, and Pennsylvania.

Companies based in California accounted for eight of the top 10 largest deals in 2020. Leading the way was Waymo, which closed on a $3 billion late-stage investment in May. Other California-based deals include investments into SpaceX ($1.9 billion), Generate ($1 billion), SoFi ($879 million), and Stripe ($850 million). Companies in Michigan and North Carolina round out the top 10 largest deals of the year. Rivian Automotive (MI) closed on $2.5 billion in July, and Epic Games (NC) raised $1.8 billion in September.

While deal flow may be concentrated in California, New York, and Massachusetts, these states also host VC firms that invest widely across the US, providing capital to

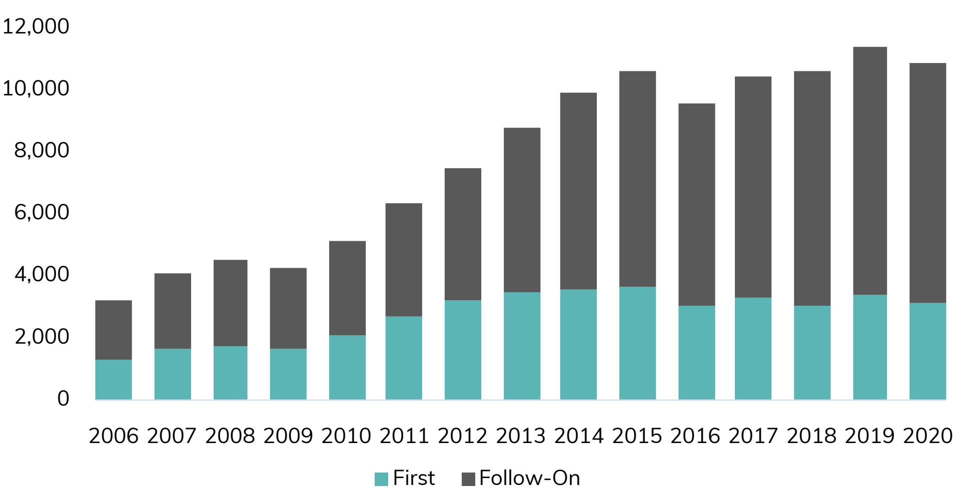
First-time Financings

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



Source: NVCA 2021 Yearbook, Data provided by PitchBook

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



Source: NVCA 2021 Yearbook, Data provided by PitchBook

US VC Deal Flow by Sector: First-Round VC in 2020

Sector	# of Deals Closed	Capital Raised ($M)
Commercial Services	382	$1,493.0
Consumer Goods & Recreation	121	$199.1
Energy	41	$166.7
HC Devices & Supplies	138	$418.7
HC Services & Systems	223	$892.5
IT Hardware	59	$283.3
Media	155	$260.3
Other	791	$2,811.1
Pharma & Biotech	245	$3,452.0
Software	978	$2,944.2

Source: NVCA 2021 Yearbook, Data provided by PitchBook

startups throughout most of the country. Firms in California invested in 47 states across the US. Likewise, firms in New York and Massachusetts invested in 42 and 37 states, respectively.

The top six MSAs ranked by capital invested were all located in California, New York, or Massachusetts, each of which served as home to companies that collectively received at least $117 billion. Demonstrating the strength of VC activity in the rest of the country, the next 13 MSAs with the most capital invested were located outside of the traditional hub states. These MSAs, each of which was home to companies that received at least $1 billion, include (in descending order by amount of capital invested) Seattle, Detroit, Chicago, Austin, Raleigh, the District of Columbia, Atlanta, Philadelphia, Denver, Minneapolis, Dallas, Miami, and Salt Lake City.

The MSAs with the five highest growth rates for annual number of VC investments over the past five years (for those MSAs with at least 15 investments in 2020) were (in descending order of growth rates) Winston-Salem, NC; Albuquerque, NM; Dover, DE; New Haven, CT; and Portland, ME. The five MSAs that saw the fastest annual growth for VC investment over the past five years (for those MSAs with at least $10 million in VC investment in 2016 and 2020) were Detroit; Dover, DE; Charlotte, NC; Columbus, OH; and New Haven, CT.

Life Sciences

US Life Sciences VC Deal Flow

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital Invested ($B)	$9.3	$8.2	$7.9	$8.8	$8.8	$10.3	$13.3	$15.5	$14.2	$17.9	$25.7	$23.4	$36.1
# of Deals Closed	898	893	973	1,072	1,130	1,207	1,307	1,400	1,320	1,485	1,585	1,688	1,802
Company Count	826	816	894	995	1,036	1,118	1,221	1,299	1,261	1,397	1,501	1,569	1,667

Source: NVCA 2021 Yearbook, Data provided by PitchBook

US Life Sciences VC Invested ($M) by Sector

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Biotechnology	$1,346.4	$2,063.7	$2,150.0	$1,934.6	$1,911.7	$2,163.6	$3,292.6	$4,657.6	$4,119.4	$5,729.2	$8,458.7	$6,192.1	$7,653.3
Diagnostic Equipment	$813.9	$480.6	$707.0	$698.7	$660.7	$776.0	$884.6	$1,023.4	$864.0	$1,310.5	$1,481.2	$1,642.4	$2,803.1
Discovery Tools (Healthcare)	$127.5	$139.7	$40.3	$117.7	$24.3	$96.1	$96.8	$116.5	$137.7	$102.3	$149.6	$322.1	$782.1
Drug Delivery	$606.6	$185.9	$193.3	$466.9	$613.2	$444.4	$567.2	$444.6	$861.4	$1,100.9	$623.8	$587.5	$1,381.7
Drug Discovery	$1,459.6	$1,422.5	$1,358.5	$1,491.5	$1,996.9	$2,776.4	$3,723.2	$4,902.5	$4,361.7	$5,275.4	$9,457.4	$8,803.3	$16,180.0
Medical Supplies	$147.5	$103.4	$112.4	$169.8	$248.6	$150.5	$128.5	$88.9	$157.0	$117.2	$183.9	$379.6	$206.3
Monitoring Equipment	$317.7	$180.3	$165.5	$227.1	$307.7	$453.8	$1,293.6	$461.8	$508.9	$596.0	$1,002.1	$920.8	$907.6
Other Devices and Supplies	$164.5	$85.5	$62.0	$141.2	$222.6	$114.9	$131.1	$174.1	$129.7	$226.9	$246.8	$178.4	$378.4
Other Pharmaceuticals and Biotechnology	$78.2	$59.8	$81.0	$69.9	$8.5	$19.7	$55.8	$24.6	$32.1	$73.7	$293.5	$436.6	$237.1
Pharmaceuticals	$1,469.0	$1,277.5	$1,002.3	$912.5	$660.4	$766.6	$666.8	$718.4	$772.5	$597.5	$870.6	$1,471.1	$2,105.7
Surgical Devices	$1,175.1	$933.9	$992.4	$1,046.6	$902.6	$1,073.0	$1,132.9	$1,148.5	$851.3	$1,184.7	$1,157.5	$989.2	$979.2
Therapeutic Devices	$1,637.5	$1,271.5	$1,074.2	$1,475.4	$1,213.2	$1,419.6	$1,358.5	$1,710.1	$1,358.8	$1,633.0	$1,725.2	$1,510.4	$2,479.3

Source: NVCA 2021 Yearbook, Data provided by PitchBook

US Life Sciences VC Deal Count by Sector

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Biotechnology	141	177	204	198	245	260	290	316	292	366	369	338	344
Diagnostic Equipment	124	100	127	124	128	125	147	151	140	149	168	177	197
Discovery Tools (Healthcare)	18	15	8	18	11	13	21	22	18	24	29	28	45
Drug Delivery	32	24	27	30	36	36	34	35	30	43	39	40	66
Drug Discovery	141	140	170	163	175	214	232	275	263	313	347	414	486
Medical Supplies	29	33	36	43	53	50	56	38	39	42	46	73	61
Monitoring Equipment	35	40	44	62	71	91	98	106	117	127	134	123	122
Other Devices and Supplies	31	37	26	51	51	45	48	60	50	62	51	56	53
Other Pharmaceuticals and Biotechnology	10	7	10	12	9	10	11	12	12	13	15	27	19
Pharmaceuticals	87	81	91	83	67	67	70	77	68	58	73	102	93
Surgical Devices	118	105	101	123	115	108	125	125	103	112	111	101	105
Therapeutic Devices	132	134	129	165	169	188	175	183	188	176	203	209	211

