

# Venture Capital Industry Expands Past Half a Trillion Dollars

## Global industry AUM reaches \$524bn as Asian market quadruples in a decade

The global venture capital industry is expanding at an accelerating pace, with total assets under management reaching \$524bn as of June 2016, the latest data available. The industry is on track to see an eighth consecutive year of growth, with the assets held by venture capital funds now nearly double the total recorded in 2008 (\$271bn). Asia-based venture capital firms in particular have expanded rapidly since the Global Financial Crisis: their assets have more than quadrupled, from \$30bn at the end of 2008 to \$133bn as of June 2016. Global assets have expanded despite record distributions seen in the first six months of 2016. Venture capital funds returned \$42bn to investors, putting the industry on course for a record year – Europe-based funds distributed more in H1 2016 than in any other full year previously.

**For more on the global venture capital industry, see the full *May Private Equity Spotlight* here:**

<https://www.preqin.com/docs/newsletters/pe/Preqin-Private-Equity-and-Venture-Capital-Spotlight-May-2017.pdf>

### Key Venture Capital Industry Overview Facts:

- **The venture capital industry held \$524bn worth of assets as of June 2016**, an increase of \$30bn since December 2015 and nearly double the \$271bn recorded as of December 2008.
- North America accounts for the majority (56%) of assets held by venture capital funds, while **Asia represents a quarter of the global industry following rapid expansion in the region.**
- As at April 2017, **venture capital funds held a total of \$166bn in dry powder.** North America-focused vehicles hold half of this total, while Asia-focused funds hold a third.
- 2016 could mark a record year for venture capital distributions. **Funds returned \$42bn to investors in H1 2016**, and distributions for the full year look set to surpass the record \$54bn seen in 2014.
- **Ninety-seven venture capital funds have closed in the first four months of 2017, securing \$13bn of investor capital.** North America-focused vehicles account for two-thirds of both the number of vehicles closed and the capital raised.
- **There are currently a record 995 venture capital vehicles marketing themselves to investors**, targeting a combined \$132bn. Of that, \$36bn has already been secured through interim closes.
- Venture capital firms have backed 2,779 deals in January – April 2017, worth an aggregate \$31bn. This represents **an increase from the values recorded in both Q3 2016 and Q4 2016.**

### Felice Egidio, Head of Venture Capital Products:

“The venture capital industry has enjoyed great success since the Global Financial Crisis, and is expanding at an accelerating rate as both fund managers and investors remain committed to the asset class. The US is a long-established venture capital hub, with Silicon Valley in particular supporting an industry of investment in start-up companies that attracts institutional capital from all over the world.

Asia is now starting to rival the US as the primary global venture capital market, with a number of state-backed mega funds looking to encourage and channel investment in a burgeoning entrepreneurial class. However, fund managers in the region will be acutely aware that in order to sustain their current rate of expansion, they will have to ramp up their level of distributions and prove that the industry can provide long-term gains for investors in order to drive further commitments.”

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