PREQIN AND NEVCA UPDATE: NEW ENGLAND VENTURE CAPITAL IN H1 2018

In association with

NEW ENGLAND VENTURE CAPITAL ASSOCIATION

preqin

FOREWORD

The New England Venture Capital Association (NEVCA) is pleased to share this first-half overview of New England's venture capital activity, the second instalment in our partnership with leading industry data and insights provider Preqin.

Given the recent news that the region's venture capital investment activity is on pace to surpass New York's for the first time since 2012, there is no better time to dive into the data from a fund perspective. With this report, we offer multi-year comparisons of fundraising activity, investment focus and performance – as well as deeper dives into activity in specific sectors.

Below are some highlights to whet your whistle:

- Managers are raising aggressively: 33% of funds closed in H1 2018 secured in the range of $250-499mn (up from 19% in 2017).
- Managers are also spending aggressively: Q2 2018 saw by far the highest aggregate capital invested of any quarter in the past decade.
- The few still rule: while total deal count has begun to pick up alongside the increase in total dollars invested, average deal size has remained close to the record high.
- New England and then the rest: horizon IRRs for New England-based funds are significantly higher than US averages across one-, three- and five-year periods to December 2017.

That last bullet is perhaps the most encouraging, but the report as a whole contains a number of other compelling tidbits, and we encourage you to dive all the way in. And once again, let us know what you think. What additional data would be useful? Is anything extraneous? What components should be further developed?

We'll see you next quarter,

Jody Rose
President, New England Venture Capital Association

PREQIN'S VENTURE CAPITAL DATA AND INTELLIGENCE

Preqin tracks all aspects of the venture capital industry, with comprehensive data on institutional investors, fundraising, fund managers, fund terms and conditions, fund performance, deals and exits, service providers and more.

Our dedicated teams of analysts are strategically placed in key industry centres across the globe, ensuring our venture capital data is up to date and of the highest quality.

Preqin's platform can be used to:

- **Identify potential LPs for funds and as a powerful investor relations and fund marketing tool.**
- **Conduct market analysis and track industry trends.**
- **Carry out competitor analysis.**
- **Conduct due diligence, with net-to-LP returns showing how well individual fund managers have performed over time.**

Get in touch today to find out how Preqin's venture capital data can help you:

www.preqin.com/venturecapital

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KEY FACTS

$5.7bn
was raised by New England-based venture capital managers in H1 2018.

77
New England-based venture capital funds are currently in market (as at July 2018).

$5.9bn
was invested in New England-based portfolio companies in H1 2018.

105
New England-based firms have at least one female investment partner.

DEFINITIONS

HEALTHCARE
Preqin's healthcare universe includes: biotechnology, pharmaceuticals, medical devices, healthcare, healthcare IT and medical technologies.

TECHNOLOGY
Preqin's technology universe includes: software & related, internet, telecoms, other IT and cleantech sectors.

NEW ENGLAND-BASED
Indicates a New England-based office, including both headquarters and satellite offices.

NEW ENGLAND-HEADQUARTERED
Indicates a New England-based headquarters.

EARLY STAGE: SEED
Allows a business concept to be developed, perhaps involving the production of a business plan, prototypes and additional research, prior to bringing a product to market and commencing large-scale manufacturing.

EARLY STAGE: START-UP
Supports a non-commercial company's product development and marketing.

EXPANSION/LATE STAGE
Invests in companies towards the end of the venture stage cycle. Provides capital injections for expansion into a position of stable profit streams.

VENTURE CAPITAL (GENERAL)
Provides capital to new or growing businesses with perceived long-term growth potential.

FUNDRAISING

H1 2018 saw 19 New England-based venture capital funds reach a final close, securing $5.7bn in aggregate capital (Fig. 1). Eleven funds closed in the first quarter, raising an aggregate $3.3bn, while in Q2 eight funds reached a final close for a total of $2.4bn. New England-based fundraising in the first half of 2018 accounted for 11% of all US venture capital funds closed and 26% of total capital raised, notably smaller proportions than the average of 19% and 31% respectively for the 2009-2017 period.

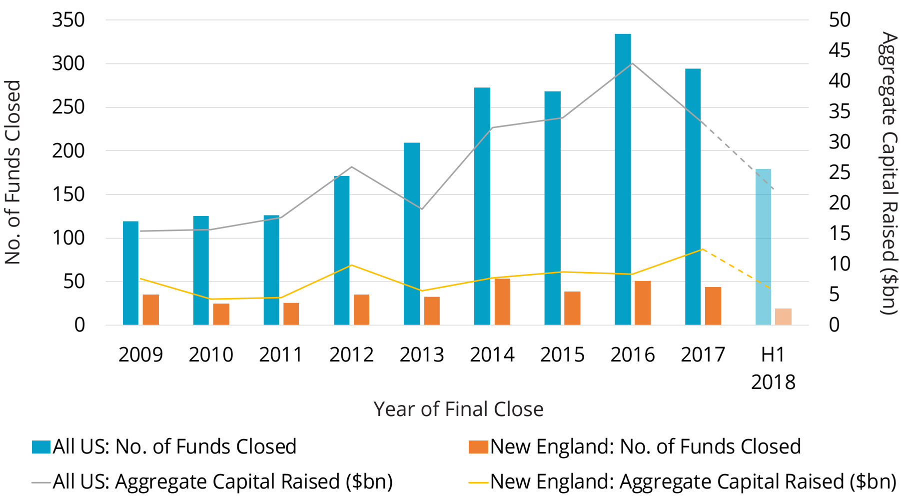
The largest proportion of funds closed by New England-based managers have typically fallen into the micro VC (sub-$100mn) category, accounting for an average of 53% of all vehicles closed each year from 2009 to 2017 (Fig. 2). Yet, micro VC funds in H1 2018 accounted for 28% of New England-based vehicles closed, while the largest proportion (33%) of funds closed were sized between $250mn and $499mn. Moreover, the proportion of New England-based vehicles sized $1bn or more has doubled from 3% of funds closed in 2017 to 6% in H1 2018.

Massachusetts-based General Catalyst Partners closed the largest US-based venture capital fund in H1 2018: General Catalyst Group IX concentrates on investments in technology, software and internet companies in the US (Fig. 6). The fund secured nearly $1.4bn at its final close in March 2018, achieving 135% of its initial $1bn target. Headline commitments included $100mn from Tennessee Consolidated Retirement System and $70mn from University of Michigan Endowment.

New England-based venture capital funds have, on average, exceeded their target size for the past two years, and funds closed in H1 2018 secured a record 113% of their initial target (Fig. 3). Early indications suggest a quicker fundraising pace for funds closed in H1 2018; however, this number will likely revert back towards the mean as more data becomes available.