Source: NVCA 2021 Yearbook, Data provided by PitchBook

US VC Activity (#) in Life Sciences

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Life Sciences Deal Count	898	893	973	1,072	1,130	1,207	1,307	1,400	1,320	1,485	1,585	1,688	1,802
Life Sciences as % of Total US VC (#)	18.5%	19.5%	17.6%	15.6%	14.1%	12.7%	12.3%	12.4%	13.1%	13.6%	14.0%	13.7%	15.5%
Company count	826	816	894	995	1,036	1,118	1,221	1,299	1,261	1,397	1,501	1,569	1,667

Source: NVCA 2021 Yearbook, Data provided by PitchBook

US VC Activity ($B) in Life Sciences

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Life Sciences Capital Invested ($B)	$9.3	$8.2	$7.9	$8.8	$8.8	$10.3	$13.3	$15.5	$14.2	$17.9	$25.7	$23.4	$36.1
Life Sciences as % of Total US VC ($)	25.1%	29.9%	25.0%	19.3%	21.1%	21.3%	18.1%	18.2%	17.5%	20.6%	18.0%	16.8%	22.0%
Company Count	826	816	894	995	1,036	1,118	1,221	1,299	1,261	1,397	1,501	1,569	1,667

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Corporate Venture Capital

Activity from corporate venture capital (CVC) investors in 2020 was robust despite COVID-19 and associated policy responses and economic consequences. CVC investors participated in 1,995 venture deals last year, down slightly from the record of 2,135 such deals in 2019, but still the second-highest number of deals with CVC participation in a single year. These 1,995 deals represented 17% of total VC deal count (for those VC deals with investors disclosed) and an aggregate deal size (including non-CVC investors) of $72 billion, the highest annual amount on record, and 44% of total VC investment.

Other than a couple of down years following the Great Recession, the number of VC deals with CVC involvement has been steadily growing since 2004, when there were only 522 such deals. The value of deals with CVC participation has also risen dramatically since 2004 when just $6.7 billion was raised. Since 2015, deals with CVC involvement have accounted for 15% or more of total VC deal count annually (the first time since the 2008 financial crisis) and more than 40% of total VC deal size. The strong performance of CVC last year should help allay fears of a pullback in CVC investment due to the pandemic and continued economic distress in 2021. The industry appears to have adjusted to the remote work environment well, and vaccine rollouts offer hope that a partial return to pre-pandemic work arrangements will soon arrive, all of which bode well for continued strong CVC investment activity.

CVC resilience also suggests this source of capital may no longer be "tourist" investment, quick to flee at the prospect of hard times. Lessons were learned following the Global Financial Crisis when new CVCs were created and many recent unicorns were founded (e.g., Airbnb, Github, Okta, Square, Twilio, and Uber). Many of today's CVC programs are more established, mature, and sophisticated than their counterparts from a decade ago, and corporate investors know that some of the best investments are achieved during business cycle corrections. Corporations long on VC are doubling down on their strategic and financial focus on the innovation ecosystem that is evolving as the result of a global pandemic, knowing that investing in R&D remains a priority in both good times and bad.

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 Valuation (All VC, $M)	Average Post Valuation (CVC, $M)	Median Post Valuation (All VC, $M)	Median Post Valuation (CVC, $M)	Total VC Capital Raised ($M)	Total CVC Capital Raised ($B)	% of VC Deals with CVC Involvement ($)
2006	3,398	596	17.5%	$9.4	$16.4	$5.0	$10.0	$46.4	$66.9	$22.4	$40.0	$29.7	$9.3	31.3%
2007	4,399	693	15.8%	$9.4	$16.6	$4.2	$10.0	$55.4	$118.0	$22.4	$41.6	$38.1	$11.1	29.1%
2008	4,852	724	14.9%	$8.2	$14.5	$3.6	$8.5	$54.8	$74.4	$20.5	$35.3	$37.2	$9.9	26.8%
2009	4,587	521	11.4%	$6.5	$14.4	$2.5	$8.3	$53.1	$84.0	$17.2	$37.6	$27.5	$6.9	25.2%
2010	5,519	591	10.7%	$6.3	$15.6	$2.0	$8.1	$57.9	$93.8	$17.0	$34.2	$31.8	$8.5	26.7%
2011	6,892	801	11.6%	$7.4	$18.3	$1.7	$7.0	$114.1	$169.4	$16.7	$39.2	$45.2	$13.4	29.7%
2012	8,023	891	11.1%	$5.8	$14.0	$1.5	$6.5	$57.1	$88.3	$15.7	$34.3	$41.5	$11.5	27.7%
2013	9,474	1,192	12.6%	$5.8	$14.6	$1.5	$6.0	$58.9	$128.1	$15.5	$37.1	$48.2	$15.9	33.1%
2014	10,662	1,467	13.8%	$7.9	$20.9	$1.6	$7.0	$105.8	$201.1	$17.0	$40.2	$73.8	$28.0	38.0%
2015	11,272	1,640	14.5%	$8.6	$24.9	$1.7	$8.0	$117.4	$314.0	$18.0	$45.2	$85.1	$37.5	44.0%
2016	10,086	1,616	16.0%	$9.0	$26.2	$2.0	$8.5	$115.9	$298.6	$18.9	$39.8	$80.9	$38.3	47.4%
2017	10,919	1,781	16.3%	$9.0	$22.7	$2.2	$9.0	$96.7	$177.3	$19.4	$39.5	$87.3	$36.5	41.8%
2018	11,324	1,990	17.6%	$14.4	$38.6	$2.7	$10.0	$171.9	$367.0	$24.0	$50.1	$142.6	$70.3	49.3%
2019	12,307	2,135	17.3%	$13.3	$31.9	$2.9	$11.2	$160.8	$249.9	$24.9	$60.0	$139.5	$60.4	43.3%
2020	11,651	1,995	17.1%	$16.5	$40.3	$3.1	$13.5	$250.8	$373.2	$30.0	$67.0	$164.0	$72.4	44.2%

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Growth Equity

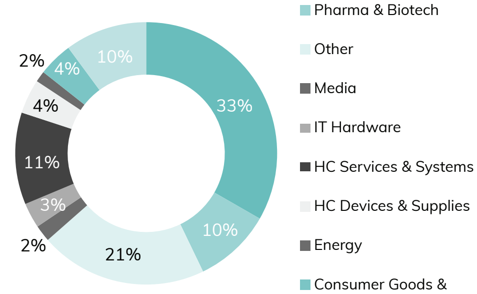
Growth equity* sits at the later end of the venture capital spectrum, filling a gap for mature companies that do not have a need for early-stage venture capital nor would a buyout by a private equity firm make sense for their growth. Growth equity can also meet capital needs for larger late-stage companies that opt to stay private longer than is typical. Some growth deals included in this section are also classified as VC deals and are included in the Yearbook's overall VC stats. However, other growth deals are excluded from the overall VC stats per the PitchBook platform's definition of growth equity and its methodology of separating growth equity deals from other investments. Details on PitchBook's methodology to identify growth equity investment are provided on page 53.

NVCA defines most growth equity investments as having the following key characteristics:

- Company has a proven business model (established product and/or technology and existing customers)
- Company's revenues are growing rapidly
- Company is often cash flow positive, profitable, or approaching profitability
- Company is often founder-owned and/or managed
- Investor is agnostic about control and purchases minority ownership positions more often than not
- Industry investment mix is similar to that of early-stage venture capital investors
- Capital is used for company needs or shareholder liquidity
- Additional financing rounds are not usually expected until exit
- Investments are often unleveraged or use light leverage at purchase
- Investment returns are primarily a function of growth, not leverage, with a lower expected loss ratio than venture capital portfolios.

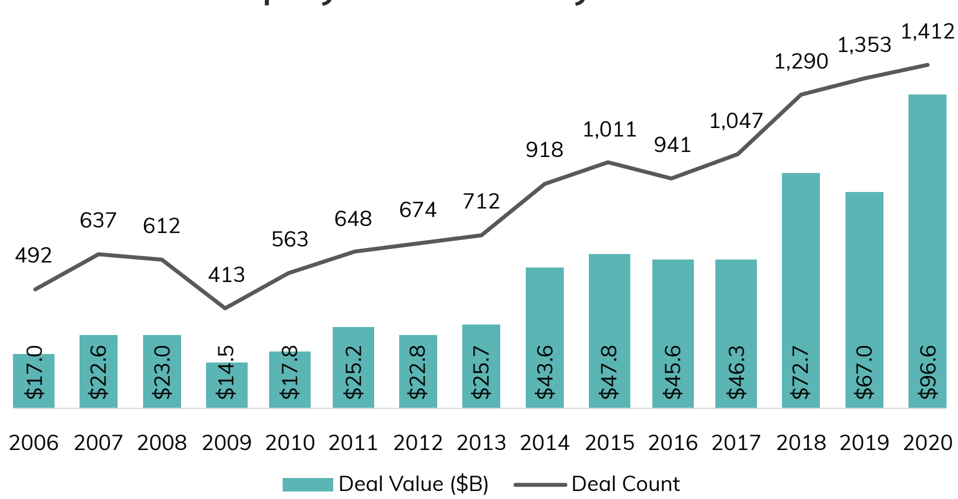
Growth equity investment hit record highs in 2020, continuing the surge in popularity of this investment class in recent years. $96 billion was invested in growth equity deals, 33% more than the previous high of $73 billion invested in 2018. The 1,412 deals closed in 2020 also set a record. Software proved to be the most popular sector for growth equity investors with 470 deals closed. Healthcare services & systems, commercial services, and pharma & biotech also proved popular with 160, 143, and 135 deals closed in those sectors, respectively.

US Growth Equity Investments in 2019 by Sector (#)



Source: NVCA 2021 Yearbook, Data provided by PitchBook

US Growth Equity Deal Flow by Year



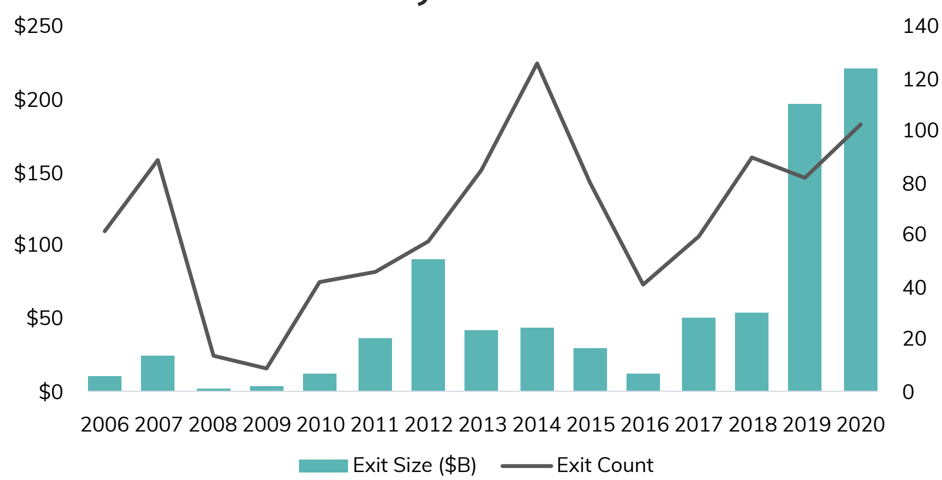
Source: NVCA 2021 Yearbook, Data provided by PitchBook

*Growth equity is not included as a subset of overall VC data in this publication, but is rather presented as its own unique dataset

Exit Landscape: Venture-backed IPOs & M&As

The exit environment drives the true measure of success for venture-backed companies. Once successful portfolio startups mature, venture funds generally exit their positions in those companies by taking them public through an initial public offering (IPO), by selling them to presumably larger entities (via an acquisition, merger, or trade sale) or to a financial buyer (e.g., a private equity buyer), or through a sale to a special purpose acquisition company (SPAC). SPACs, also known as "blank check companies,"

US VC-backed IPOs by Year



Source: NVCA 2021 Yearbook, Data provided by PitchBook

US IPOs by Year

	# of All IPOs	# of VC Backed IPOs
2008	224	14
2009	147	9
2010	246	42
2011	229	46
2012	276	58
2013	366	85
2014	409	126
2015	295	80
2016	200	41
2017	256	60
2018	258	90
2019	240	82
2020	471	103

Source: NVCA 2021 Yearbook, Data provided by PitchBook

Top 10 US VC-backed IPOs in 2020

Company Name	Exit size ($M)	Industry Sector	State
Airbnb	$37,226.5	B2C	California
Snowflake	$29,843.4	IT	California
DoorDash	$29,035.0	B2C	California
Palantir Technologies	$21,000.0	IT	Colorado
Wish	$12,983.6	B2C	California
Unity	$12,395.1	IT	California
Root Insurance	$6,077.7	Financial Services	Ohio
Legend Biotech	$5,521.4	Healthcare	New Jersey
Asana	$4,100.0	IT	California
JFrog	$3,549.7	IT	California

Source: NVCA 2021 Yearbook, Data provided by PitchBook

have no commercial operations and are formed strictly to raise capital through an IPO for the purpose of acquiring an existing company. Although SPACs have been around for at least a decade, they gained newfound popularity in 2020 as an alternate way for venture-backed companies to access public markets. This exit in the company allows the venture firm to distribute the proceeds to investors, raise a new fund for future investment, and invest in the next generation of companies. This section collectively refers to any type of sale to a corporate entity or to a financial buyer as a merger and acquisition (M&A). IPO and SPAC trends are analyzed separately.

As with investment activity, venture-backed exit activity also had a tremendous year in 2020, with new records set for the total number and amounts raised by companies through IPOs and total deal value for M&As, which shattered the previous high-water mark from 2018. The year-end results are welcome news given

Ratio of IPO Pre-Valuation to Total VC Invested

	Post Value ($B)	Capital Raised ($B)	IPO Pre Value ($B)	Total VC Raised to Date ($B)	Ratio
2008	$2.9	$2.3	$2.3	$0.4	5.7
2009	$4.4	$3.4	$3.4	$0.7	4.6
2010	$15.9	$12.6	$12.6	$4.8	2.6
2011	$42.9	$37.5	$37.5	$6.4	5.8
2012	$112.7	$91.2	$91.2	$7.6	12.0
2013	$50.7	$42.1	$42.1	$10.3	4.1
2014	$53.7	$44.4	$44.4	$11.5	3.9
2015	$37.2	$30.2	$30.2	$8.6	3.5
2016	$15.7	$12.4	$12.4	$4.8	2.6
2017	$59.7	$51.3	$51.3	$9.6	5.4
2018	$66.1	$55.0	$55.0	$15.1	3.7
2019	$221.2	$197.2	$197.2	$35.3	5.6
2020	$252.4	$221.9	$221.9	$33.5	6.6

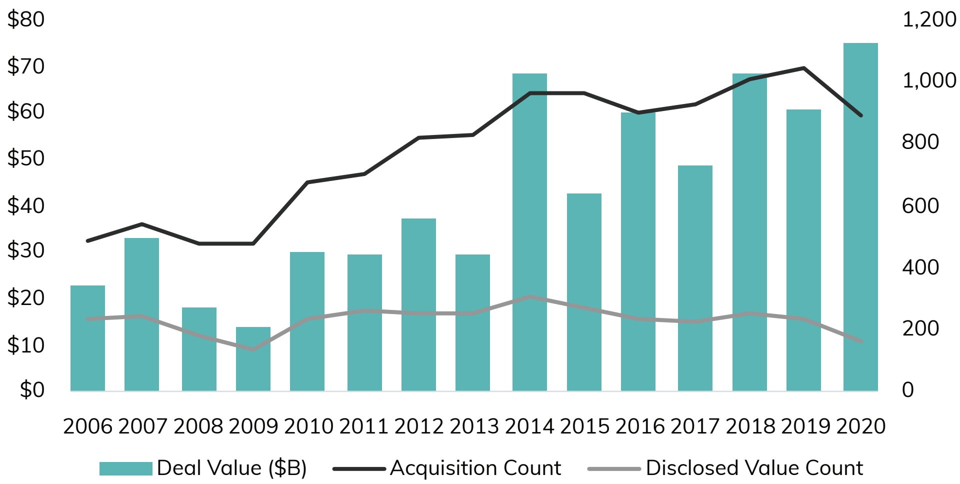
Source: NVCA 2021 Yearbook, Data provided by PitchBook