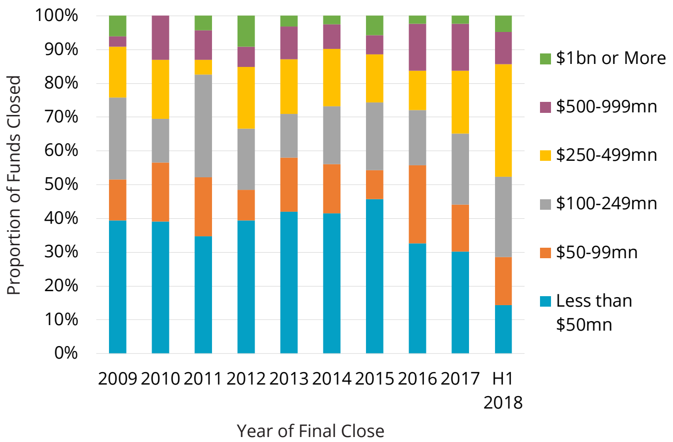
General venture capital vehicles have dominated the New England-based fundraising market: 10 funds secured a total of $3.9bn in H1 2018, 3x more capital than early-stage funds (Fig. 4). In regards to sector, information technology-focused funds accounted for the largest proportion (63%) of funds closed in the first half of 2018, equating to 86% of the total number of funds raised for the industry in 2017 (Fig. 5).

Fig. 1: Venture Capital Fundraising: All US- vs. New England-Based Firms, 2009 - H1 2018



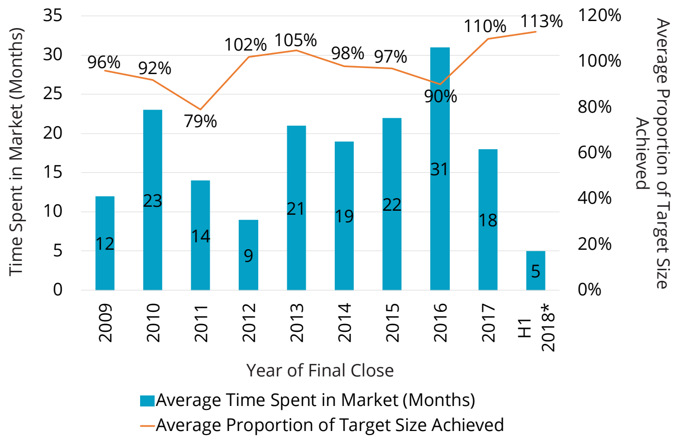
Source: Preqin

Fig. 2: New England-Based Venture Capital Fundraising by Fund Size, 2009 - H1 2018



Source: Preqin

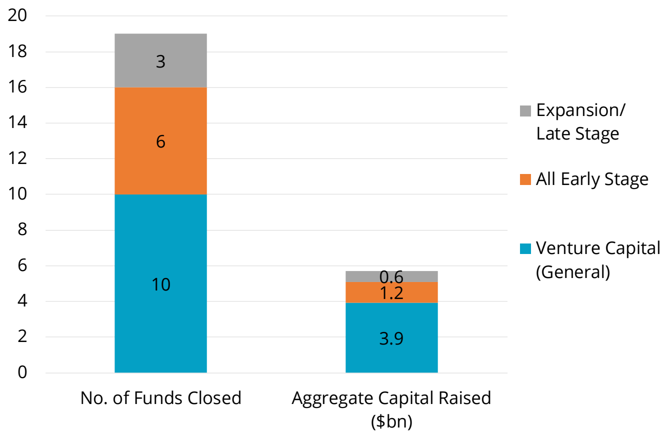
Fig. 3: New England-Based Venture Capital Fundraising Success, 2009 - H1 2018



Source: Preqin

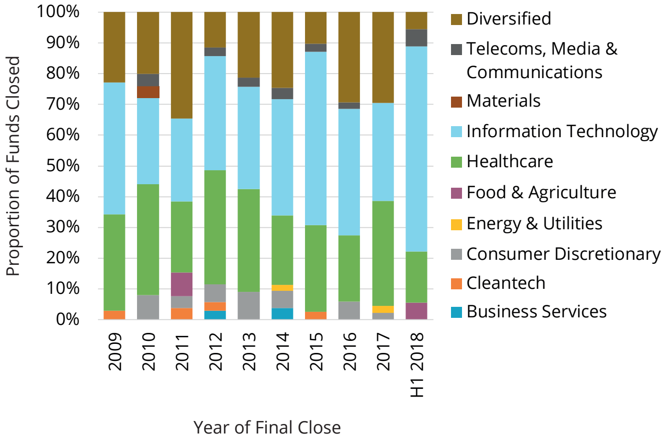
*As more information becomes available, these figures will likely revert towards the mean.

Fig. 4: New England-Based Venture Capital Fundraising in H1 2018 by Strategy



Source: Preqin

Fig. 5: New England-Based Venture Capital Funds Closed by Industry Focus, 2009 - H1 2018



Source: Preqin

Fig. 6: Largest New England-Headquartered Venture Capital Funds Closed in H1 2018

Fund	Firm	Fund Type	Geographic Focus	Primary Industry	Fund Size (mn)
General Catalyst Group IX	General Catalyst Partners	Venture Capital (General)	North America	Information Technology	1,375 USD
Battery Ventures XII	Battery Ventures	Venture Capital (General)	North America	Information Technology	800 USD
Matrix Partners XI	Matrix Partners	Venture Capital (General)	North America	Information Technology	450 USD
Dementia Discovery Fund	SV Health Investors	Venture Capital (General)	Europe	Healthcare	250 GBP
OpenView Venture Partners V	OpenView Venture Partners	Expansion/Late Stage	North America	Information Technology	297 USD
Elephant Partners II	Elephant	Early Stage	North America	Information Technology	250 USD
Activant Ventures II	Activant Capital Group	Expansion/Late Stage	North America	Information Technology	129 USD
Underscore VC Fund II	Underscore VC	Early Stage	North America	Information Technology	117 USD
LRV IV	LRVHealth	Early Stage	North America	Healthcare	100 USD
Romulus Capital III	Romulus Capital	Early Stage	North America	Information Technology	83 USD