US VC-backed IPO Value and Age Characteristics

	# of IPOs	Deal Value ($M)	Median Deal Value ($M)	Average Deal Value ($M)	Post Value ($M)	Median Post Value ($M)	Average Post Value ($M)	Median Time from 1st VC to Exit	Average Time from 1st VC to Exit
2008	14	$2,273.3	$133.4	$252.6	$2,868.4	$187.5	$318.7	4.1	4.3
2009	9	$3,386.8	$243.4	$423.3	$4,392.1	$327.5	$549.0	6.0	7.1
2010	42	$12,582.2	$203.2	$299.6	$15,890.2	$278.7	$378.3	6.6	7.1
2011	46	$37,480.0	$337.6	$961.0	$42,935.5	$425.9	$1,100.9	5.5	6.4
2012	58	$91,249.2	$303.3	$1,862.2	$112,655.8	$356.6	$2,086.2	7.2	7.8
2013	85	$42,134.7	$240.0	$554.4	$50,718.0	$324.6	$634.0	6.6	7.2
2014	126	$44,426.3	$185.8	$364.2	$53,727.4	$248.5	$447.7	7.2	7.3
2015	80	$30,248.6	$219.3	$414.4	$37,160.1	$289.4	$502.2	6.5	6.1
2016	41	$12,363.6	$178.3	$325.4	$15,681.6	$239.3	$382.5	8.1	7.3
2017	60	$51,290.0	$306.2	$899.8	$59,683.9	$411.2	$1,047.1	7.2	6.9
2018	90	$55,030.8	$336.0	$655.1	$66,130.5	$432.4	$778.0	4.6	6.3
2019	82	$197,182.4	$367.2	$2,434.4	$221,190.1	$459.8	$2,730.7	6.9	6.9
2020	103	$221,911.7	$517.7	$2,264.4	$252,411.4	$717.8	$2,575.6	5.3	6.3

Source: NVCA 2021 Yearbook, Data provided by PitchBook

US Venture-backed M&A Activity



Source: NVCA 2021 Yearbook, Data provided by PitchBook

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 Time from 1st VC to Exit	Average Time from 1st VC to Exit
2008	480	179	$17,782.6	$34.2	$96.1	4.7	4.9
2009	472	137	$13,513.8	$23.8	$91.9	4.4	4.9
2010	678	235	$30,192.3	$40.0	$121.7	4.4	5.0
2011	697	259	$29,554.8	$43.3	$111.1	4.2	4.9
2012	817	249	$37,258.3	$43.5	$144.4	4.5	5.1
2013	827	249	$29,592.5	$35.0	$110.8	3.8	5.0
2014	963	301	$68,291.7	$50.0	$210.1	4.5	5.3
2015	960	267	$42,528.6	$46.0	$147.2	4.3	5.4
2016	898	232	$60,179.1	$68.2	$225.4	4.5	5.7
2017	923	220	$48,659.2	$59.8	$194.6	5.2	6.1
2018	1,010	249	$68,244.8	$70.8	$237.0	5.2	6.1
2019	1,042	234	$60,300.9	$79.0	$211.6	5.2	6.0
2020	886	165	$74,665.5	$94.0	$348.9	5.3	6.3

Source: NVCA 2021 Yearbook, Data provided by PitchBook

the sharp decrease in exits during the first half of the year. Observers at the time might well have feared that 2020 would be a down year for exit activity given the turmoil caused by the pandemic. However, the impact of COVID-19 on public markets did not end up being as bad as initially feared, and exit activity surged during H2, demonstrating public markets' resilience, which was buoyed by large venture-backed IPOs that contributed heavily to the annual figures.

In total, 103 venture-backed companies went public through IPOs in 2020 representing $222 billion in exit value, a record high. Among the companies that went public during H2 2020 are Airbnb, Snowflake, DoorDash, Palantir, Wish, and Unity, each of which raised more than $12 billion in public offerings. To place 2020's exit figures in context, 82 IPOs raised $197 billion in 2019. From 2004 to 2018, the most capital raised by IPOs in any single year did not exceed $56 billion – excepting 2012 when Facebook went public and drove annual IPO exit size to $91 billion.

The median size of IPOs in 2020 reached $518 million, and median IPO post-money valuation reached $718 million. These figures are the highest on record (dating back to 2004) and are extraordinary when compared to 2019, when the median IPO size and IPO post-money valuation were $367 million and $460 million, respectively. Companies that went public in 2020 had a median age (from first VC funding to IPO) of 5.3 years, down considerably from the median age of 6.9 years in 2019. Since 2009, only once has there been a shorter median age (4.6 years in 2018). Venture-backed companies accounted for 22% of all US IPOs in 2020, down considerably from the 34% share of all US IPOs in 2019.

Although venture-backed IPOs had another record-setting year, M&As continue to account for the majority of exits, comprising an average of 92% of annual venture-backed exits from 2004-2020. There were 886 disclosed M&As of venture-backed companies in 2020, a notable drop off from the 1,042 such deals reported in 2019. However, deal sizes trended significantly larger. Total disclosed M&A deal value in 2020 for exits of venture-backed companies was a record $75 billion, $6 billion more than the previous high recorded in 2014. The median deal value was $94 million, $15 million higher than last year's previous record high of $79 million. Similarly, the average M&A deal value was $349 million, $112 million higher than the previous high recorded in 2016. The age of companies that were acquired or merged increased for a sixth straight year, with a median age from first venture funding to exit of 5.3 years.

As with IPOs, many of the largest M&A deals occurred during the second half of 2020, contributing to a year-end surge in exit activity. These deals include exits by financing platform Credit Karma, gene therapy therapeutics developer AskBio, self-driving technology company Uber Advanced Technologies, customer data platform Segment, cancer therapy biopharmaceutical company VelosBio, work management software provider Workfront, and food delivery company Freshly. Each of these companies had exit sizes of at least $1.5 billion. While most of these companies are headquartered in the traditional VC hub states, four of these companies were located elsewhere: North Carolina, Pennsylvania, Utah, and Arizona.

2020 also saw a surge of interest in SPACs. While SPAC activity had been increasing modestly year-on-year since 2016, interest in these vehicles skyrocketed last year with $75 billion raised across 250 vehicles in 2020, $64 billion more in capital across roughly 5x as many SPACs than were raised in 2019.

Top 10 US VC-backed M&A in 2020

Company Name	Deal Size ($M)	Industry Sector	State
Credit Karma	$7,100.0	Financial Services	California
AskBio	$4,000.0	Healthcare	North Carolina
Honey Science	$4,000.0	B2C	California
Uber Advanced Technologies Group	$4,000.0	B2B	Pennsylvania
Segment	$3,200.0	B2B	California
VelosBio	$2,750.0	Healthcare	California
EdgeConneX	$2,750.0	IT	Virginia
Corvidia Therapeutics	$2,100.0	Healthcare	Massachusetts
Workfront	$1,500.0	IT	Utah
Freshly	$1,500.0	B2C	Arizona

Source: NVCA 2021 Yearbook, Data provided by PitchBook

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

	>$10B	$1B-$10B	$500M-$1B	$100M-$500M	<$100M
2010	-	3	5	29	5
2011	1	7	9	18	11
2012	1	7	11	32	7
2013	1	8	12	48	16
2014	-	11	18	72	25
2015	-	8	13	36	23
2016	-	3	8	21	9
2017	1	13	10	26	10
2018	-	19	16	43	12
2019	4	22	12	39	5
2020	6	26	41	21	9

Source: NVCA 2021 Yearbook, Data provided by PitchBook

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

	>$1B	$500M-$1B	$100M-$500M	<$100M
2010	1	12	62	603
2011	3	5	65	624
2012	6	8	67	736
2013	4	7	69	747
2014	9	17	91	846
2015	7	10	85	858
2016	8	16	86	788
2017	9	16	72	826
2018	10	14	90	896
2019	9	16	83	934
2020	21	12	62	791

Source: NVCA 2021 Yearbook, Data provided by PitchBook

NVCA's 2020 Year in Review

2020 was a year unlike any other. It brought extremely challenging times to our organizations, companies, country, and personal lives. NVCA remained steadfast in our mission to serve our members during the prolonged time of uncertainty, and we are proud to represent the VC industry that is furthering solutions to today's greatest trials and advancing the possibilities of tomorrow. It is no secret that we had a busy 2020 at NVCA advocating on behalf of the venture capital and startup ecosystem. It was a year full of robust challenges, opportunities, and victories, including the launch of our supporting organization Venture Forward, doing our part to blunt the impact of COVID on the industry by successfully advocating for relief policies including PPP, and watching our longtime efforts to reform the Volcker Rule finally be realized through positive regulatory change. Take a look below at some of our 2020 highlights and learn more about our work for the industry at nvca.org.

March

COVID-19 and PPP: NVCA closely monitored the outbreak of the coronavirus (COVID-19) and worked diligently to ensure that resources being provided by the government were available and usable for VC-backed companies, including the Paycheck Protection Program (PPP), Payroll Tax Deferral, Refundable Employer Credit, and more. We also worked with federal agencies on regulatory resources for startups, and provided our members and the ecosystem with resources and updates on our COVID-19 page. This webpage is our one-stop-shop to address the VC industry's needs and provide resources that aim to help firms and portfolio companies during this challenging time.

2020 VC Awards: NVCA recognized and celebrated leaders in the VC industry who have made significant contributions to foster innovation, advance technology, and drive new company formation. The list of 2020 VC award winners can be found here.

April

Startups Combating COVID/ Venture Answers Campaign: NVCA launched a 'Startups Combating COVID-19' campaign to highlight VC-backed startups helping address COVID-19 to policymakers and the general public. We then expanded this initiative later in the year with a 'Venture Answers' campaign to further spread the message that VC-backed companies are responding to the pandemic and are crucial to our country's economic recovery.

NVCA published a whitepaper, *Startup Ecosystem Faces Capital Crunch over Coming Months*, outlining what we believed the industry may look like over the coming months as the COVID-19 crisis evolves.

May

NVCA hosted a communications-focused webinar with TCV on *Supporting Portfolio Companies in Times of Crisis: Offensive Strategy & Positioning for the Future.*

NVCA launched a survey for our membership to hear from VCs and VC-backed startups on the impact (layoffs, research projects, operations, etc.) COVID-19 has had on portfolios/companies.

June

Venture Forward: In June, NVCA proudly announced the launch of our new, supporting 501(c)(3) nonprofit – Venture Forward – to meet the growing needs of our industry that extend beyond public policy. Venture Forward will build upon existing NVCA efforts and provide programming, resources, and research to empower the US venture community's ability to thrive.

Venture Forward's mission is to drive the human capital, culture, values, and narrative of venture capital to promote a strong and inclusive community that will fuel the economy of tomorrow. Venture Forward is focused on shaping the future of venture capital by offering programming, data and research, and resources that are empowering the ecosystem's ability to thrive.

July

Drug Pricing: NVCA **expressed its concern** with President Trump's executive order proposal to implement an International Pricing Index, which would tie Medicare's drug prices to those in other countries. We responded that it is imperative for policymakers to recognize healthcare innovators creating vaccines and treatments and not put up roadblocks to those who are working to develop new medicine.

Partnership with Aumni: In July, NVCA announced our **new partnership** with Aumni, an investment analytics company, to provide extensive market insights into deal terms found in executed venture financing agreements. By analyzing over 35,000 transactions executed by more than 17,000 unique investors across an entire decade, NVCA and Aumni have added term-specific analysis to the term sheet. The new "Enhanced Model Term Sheet" contains over 150 hyperlinked data points, detailing the usage and frequency of specific terms found in the model agreement. Look for exciting new details on this front in 2021.

August

Startup Tax Bills Advanced: We worked with Congress to introduce legislation designed to support startups through the monetization or preservation of tax assets. NVCA and a coalition of startup advocacy organizations **endorsed** and **supported** the bipartisan *IGNITE American Innovation Act*, which would allow growth companies with less than 1,500 employees to monetize up to $25 million in tax assets, including accumulated net operating loss (NOLs) carryforwards and R&D credits. We also **supported** a legislative package introduced by House Republican leadership which included a bill that would preserve tax assets for startups going through fundraising rounds and IPOs.

September

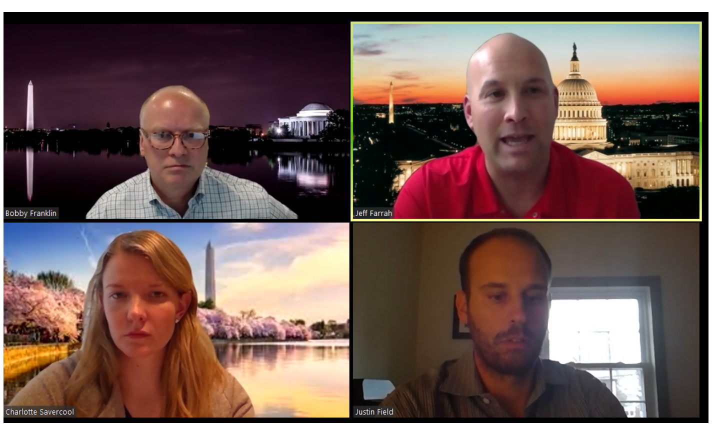
Endless Frontier Act: NVCA **endorsed** the bipartisan, bicameral *Endless Frontier Act*, a significant piece of legislation that creates a $110 billion-dollar five-year program to fund basic research and encourage technology commercialization in ten core technology areas.

October

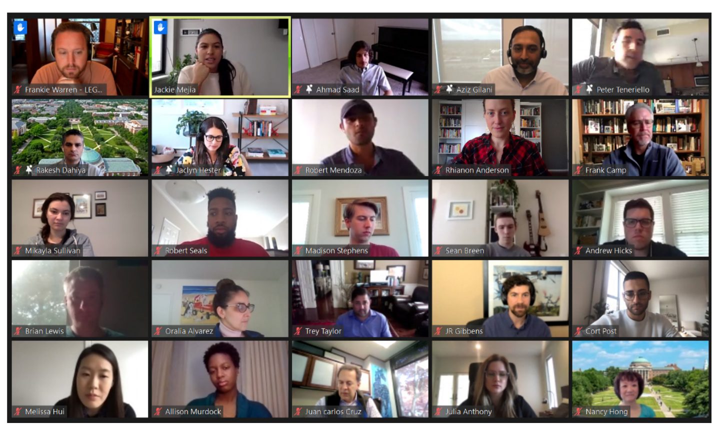
Volcker Rule Reform: We were thrilled to see a **final rule released by several agencies** that revises the Volcker Rule to once again allow banks to invest in venture capital funds. This reform to the Volcker Rule, for which NVCA has long advocated, is especially important to small and regional VC funds who have greater challenges raising the capital needed to build businesses and will put capital to work building startup communities around the country.

Stanford/NVCA Venture Capital Symposium: Held an exclusive two-day virtual conference for emerging managers and experienced investors to discuss key management, governance, and technology topics.

Senator Todd Young (R-IN) speaks with NVCA Board members.



The NVCA Policy Team speaks with NVCA members during a members-only webinar.



VC University LIVE at SMU

November

The NVCA policy team held a members-only webinar the day after the election analyzing the election results and how the results will impact the public policy priorities of the VC and startup ecosystem. NVCA's messaging around the election and the policy priorities of the VC and startup ecosystem resulted in stories in Axios, PitchBook (twice), and the Wall Street Journal.

NVCA, Venture Forward, and Startup@BerkeleyLaw partnered with SMU to host VC University LIVE on November 12-14. The program highlighted the growing entrepreneurial ecosystem in Texas and the Dallas-Fort Worth metro area. We convened 60+ members of the local and coastal VC communities for VC education and networking. Speakers included Arlan Hamilton (Backstage Capital), Whitney Wolfe Herd (Bumble), Ellie Wheeler (Greycroft), and Peter Teneriello (Texas Municipal Retirement System).

Also in November, NVCA hosted our annual conference (Strategic Operations & Policy Summit) focused on the critical role CFOs, COOs, General Counsels, and senior finance and operations professionals play at VC firms. This virtual summit comprised technical topics, leadership development, and industry-related policy content, while also providing up to eight hours of CPE credit. More than 160 VC firm CFOs, COOs, General Counsels, and other senior operations professionals attended the summit.

December

In December, more than 150 investor relations, marketing, and communication professionals in the VC and startup ecosystem convened for the (virtual) annual NVCA StratComm Summit. Attendees heard from industry leaders and members of the press as they exchanged best practices and tips on navigating communications and PR in this "new normal."

Cleantech Working Group: We formed a CleanTech Working Group within NVCA focused on regulatory and legislative issues critical to the development and commercialization of new technologies that will advance efforts to build a new energy economy. The Working Group will inform NVCA's policy agenda regarding CleanTech issues in order to ensure that the voice of the startup ecosystem is heard in upcoming debates about clean energy policy.

Betting on the Rest Hearing: In December, the Senate Commerce Committee's Subcommittee on Communications, Technology, Innovation, and the Internet held a hearing on expanding venture capital and entrepreneurship opportunities outside traditional tech hubs. Jan Garfinkle, Founder & Managing Partner of Arboretum Ventures (and former NVCA Board Chair), and David Hall, Managing Partner of Revolution's Rise of the Rest Seed Fund, provided outstanding testimony on their experience investing in startups in under-ventured regions.

In anticipation of the incoming Biden administration, NVCA wrote a letter to the then-president-elect outlining several areas where the venture capital and startup ecosystem and the incoming administration could work together to support the Build Back Better agenda. The letter can be read here.