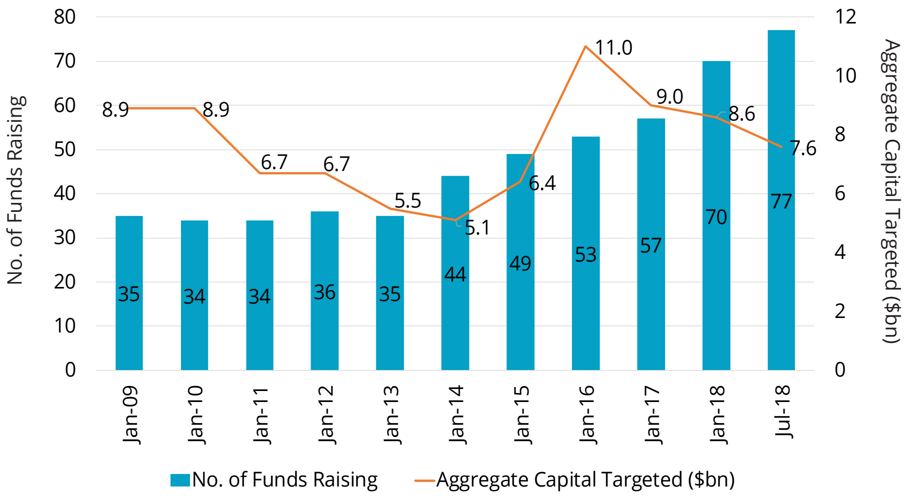
Source: Preqin

FUNDS IN MARKET

There has been a new record number of New England-based venture capital funds in market at the beginning of each year since 2014 (Fig. 7). As at July 2018, there are 77 funds on the road, an increase of seven from January, seeking an aggregate $7.6bn in capital. Massachusetts-based MPM Capital's seventh fund is the largest on the road: MPM BioVentures 2018 is a general venture vehicle targeting $400mn (Fig. 10).

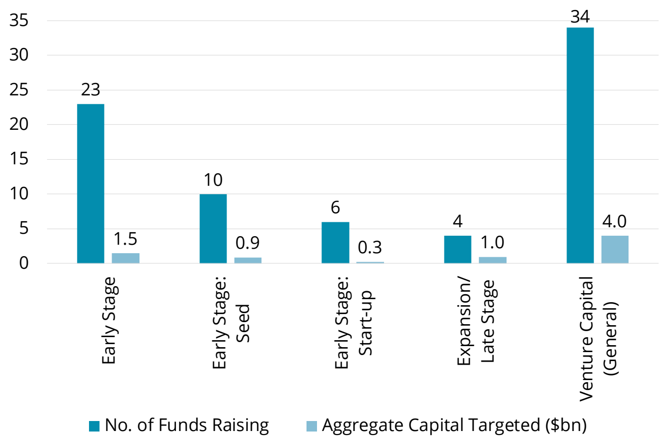
There are 34 general venture capital funds in market targeting a total of $4.0bn and 23 early-stage funds targeting $1.5bn (Fig. 8). Information technology- and healthcare-focused vehicles dominate the fundraising space, accounting for 35% and 27% of funds raising respectively (Fig. 9).

Fig. 7: New England-Based Venture Capital Funds in Market over Time, 2009 - 2018 (As at July 2018)



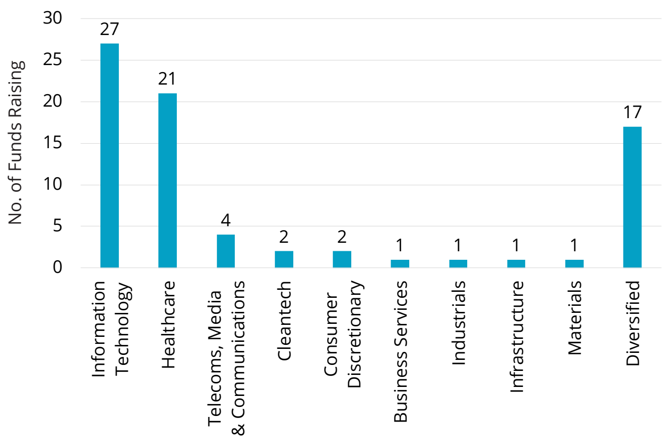
Source: Preqin

Fig. 8: New England-Based Venture Capital Funds in Market by Fund Type (As at July 2018)



Source: Preqin

Fig. 9: New England-Based Venture Capital Funds in Market by Industry Focus (As at July 2018)



Source: Preqin

Fig. 10: Largest New England-Headquartered Venture Capital Funds in Market (As at July 2018)

Fund	Firm	Fund Type	Geographic Focus	Target Size (mn)
MPM BioVentures 2018	MPM Capital	Venture Capital (General)	North America	400 USD
Media / Communications Partners VIII	M/C Partners	Venture Capital (General)	North America	350 USD
Highland Capital Partners X	Highland Capital Partners	Venture Capital (General)	North America	300 USD
Altimeter Private Partners Fund III	Altimeter Capital Management	Expansion/Late Stage	North America	250 USD
Biomark Capital Fund II	Biomark Capital	Venture Capital (General)	North America	250 USD
New Technology Ventures I	New Technology Ventures	Venture Capital (General)	North America	250 USD
Galen Partners VI	Galen Partners	Venture Capital (General)	North America	200 USD
MPM Oncology Innovations Fund	MPM Capital	Venture Capital (General)	North America	200 USD
MedCap Fund I	MedCap Advisors	Venture Capital (General)	North America	150 USD
HLM Venture Partners IV	HLM Venture Partners	Venture Capital (General)	North America	125 USD

Source: Preqin

REASONS TO CONTRIBUTE DATA

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FUND MANAGERS

The 10 largest New England-headquartered venture capital managers have collectively raised nearly $22bn in capital over the past 10 years, and have over $8bn in available capital (Figs. 11 and 12). The majority of the top New England-headquartered managers in terms of capital raised (90%) and capital available (80%) are located in Massachusetts.

> ***Women-owned firms in New England have secured $1.8bn in the past decade***

New England-based venture capital firms contributed more than a quarter (29%) of the total capital raised by US firms over the past 10 years, including 39% of general venture capital and 28% of early stage: start-up capital (Fig. 13).

The top women-owned firms in the region have raised a small portion (8%) of capital compared to the top New England-headquartered managers, led by Oak HC/FT Partners, with $1.1bn raised in the past decade.

Fig. 11: Largest New England-Headquartered Venture Capital Fund Managers by Aggregate Capital Raised in the Last 10 Years

Firm	Headquarters	Total Capital Raised Last 10 Years (bn)
General Catalyst Partners	Cambridge, MA	3.4 USD
Healthcare Royalty Partners	Stamford, CT	3.3 USD
Battery Ventures	Boston, MA	2.9 USD
Bain Capital Ventures	Boston, MA	2.3 USD
Spark Capital	Boston, MA	2.2 USD
Flagship Pioneering	Cambridge, MA	1.9 USD
Third Rock Ventures	Boston, MA	1.6 USD
Matrix Partners	Cambridge, MA	1.5 USD
Clarus Ventures	Cambridge, MA	1.4 USD
SV Health Investors	Boston, MA	1.3 USD

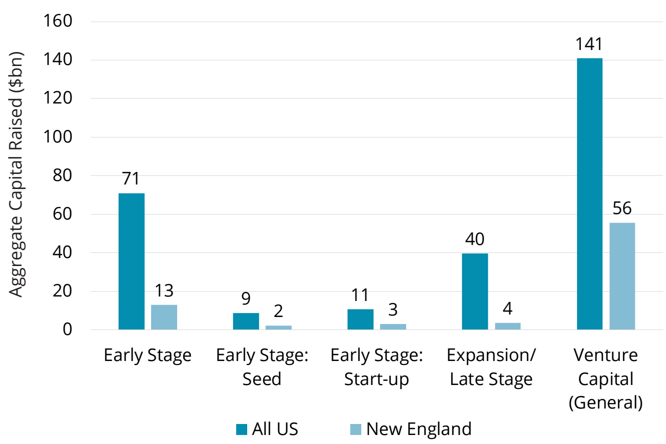
Source: Preqin

Fig. 12: Largest New England-Headquartered Venture Capital Fund Managers by Estimated Dry Powder

Firm	Headquarters	Estimated Dry Powder (bn)
General Catalyst Partners	Cambridge, MA	1.5 USD
Flagship Pioneering	Cambridge, MA	1.0 USD
Battery Ventures	Boston, MA	1.0 USD
Clarus Ventures	Cambridge, MA	0.9 USD
Spark Capital	Boston, MA	0.8 USD
Healthcare Royalty Partners	Stamford, CT	0.7 USD
6 Dimensions Capital	Boston, MA	0.6 USD
Oak HC/FT Partners	Greenwich, CT	0.6 USD
MPM Capital	Cambridge, MA	0.5 USD
Matrix Partners	Cambridge, MA	0.5 USD

Source: Preqin

Fig. 13: Aggregate Capital Raised in the Last 10 Years by Fund Type: All US- vs. New England-Based Venture Capital Firms



Source: Preqin

Fig. 14: Largest New England-Headquartered Women-Owned Venture Capital Firms by Aggregate Capital Raised in the Last 10 Years

Firm	Headquarters	Total Capital Raised in Last 10 Years (mn)	Female Founder(s)
Oak HC/FT Partners	Greenwich, CT	1,100 USD	Annie Lamont & Patricia Kemp
.406 Ventures	Boston, MA	392 USD	Maria Cirino
Glasswing Ventures	Boston, MA	112 USD	Rudina Seseri
Fletcher Spaght Ventures	Boston, MA	101 USD	Linda Tufts
Agent Capital	Cambridge, MA	58 USD	Geeta Vemuri
InTeahouse	Cambridge, MA	30 USD	Xin Liu
One Way Ventures	Boston, MA	16 USD	Eveline Buchatskiy
First Star Ventures	Boston, MA	10 USD	Millie Liu
1843 Capital	Greenwich, CT	7 USD	Tracy Chadwell

Source: Preqin

DEALS AND EXITS

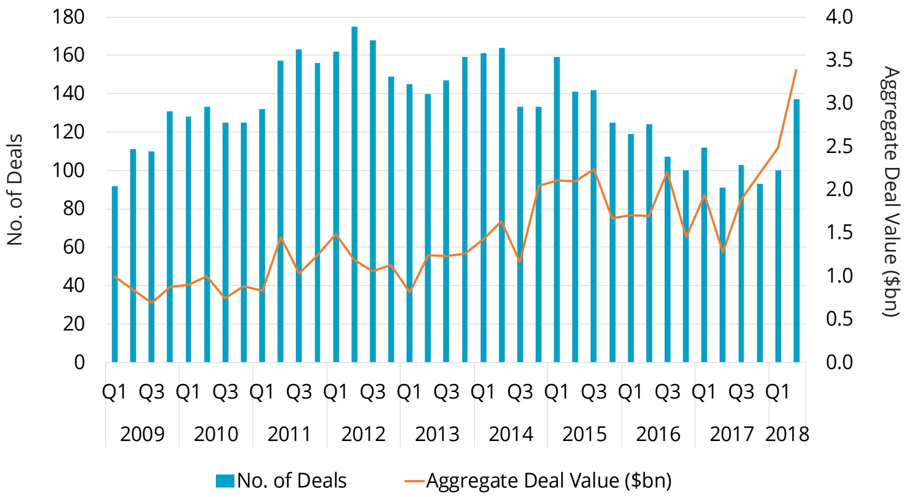
New England venture capital deal activity is off to a strong start in 2018 and is likely to surpass 2017 levels, with 237 deals valued at an aggregate $5.9bn, representing 59% of all deals seen in 2017 and 80% of total deal value (Fig. 15). Aggregate deal value reached new record highs in both Q1 and Q2, first at $2.5bn and then at $3.4bn respectively; total deal value in H1 is already 7% higher than the $5.5bn annual historical average for 2009-2017.

The majority (54%) of venture financings in New England-based portfolio companies in H1 2018 were Series A and earlier; such transactions accounted for 26% of total deal value in the period (Fig. 17). Series D and later investments accounted for the largest proportion (28%) of deal value.

Exit activity for New England-based portfolio companies has slowed compared to 2017: the first half of 2018 saw 30 venture capital-backed exits valued at an aggregate $1.3bn, representing a third of the total exits seen in 2017 and 23% of exit value (Fig. 16).

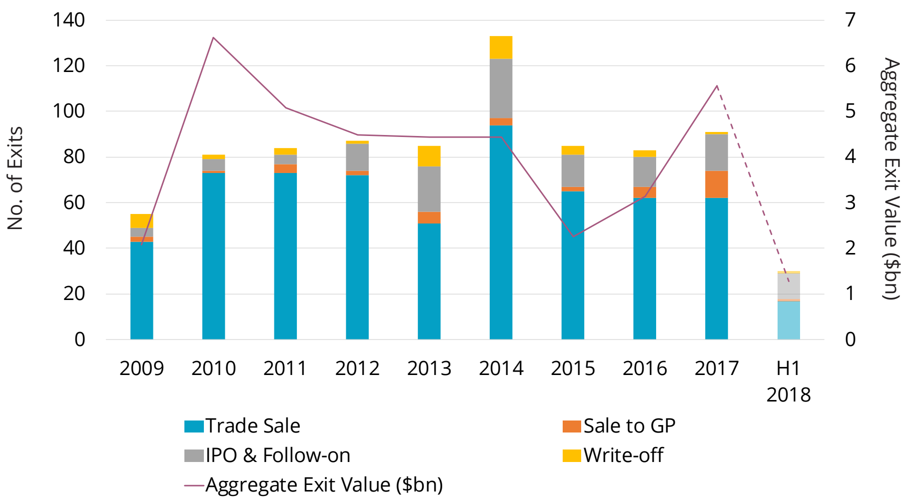
While trade sales have historically accounted for the largest proportion of venture capital-backed exits, the prominence of IPOs is growing: IPO & follow-on activity accounted for double the proportion of exits in H1 2018 as in 2017 (37% vs. 18% respectively). Yet, in the New England technology sector, the majority (92%) of exits seen in the first half of 2018 were trade sales, led by the $195mn sale of Shyft Analytics to Medidata Solutions (Fig. 20).