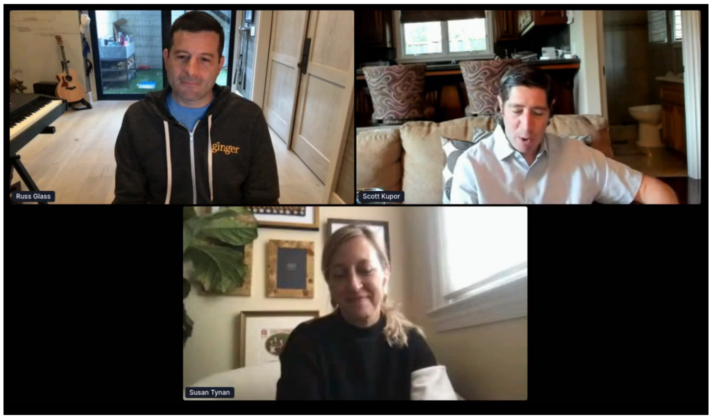
January 2021

New Biden Administration: Joe Biden was sworn in as the 46th president of the United States on Wednesday, January 20. A number of executive actions have been implemented since President Biden was sworn in. These orders addressed the COVID-19 pandemic, tackling climate change, advancing racial equity, and immigration. In addition, President Biden sent a comprehensive immigration plan to the new Congress. NVCA outlined our key policy priorities in a letter to Biden, which you can read here.

March 2021

VC Human Capital Survey: NVCA, Venture Forward, and Deloitte released the third edition of our VC Human Capital Survey in early 2021. The VC Human Capital Survey aims to capture critical data on the workforce at VC firms, develop a baseline understanding of demographics and track progress within the VC industry, and uncover the current state of diversity, equity, and inclusion (DE&I) across the industry. The survey is intended to be an educational resource for VC firms to understand how to expand the diversity of their teams and portfolio. 378 VC firms participated in the survey, and 146 signed the #VCHumanCapital pledge.

2021 VC Awards Ceremony: NVCA presented individuals, firms, and organizations across the VC community with industry awards during its annual awards ceremony (virtual this year). The event featured a conversation with Moderna CEO Stéphane Bancel.



2020 Stanford/NVCA Venture Capital Symposium

In 2021, we continue to empower the next generation of great American companies.

Here's How:

NVCA is here to serve our members, and we are proud to represent an industry that is furthering solutions to meet today's greatest challenges and advance the possibilities of tomorrow. We are looking forward to the year ahead as we advocate on behalf of venture capital and the entrepreneurial ecosystem to the new Biden Administration and the 117th Congress. Immigration reform, innovation policy proposals, climate change policy, and anti-trust regulations are just some of the areas NVCA will be working on during what is sure to be a year full of robust challenges and opportunities. Below is just a snapshot of what we are expecting to tackle in 2021. For more information on policy, please visit nvca.org.

Immigration Reform

NVCA strongly supports the establishment of a US startup visa that facilitates new company formation by immigrant entrepreneurs. Startup visa legislation has strong bipartisan support and is widely recognized as a job creation tool, and NVCA will be advocating for the passage of a startup visa either through individual legislation or as part of a larger immigration reform package. NVCA is also advocating to the Biden Administration for the proper and effective implementation of the International Entrepreneur Rule. This Obama-era rule (which the Trump Administration tried to rescind) functions similarly to a startup visa by allowing immigrant entrepreneurs to launch new high-growth companies in the US rather than overseas.

American Innovation Policy

Innovation policy is crucial to solidifying US leadership in future technological advancement. NVCA believes that a renewed commitment to federal basic research investment and promoting the successful transition of technological concepts from the federal lab into innovative products that can succeed in the marketplace are essential to a sound innovation policy. NVCA will be hard at work in 2021 to advocate for the passage of legislation such as the *Endless Frontier Act*, which would fund $110 billion for programs supporting basic research, encourage commercialization over five years, and help the US secure a leadership position in next-generation technology.

Climate Change and Sustainability

Climate change and the transition to a more sustainable economy present both enormous challenges and opportunities. VC has a critical role to play in this transition by identifying, funding, and supporting entrepreneurs focused on unlocking new energy sources, creating tools for more efficient energy usage, and improving energy storage capabilities. NVCA is encouraged by, and will be advocating for passage of, numerous proposals in President Biden's Clean Energy Revolution plan, including using the federal government procurement system to drive toward 100% clean energy and zero-emissions vehicles and bolstering federal investment into clean energy R&D, both of which will support entrepreneurs in the US and help the nation lead the charge with preeminent energy and sustainability technologies.

2021 NVCA Public Policy Initiatives

NVCA is engaged with policymakers and regulators to ensure the voice of VCs and startups is heard in Washington. In a letter to President Joe Biden, NVCA outlined several areas where the venture capital and startup ecosystem and the incoming administration can work together to support the president's Build Back Better agenda. Below are key policy initiatives for NVCA in 2021 and a brief overview of the current state-of-play.

Supporting Tax Policy That Encourages New Company Formation

NVCA supports tax policy that encourages patient, long-term investment and new company formation. In 2021, we are advocating for a pro-entrepreneurship tax agenda with proposals such as allowing growth companies with fewer than 1,500 employees to monetize up to $25 million in tax assets including accumulated net operating loss (NOLs) carryforwards and R&D credits, increasing the value of the R&D credit to startups, simplifying QSBS rules, and creating a safe harbor for startups from Section 382 loss limitation rules. We will continue advocating against any proposals to tax unrealized capital gains or increase taxes on carried interest.

Encouraging Talented Immigrants to Found and Build Startups

Immigration reform will be a major issue for NVCA in 2021. NVCA has been the leading organization in support of the International Entrepreneur Rule (IER), which operates like a startup visa and would facilitate immigrant entrepreneurs being able to launch high-growth companies in the US. The Trump administration attempted to remove IER, but was stymied by an NVCA lawsuit and lobbying. We are asking the Biden Administration to put IER on firm legal footing so that foreign-born entrepreneurs can utilize the rule. In addition, NVCA will continue to work with Congress on passage of a Startup Visa.

Protecting Startups from Expanded Antitrust Laws

Recent proposals would modify the existing antitrust rules to place the burden on businesses to show an M&A transaction does not create a risk of lessening competition, even when the acquiring party does not have a history of anti-competitive acquisitions. These proposals could have a chilling effect on the startup and venture ecosystem, as they may make it harder for startups to be acquired, elongate the timeline for exits, and increase the regulatory and legal costs of an acquisition. As a result, US R&D and job creation could be jeopardized. NVCA is working to provide feedback to ensure that these proposals do not burden the startup ecosystem and jeopardize acquisitions as a viable exit option.

Climate Technology

President Biden has an ambitious agenda to create a new clean energy economy and combat the effects of climate change. NVCA formed a Climate & Sustainability Working Group focused on regulatory and legislative issues critical to the development and commercialization of new technologies that will advance efforts to build a new energy economy. The working group informs NVCA's policy agenda regarding climate technology issues and leads outreach efforts to policymakers to ensure that the voice of the startup ecosystem is heard in ongoing conversations about execution of the President's agenda.

Reopening the Public Markets to Growth Companies

The US has about half as many public companies as it did 20 years ago, in no small part because of a lack of IPOs since 2000. A priority for NVCA is to make the public markets more attractive to venture-backed companies by building off the success of the JOBS Act. The proposals for which NVCA is advocating include making the Emerging Growth Company (EGC) status more attractive, requiring disclosure of short positions, and encouraging small cap liquidity and research. These reforms will encourage a more robust IPO environment and create economic growth.

Technology Policy for Startups

NVCA supports policies that spur technology startup activity, including easing regulatory burdens, reforming government procurement laws, and freeing additional spectrum for innovative products. In 2021, NVCA will engage on privacy policy to ensure that legislation and regulation in this space does not harm young, high-growth companies as policymakers work to address harms by large companies.

Economic Development through R&D and Innovation

A foundation to ensuring a robust entrepreneurial ecosystem is a strong federal commitment to basic research investment and a system to effectively commercialize innovations. The Biden administration is expected to place a greater focus on promoting research investment and technology commercialization and support to ensure the US remains at the forefront of global innovation. NVCA supports a return to our historical leadership position of federally funded basic research activity. In addition, we can create more economic activity through today's basic research dollars by encouraging modernization of key federal commercialization programs, including the SBIR and STTR programs which will be up for reauthorization this year. NVCA endorsed the Endless Frontier Act, a significant piece of bipartisan legislation that creates a $110 billion five-year program to fund basic research and encourage technology commercialization in ten core technology areas. Key priorities in the legislation include encouraging prioritization of new company formation and the participation of angel/VC investors, as well as streamlined commercialization processes.

Medical Innovation

NVCA supported recent medical device reimbursement proposals at the Centers for Medicare and Medicaid. The new proposed Medicare Coverage of Innovative Technology pathway would create a new coverage pathway for breakthrough devices which will significantly improve the process of bringing innovative medical products to market. NVCA will also continue to ensure venture's voice is heard as policymakers work to reduce the price of prescription drugs. Making drugs affordable for all Americans is important, but reforms should be sensitive to the current policy balance in the US that has made our country the world leader in life-saving drug development.