Fig. 15: Venture Capital Deals* for New England-Based Companies, Q1 2009 - Q2 2018



Source: Preqin

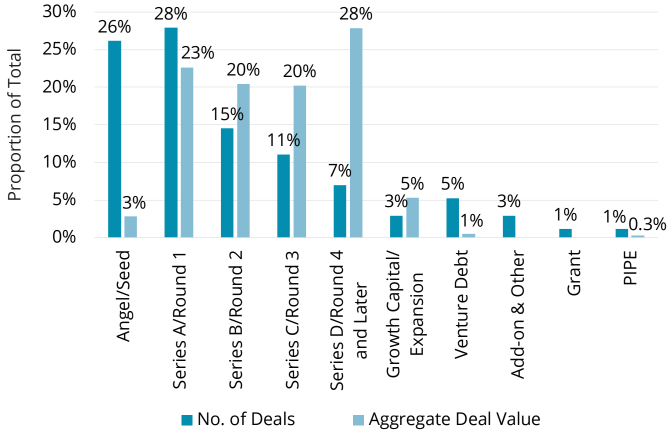
Fig. 16: Venture Capital-Backed Exits of New England-Based Companies by Type, 2009 - H1 2018



Source: Preqin

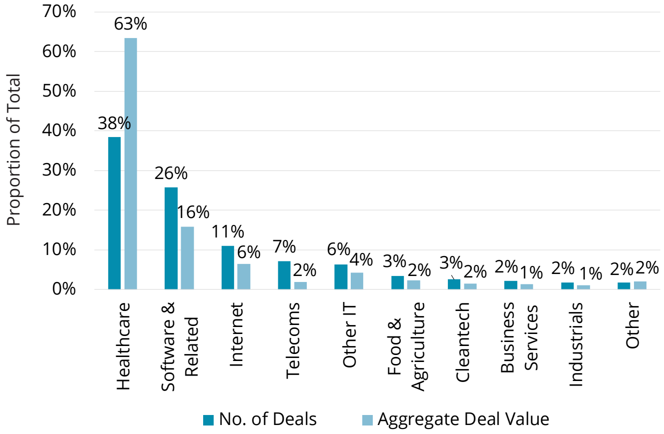
*Figures exclude add-ons, grants, mergers, venture debt and secondary stock purchases.

Fig. 17: Venture Capital Deals for New England-Based Companies in H1 2018 by Stage



Source: Preqin

Fig. 18: Venture Capital Deals* for New England-Based Companies in H1 2018 by Industry



Source: Preqin

Fig. 19: Largest Venture Capital Deals* for New England-Based Technology Companies in H1 2018

Portfolio Company	Stage	Deal Date	Deal Size (mn)	Investor(s)	Primary Industry
Fuze, Inc.	Unspecified Round	May-18	150 USD	Bessemer Venture Partners, Summit Partners	Software
Toast, Inc.	Series D/Round 4	Jul-18	115 USD	T Rowe Price, Tiger Global Management	Software
Circle Internet Financial, Inc.	Series E/Round 5	May-18	110 USD	Accel, Bitmain Technologies Inc, Blockchain Capital, Breyer Capital, Digital Currency Group, General Catalyst Partners, IDG Capital, Pantera Capital, Tusk Ventures	Internet
Flywire Payments Corporation	Series D/Round 4	Jul-18	100 USD	Bain Capital Ventures, F-Prime Capital, Temasek Holdings	Internet
Scout Exchange LLC	Unspecified Round	Mar-18	100 USD	TRI Ventures	Software
Starry, Inc.	Series C/Round 3	Jul-18	100 USD	FirstMark Capital, Tiger Global Management, KKR	Internet
XebiaLabs, Inc.	Series B/Round 2	Feb-18	100 USD	Accel, Susquehanna Growth Equity	Software
B-Stock Solutions, Inc.	Growth Capital/ Expansion	Jun-18	65 USD	Spectrum Equity	Internet
Desktop Metal, Inc.	Unspecified Round	Mar-18	65 USD	Ford Motor Company, Future Fund	Technology
Ionic Materials, Inc.	Series C/Round 3	Feb-18	65 USD	Alliance Ventures	Cleantech

Source: Preqin

Fig. 20: Largest Venture Capital-Backed Exits of New England-Based Technology Companies in H1 2018

Portfolio Company	Date of Initial Investment	Total Known Funding (mn)	Investor(s)	Exit Date	Exit Type	Exit Value (mn)	Acquiror (Exit)	Primary Industry
Shyft Analytics, Inc.	Dec-13	39 USD	Activate Venture Partners, Health Enterprise Partners, McKesson Ventures, Medidata Solutions, Inc., Optum Ventures	Jun-18	Trade Sale	195 USD	Medidata Solutions, Inc.	Software
WordStream, Inc.	Jun-08	28 USD	Baird Capital Partners, City National Corporation, Egan Managed Capital, Sigma Prime Ventures	May-18	Trade Sale	130 USD	Gannett Co., Inc.	Software
EverQuote, Inc.**	Apr-15	38 USD	Alumni Ventures Group, Link Ventures, Oceania Capital Partners, Oceanic Partners, Savano Capital Partners, Second Alpha Partners, Stratim Capital, T Capital Partners	Jun-18	IPO	84 USD	-	Internet