Financial Regulatory Reforms for a Healthier Entrepreneurial Ecosystem

NVCA advocates for regulatory reforms that will lead to a healthier entrepreneurial ecosystem. Current priorities include modifying the definition of "venture capital fund" at the Securities and Exchange Commission for purposes of determining fund registration. Under our proposal, secondary investments and fund-of-funds investments would be "qualifying" investments. NVCA also successfully led efforts to modify the Volcker Rule to remove a needless regulatory barrier and allow bank investment into venture capital funds. We remain committed to preserving the final rule. Finally, the NVCA Blockchain Working Group will continue to advocate for an effective regulatory regime for the technology, as well as lend our voice to various policy conversations that impact blockchain.

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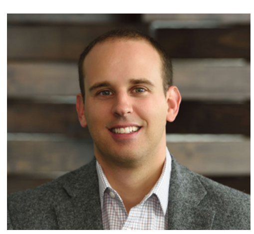

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NVCA Member Community

Diverse, Engaged, Committed

Join NVCA's dynamic member network with representation from 30+ states and micro VCs to mega funds

NVCA empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the US 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 resources.

See a full list of NVCA members **here**.

NVCA supports its member community through:

- Policy & Advocacy
- Education & Advancememt
- Community & Convening
- Research & Data

Who are NVCA members?

- VC partnerships
- Corporate venture groups
- Seed/Micro VCs
- Growth equity firms
- University accelerators & innovation funds

Why NVCA?

"Insight's goal of growing successful businesses, and thereby creating jobs and opportunity, aligns with NVCA's mission. It is great to be part of a community of like-minded investors to promote entrepreneurship and the role of technology in helping transform industries."

– Hilary Gosher, Insight Partners

"NVCA not only brings together – and advocates for – the venture ecosystem as an authoritative voice, but also does a tremendous service keeping us educated on best practices and public policy developments that impact our industry."

– Alberto Yepez, ForgePoint Capital

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. CPE credit available.
- **Strategic Communications Group** – 100+ communications, marketing, and IR executives collaborate on digital strategy, media engagement, and firm brand building, among other topics.
- **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.
- **Online Webinars** – Ongoing opportunities for virtual learning on important industry and technology topics, led by NVCA or trusted subject matter experts.
- **Legal Documents** – Model documents that aim to reflect, guide, and establish industry standards, including HR practices and policies to promote diversity and inclusion.

Must-Attend Events

- **Stanford/NVCA Venture Capital Symposium** – Exclusive two-day conference for emerging managers and experienced investors to discuss key management, governance, and technology topics.
- **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.
- **Strategic Communications Summit** – Annual forum for communications and marketing professionals to share best practices and discuss common challenges with peers and press.

See all NVCA events here.

How to become a member

Visit nvca.org to apply online.

Questions? Contact membership@nvca.org.

What's new in 2021

- **Spotlight On** – Online series spotlighting the VC ecosystem in specific geographies across the US
- **Policy Pulse Roundtables** – Intimate sessions for members to speak directly with members of Congress
- **Awards Program** – Virtual event honoring the 2021 VC Award winners

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Startups Combating COVID-19

During this difficult past year, numerous American startups rose to the challenge of helping fight COVID-19. American startups are the most innovative companies in the world, and while large companies may often dominate the headlines, it is nimble high-growth companies that are redefining the boundaries of science and technology. Some of these startups were already in the health care space but shifted their attention solely to address COVID-19, while others whose main lines of business were in other sectors pivoted toward health care to also join the fight against the coronavirus. Startups fought against COVID-19 in communities across the country, demonstrating the rise of emerging startup ecosystems in new cities and states. NVCA sent letters to US House and Senate leadership detailing efforts by America's startups to combat COVID-19.

We created a table highlighting over 150 of these innovative startups on our website here. You can find a preview of the table below.

Company	City	State	Congressional Distri	Senators	Product Category	Description	Notes
#StoptheSpread	Denver	Colorado	1	Sens. Michael Bennet, Co...	n/a	Spearheaded by Rachel C...	Guild Education based
8VC	San Francisco	California	12	Sens. Dianne Feinstein, K...	PPE	Launched Operation Mas...	https://www.wsj.com/a
A2A Pharma	New York	New York	10	Sens. Charles Schumer, K...	Therapeutic treatments	A2A has evaluated multip...	https://9414dbfe-e32
Aclima	San Francisco	California	12	Sens. Dianne Feinstein, K...	Data analytics	Since 2008, Aclima has b...	https://www.wsj.com/a
Adagio Therapeutics	Waltham	Massachusetts	5	Sens. Edward Markey, Eli...	Therapeutic treatments	Adagio Therapeutics dev...	https://www.wsj.com/a
Adaptive Biotechnologies	Seattle	Washington	7	Sens. Patty Murray, Maria...	Therapeutic treatments	Adaptive Biotechnologies...	
Adhezion Biomedical	Wyomissing	Pennsylvania	6	Sens. Robert Casey, Jr., P...	Medical devices	Adhezion Biomedical man...	
Aetion	New York	New York	12	Sens. Charles Schumer, K...	Data analytics	Real-time insights and evi...	https://www.aetion.co
Alba	San Francisco	California	12	Sens. Dianne Feinstein, K...	Educational software	Alba, an on-demand prof...	
Alexion	Boston	Massachusetts	8	Sens. Edward Markey, Eli...	Therapeutic treatments	Alexion announced plans ...	
Alnylam Pharmaceuticals	Cambridge	Massachusetts	7	Sens. Edward Markey, Eli...	Therapeutic treatments	Alnylam Pharmaceuticals ...	
ALung Technologies	Pittsburgh	Pennsylvania	18	Sens. Robert Casey, Jr., P...	Medical devices	ALung Technologies is de...	https://www.bizjournal
Alveo Technologies	Alameda	California	13	Sens. Dianne Feinstein, K...	Testing equipment	Has developed an inexpe...	
Aperiomics	Sterling	Virginia	10	Sens. Mark Warner, Tim K...	Testing equipment	Aperiomics made a pivot ...	
Applied Therapeutics	New York	New York	12	Sens. Charles Schumer, K...	Therapeutic treatments	Applied Therapeutics Inc....	https://ir.appliedthera
Apprentice.io	Jersey City	New Jersey	8	Sens. Robert Menendez, ...	Vaccine manufacturing s...	Apprentice.io, an intellige...	
Atossa Therapeutics	Seattle	Washington	7	Sens. Patty Murray, Maria...	Medical devices	Atossa Therapeutics, Inc....	https://www.globenew
Autocene	Pleasanton	California	15	Sens. Dianne Feinstein, K...	Automated health protoc...	Construction sites came t...	
Automation Anywhere	San Jose	California	17	Sens. Dianne Feinstein, K...	FinTech	Helps accelerate the Pay...	https://botstore.autom
Avitide	Lebanon	New Hampshire	2	Sens. Jeanne Shaheen, M...	Biotechnology	Avitide is focused on the ...	
Base Operations	Washington	District of Columbia	At-Large	n/a	Data analytics	Built a COVID-19 tracker ...	
Bellerophon	Warren	New Jersey	7	Sens. Robert Menendez, ...	Therapeutic treatments	Bellerophon, a clinical-st...	http://investors.beller
BioAegis	Morristown	New Jersey	12	Sens. Robert Menendez, ...	Therapeutic treatments	BioAegis proposed Plasm...	https://www.bioaegist
BioIQ	Atlanta	Georgia	6	Sens. David Perdue, Kelly...	HealthTech	BioIQ is an Atlanta-based...	
Biomeme	Philadelphia	Pennsylvania	3	Sens. Robert Casey, Jr., P...	Testing equipment	Biomeme has been able t...	

NVCA Launches Nonprofit Venture Forward to Shape the Future of Venture Capital

In June 2020, NVCA publicly launched Venture Forward, its new 501(c)(3) nonprofit supporting organization, to shape the future of VC. Venture Forward drives the human capital, culture, values, and narrative of venture capital to promote a strong and inclusive community that will fuel the economy of tomorrow. To shape the future of venture capital, Venture Forward produces dynamic programming, data and research, and strategic resources that are empowering the venture ecosystem's ability to thrive.

Venture Forward's four key areas of focus:

- **DE&I:** Advancing a more diverse, equitable, and inclusive ecosystem
- **Education:** Educating a new generation of VC investors to equip them with the tools to succeed, and informing the general public about the role of VC in the US economy
- **Research & Data:** Conducting and sharing meaningful research on VC trends and impact
- **History:** Capturing the rich history of VC and distilling insights to shape the future

Venture Forward is funded solely through tax-deductible donations from individuals, VC firms, and corporations, including Silicon Valley Bank, Deloitte, and Gunderson Dettmer. The organization is led by seven board directors and two full-time employees.