Source: Preqin

**Figures exclude add-ons, grants, mergers, venture debt and secondary stock purchases.*
***Denotes a partial exit.*

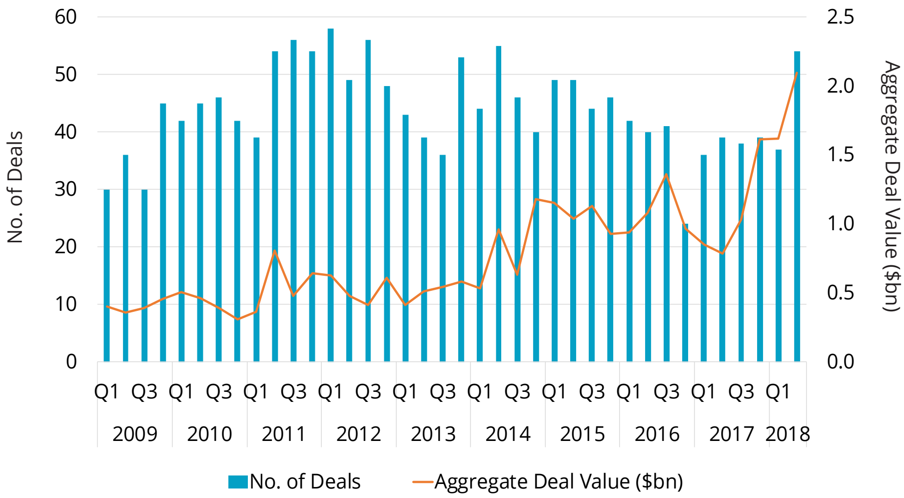
IN FOCUS: HEALTHCARE

The healthcare industry dominates venture capital deal activity in New England, accounting for 38% of total deals and 63% of deal value in H1 2018 (Fig. 18). There were 91 healthcare venture financings valued at an aggregate $3.7bn in the first half of the year, with the number and value already at 60% and 86% of the final figures seen in 2017 respectively (Fig. 21). Q2 2018 alone recorded the most deals (54) since Q2 2014, valued at a record $2.1bn. Average deal size has nearly quadrupled since 2009, and is 45% higher than in 2017, at an average of $41mn for H1 2018.

The biotechnology sector accounted for the largest proportion (34%) of healthcare deals in New England in H1 2018, while the pharmaceuticals sector accounted for the largest proportion (42%) of deal value, led by the $500mn Series G financing of Massachusetts-based Moderna Therapeutics, with known investments from Abu Dhabi Investment Authority, Alexandria Venture Investments, BB Biotech Ventures, Fidelity Investments, Pictet Group and Sequoia Capital, among others (Fig. 22).

While the number and value of healthcare exits in New England has declined since 2016, exit activity in 2018 is expected to be close to the historical average of 28 exits valued at $1.8bn for 2009-2017. Of the 10 largest New England-based healthcare exits in H1 2018, eight were IPOs, led by Homology Medicines ($144mn) in March (Fig. 25).

Fig. 21: Venture Capital Deals* for New England-Based Healthcare Companies, Q1 2009 - Q2 2018



Source: Preqin

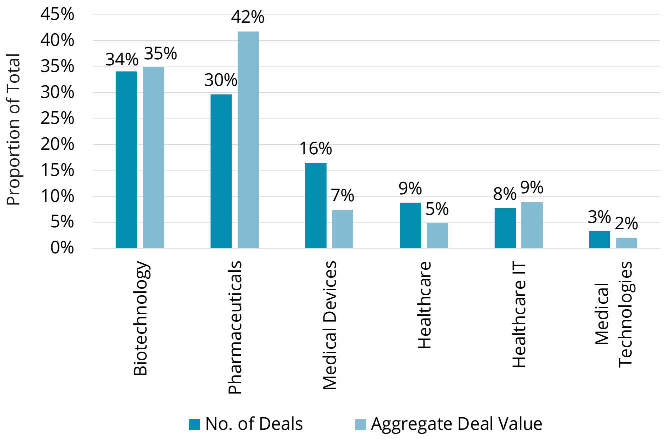
Fig. 22: Largest Venture Capital Deals* for New England-Based Healthcare Companies in H1 2018

Portfolio Company	Stage	Deal Date	Deal Size (mn)	Investor(s)	Primary Industry
Moderna Therapeutics, Inc.	Series G/Round 7	Feb-18	500 USD	Abu Dhabi Investment Authority, Alexandria Venture Investments, ArrowMark Partners, BB Biotech Ventures, EDBI, Fidelity Investments, Julius Baer Trust and Bank, Pictet Group, Sequoia Capital, Viking Global Investors	Pharmaceuticals
American Well Corporation	Unspecified Round	Jun-18	291 USD	Allianz X, Royal Philips	Healthcare IT
Mevion Medical Systems, Inc.	Growth Capital/ Expansion	Jun-18	150 USD	Everbright Private Equity, Henan Maisheng Medical Technology Co., Ltd, Hopu Investment Management, YuanMing Capital	Medical Devices
Moderna Therapeutics, Inc.	Series H/Round 8	May-18	125 USD	Merck	Pharmaceuticals
TCR2 Therapeutics Inc.	Series B/Round 2	Mar-18	125 USD	6 Dimensions Capital, Alexandria Venture Investments, ArrowMark Partners, Cathay Fortune Corporation, Curative Ventures, F2 Ventures, Haitong International Securities Group, Hillhouse Capital Management, Leerink Partners, Lucion Venture Capital Group, Mirae Asset Venture Investment, MPM Capital, Redmile Group, Sirona Capital, Syno Capital	Biotechnology

Source: Preqin

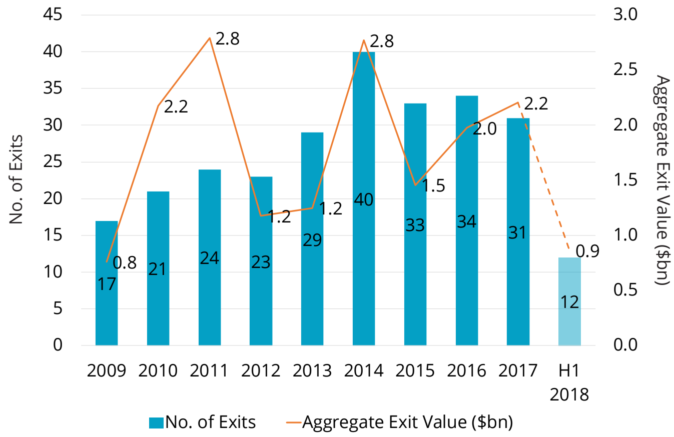
**Figures exclude add-ons, grants, mergers, venture debt and secondary stock purchases.*

Fig. 23: Venture Capital Deals* for New England-Based Healthcare Companies in H1 2018 by Industry



Source: Preqin

Fig. 24: Venture Capital-Backed Exits of New England-Based Healthcare Companies, 2009 - H1 2018



Source: Preqin

Fig. 25: Largest Venture Capital-Backed Exits of New England-Based Healthcare Companies in H1 2018