"The world is very different today than when NVCA was created in 1973. The policy needs of the venture community have increased and become more complex. NVCA has expanded its advocacy efforts to meet those needs. Today we advocate on behalf of the entrepreneurial ecosystem on topics that range from tax policy to immigration, foreign investment, capital markets and regulation, healthcare innovation and more. At the same time, the industry has asked NVCA to address a host of non-policy issues that have emerged as this asset class has matured and evolved. Through Venture Forward, we can better meet those needs and help the industry be the best version of itself."

– Bobby Franklin, President and CEO, NVCA

"The venture ecosystem is at a critical crossroad. Over the last 50 years, this industry has produced tremendous innovation and economic success – but without the representation of women, people of color, and other underrepresented minorities. Venture Forward will support the community's efforts to invest in itself to reach its full potential as a place where all have the opportunity to thrive. The health and success of VC over the next 50 years depends on its focus on the human capital, culture, values, and narrative of VC today."

– Maryam Haque, Executive Director, Venture Forward

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

VenturePac
Political Action Committee
527

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

Venture Forward in Action

Initiatives	2020 Highlights	What's Ahead in 2021
VC University ONLINE 5-month online certificate course held in partnership with Startup@BerkeleyLaw. Offers 20+ hours of recorded materials plus office hours and monthly webinars with VC experts. Full & partial scholarships offered to aspiring investors from historically underrepresented groups.	• Educated 530+ individuals across three cohorts • 430+ certificates awarded • 96% of participants rated overall quality excellent or good • Provided 74 full and 47 partial scholarships • Created Slack community • Implemented new scholarship sponsorship program, scholarship office hours and mentorship program	• Educate 600+ individuals across three cohorts • Provide 100+ full scholarships • Run three mentorship programs • Add new content to curriculum
VC University LIVE Live (normally in-person) 3-day certificate course held in partnership with Startup@BerkeleyLaw. Convenes emerging VC ecosystems with Silicon Valley. Shines spotlight on local venture community. Full scholarships offered to aspiring investors from historically underrepresented groups.	• Educated 70+ individuals via virtual program co-hosted by SMU in Dallas, TX • Expanded scholarships to provide 24 full scholarships • 50 course certificates awarded • 93% would recommend to a colleague or peer • Highlighted Dallas-Fort Worth metro and Texas	• Co-host program with UNC Chapel Hill in June • Educate approximately 70 individuals and provide 20+ full scholarships • Shine spotlight on Research Triangle and North Carolina VC ecosystem
VC Human Capital Survey Biennial survey tracking and measuring industry progress on diversity, equity and inclusion (DEI). Survey frequently referenced by industry and media.	• Fielded 3rd edition of the survey with 378 firm submissions (vs. 203 in 2018) • 145+ firms signed the #VCHumanCapital pledge to publicly commit to participation	• Release results and dashboard • Host DEI virtual workshop for industry leaders
Additional programs to support the next generation of VCs	• Facilitated 900+ views for virtual film screening of the documentary "Bias"	• Comms 101: Brand Building program for early-career underrepresented VCs • Comms 201: Media Training program for mid-career underrepresented VCs • Virtual LP Office Hours during which emerging VCs from underrepresented backgrounds can meet with LPs to learn fundraising best practices

By structurally separating our advocacy and industry advancement efforts, NVCA and Venture Forward are both better equipped to meet the needs of our community. Get involved or donate at **ventureforward.org**.

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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.

Growth equity: Rounds must include at least one investor tagged as growth/expansion, while deal size must either be $15 million or more (although rounds of undisclosed size that meet all other criteria are included). In addition, the deal must be classified as growth/expansion or later-stage VC in the PitchBook Platform. If the financing is tagged as late-stage VC it is included regardless of industry. Also, if a company is tagged with any PitchBook vertical, excepting manufacturing and infrastructure, it is kept. Otherwise, the following industries are excluded from growth equity financing calculations: buildings and property, thrifts and mortgage finance, real estate investment trusts, and oil & gas equipment, utilities, exploration, production and refining. Lastly, the company in question must not have had an M&A event, buyout, or IPO completed prior to the round in question.

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). 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.

Glossary

The following definitions are graciously provided by the Center for Private Equity and Venture Capital at the Tuck School of Business at Dartmouth. 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 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 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 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 such as 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 weighed 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 US 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 amount 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 and 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 more than $84B, 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 that 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 under water 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 companies.

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

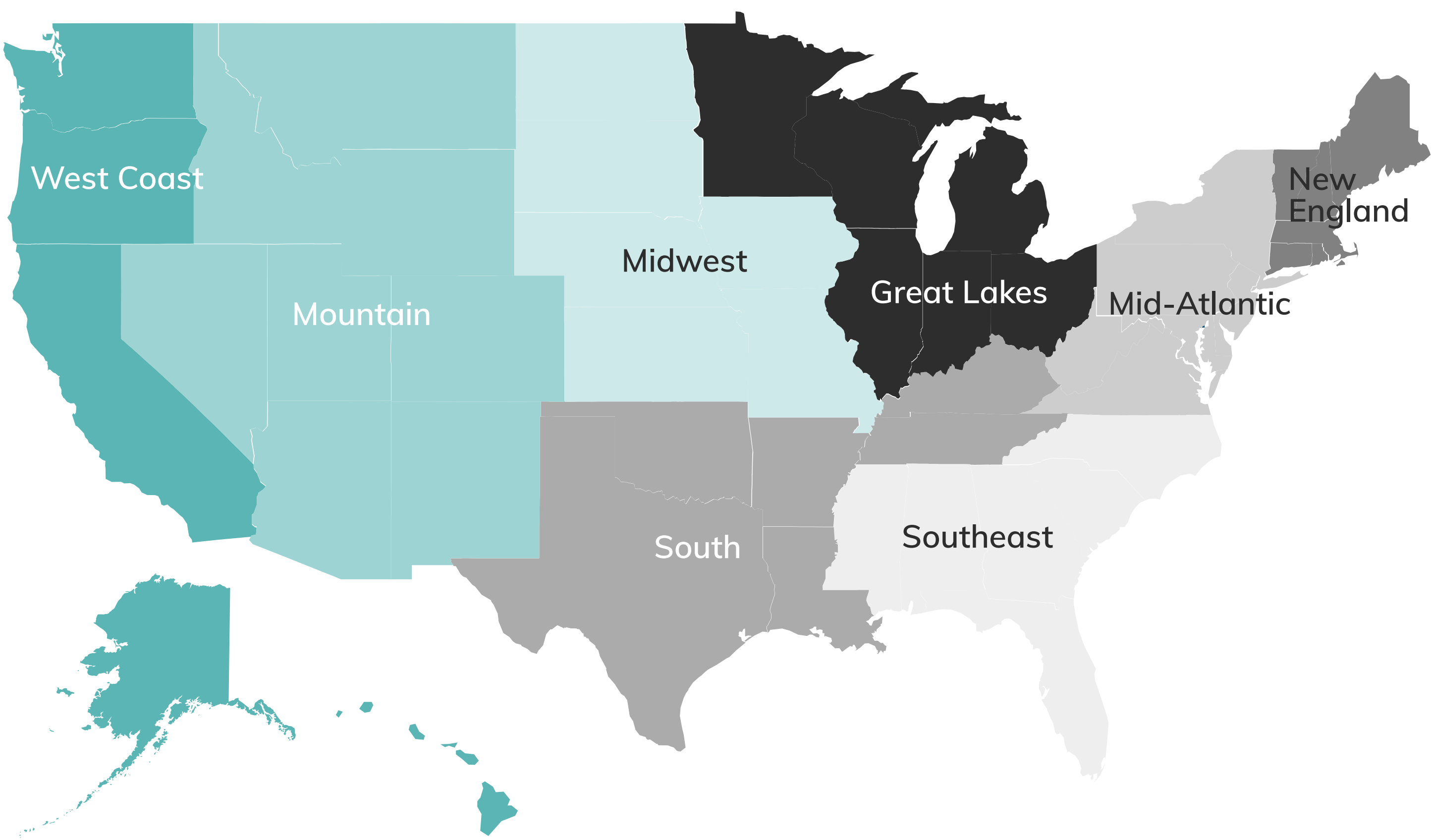
Great Lakes:
Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

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

Mid-Atlantic:
Delaware, D.C., 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 (Non-Wood)	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 together.

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 Television - 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 Information 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 (NH3), 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

7.8.1 Other Materials