Portfolio Company	Date of Initial Investment	Total Known Funding (mn)	Investor(s)	Exit Date	Exit Type	Exit Value (mn)	Acquiror (Exit)	Primary Industry
PillPack, Inc.	Mar-13	94 USD	-	Jun-18	Tradesale	1,000 USD	Amazon.com	Pharmaceuticals
Homology Medicines, Inc.**	May-16	127 USD	5AM Ventures, Alexandria Venture Investments, ARCH Overage Fund, ARCH Venture Partners, Deerfield Capital Management, Deerfield Management, Fidelity Investments, HBM Partners, Maverick Ventures Israel, Novartis, Rock Springs Capital, Temasek Holdings, Vida Ventures, Vivo Capital	Mar-18	IPO	144 USD	-	Biotechnology
Solid Biosciences, LLC**	Nov-15	93 USD	Bain Capital, Biogen, Cormorant Asset Management, LLC, Foresite Capital, Janus Capital Group, Janus Henderson Investors, Perceptive Advisors, RA Capital, RTW Investments	Jan-18	IPO	134 USD	-	Biotechnology
Translate Bio, Inc.**	Nov-11	129 USD	Atlas Venture, Baupost Group, Merck Global Health Innovation Fund, Monsanto Company, Partners Healthcare Innovation Fund, SR One	Jun-18	IPO	122 USD	-	Pharmaceuticals
Surface Oncology, Inc.**	Jun-14	47 USD	Amgen Ventures, Atlas Venture, F-Prime Capital, Lilly Ventures, New Enterprise Associates, Novartis Institute for Biomedical Research	Apr-18	IPO	108 USD	-	Pharmaceuticals
Avrobio, Inc.**	Feb-16	85 USD	Aisling Capital, Atlas Venture, Brace Pharma Capital, Clarus Ventures, Cormorant Asset Management, LLC, Eventide Asset Management, Morningside Group, Surveyor Capital, SV Health Investors	Jun-18	IPO	100 USD	-	Biotechnology
Evelo Biosciences, Inc.**	Nov-15	133 USD	Alexandria Venture Investments, Celgene, Flagship Pioneering, GV, Mayo Clinic Ventures	May-18	IPO	85 USD	-	Pharmaceuticals
Scholar Rock, Inc.**	Dec-12	104 USD	ARCH Venture Partners, Cormorant Asset Management, LLC, EcoR1 Capital, Fidelity Management & Research Company, Invus Group, Polaris Partners, Redmile Group, The Kraft Group	May-18	IPO	75 USD	-	Biotechnology
Unum Therapeutics Inc.**	Oct-14	92 USD	Atlas Venture, Brace Pharmaceuticals, Cowen Group Inc., F-Prime Capital, Jennison Associates, New Leaf Venture Partners, Novo A/S, Sabby Capital, Sanofi Ventures, Seattle Genetics, Inc., Sectoral Asset Management, Square 1 Bank, Wellington Management	Mar-18	IPO	69 USD	-	Pharmaceuticals
Pulmatrix, Inc.**	Apr-07	97 USD	5AM Ventures, ARCH Venture Partners, Defense Advanced Research Projects Agency, National Institutes of Health, Novartis Venture Fund, Polaris Partners	Mar-18	Private Placement	15 USD	-	Pharmaceuticals

Source: Preqin

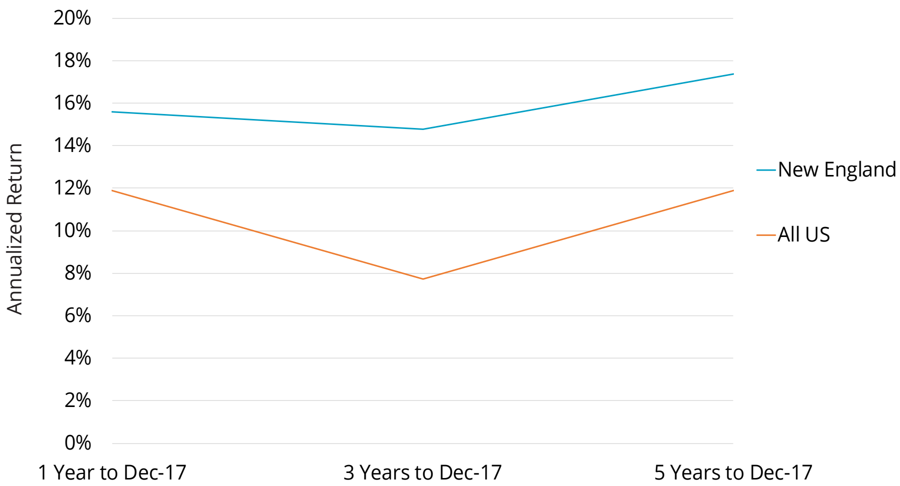
**Figures exclude add-ons, grants, mergers, venture debt and secondary stock purchases.*
***Denotes a partial exit.*

PERFORMANCE

New England-based venture capital funds have outperformed all US-based venture capital vehicles across one- (+15.6%), three- (+14.8%) and five- (+17.4%) year horizons to December 2017 (the most recent performance data available, Fig. 26).

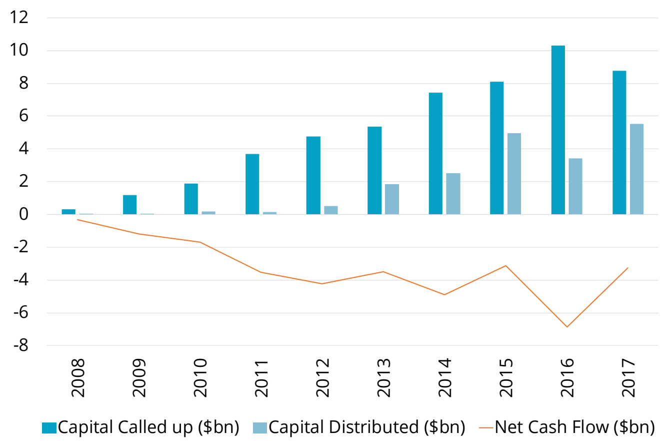
New England-based 2011 vintage funds have posted the strongest returns among 2007-2015 vintage funds, with a median net IRR of 23.6% (Fig. 28). Massachusetts-based Spark Capital II is the top performing fund of this group, with a net IRR of 51.4% (Fig. 29).

Fig. 26: Horizon IRRs: All US- vs. New England-Based Venture Capital Funds (All Vintages)



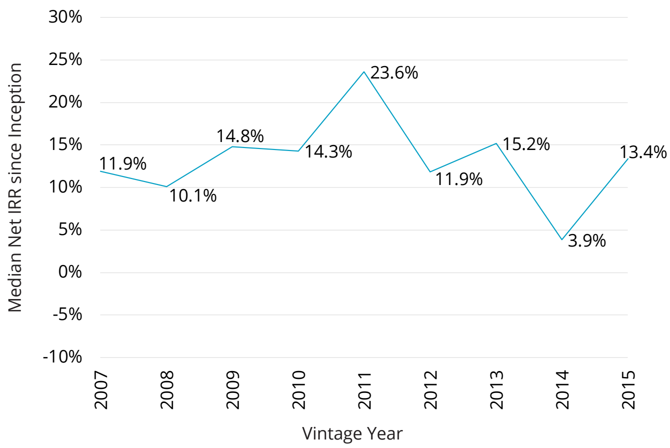
Source: Preqin

Fig. 27: New England-Based Venture Capital Funds: Annual Capital Called up, Distributed and Net Cash Flow, 2008 - 2017



Source: Preqin

Fig. 28: New England-Based Venture Capital Funds: Median Net IRRs by Vintage Year



Source: Preqin

Fig. 29: Top Performing New England-Headquarted Venture Capital Funds (Vintage 2007-2015 Funds)

Fund	Firm	Vintage	Fund Size (mn)	Type	Geographic Focus	Net IRR (%)	Date Reported
Spark Capital II	Spark Capital	2007	360 USD	Early Stage: Start-up	N. America	51.4	31-Dec-17
Third Rock Ventures II	Third Rock Ventures	2010	426 USD	Early Stage	N. America	42.9	30-Sep-17
Third Rock Ventures	Third Rock Ventures	2007	378 USD	Early Stage	N. America	32.3	31-Dec-17
Spark Capital III	Spark Capital	2011	360 USD	Early Stage: Start-up	N. America	30.9	31-Dec-17
MPM BioVentures V	MPM Capital	2010	173 USD	Venture Capital (General)	N. America	29.4	31-Mar-16
Omega Fund IV	Omega Funds	2012	183 USD	Venture Capital (General)	N. America	28.0	31-Dec-17
Battery Ventures IX	Battery Ventures	2011	750 USD	Venture Capital (General)	N. America	25.7	31-Dec-17
Polaris Venture Partners VI	Polaris Partners	2011	364 USD	Venture Capital (General)	N. America	23.6	31-Mar-18
Oak HC/FT Partners Fund I	Oak HC/FT Partners	2015	500 USD	Venture Capital (General)	N. America	20.6	31-Dec-17
Highland Capital Partners IX	Highland Capital Partners	2013	400 USD	Venture Capital (General)	N. America	20.2	31-Dec-17

Source: Preqin

INVESTORS

Public and private sector pension funds each account for 21% of known investors in New England-based venture capital funds (vintage 2009-2018, Fig. 31). The venture capital industry in New England typically attracts larger, more sophisticated investors, with the majority (77%) managing over $1bn in assets, including 13% that manage over $50bn (Fig. 32).

While the Northeast US is home to the largest proportion (39%) of investors by region with past commitments to New England-based venture capital, California-based investors are the most active by state, with 137 known commitments to New England-based 2009-2018 vintage funds. Massachusetts follows closely with 118 known commitments (Fig. 33).

Fig. 30: US-Based Investor Commitments to New England-Based Venture Capital Funds by Investor Location (Vintage 2009-2018 Funds)

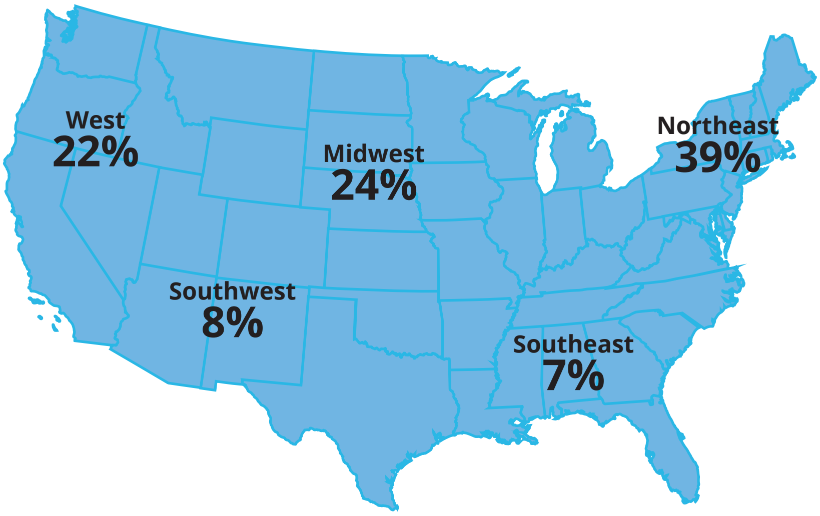
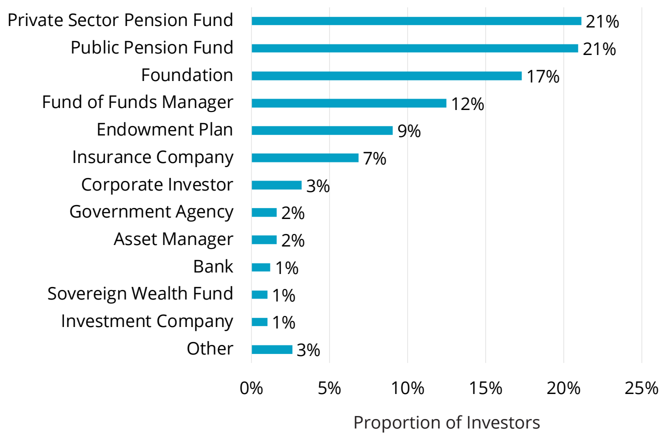
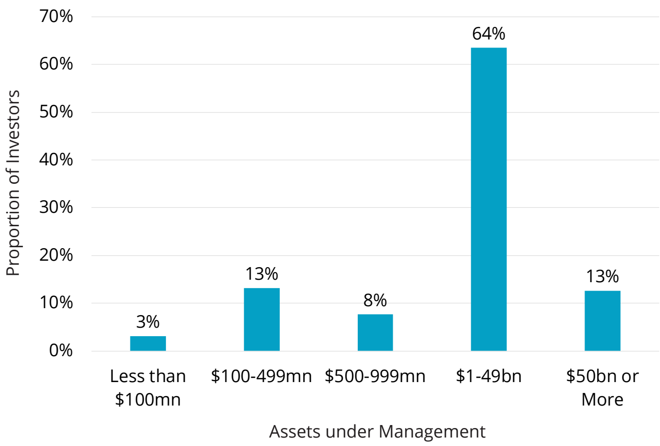


Fig. 31: Investors in New England-Based Venture Capital by Investor Type (Vintage 2009-2018 Funds)



Source: Preqin

Fig. 32: Investors in New England-Based Venture Capital by Assets under Management (Vintage 2009-2018 Funds)



Source: Preqin

Fig. 33: Top Investor Locations by Number of Known Commitments to New England-Based Venture Capital Funds (Vintage 2009-2018 Funds)

California | **Massachusetts** | **New York** | **Texas**

137 past commitments (13% of US commitments)

118 past commitments (11% of US commitments)

105 past commitments (10% of US commitments)

70 past commitments (6% of US commitments)

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NEW ENGLAND VENTURE CAPITAL IN H1 2018

PREQIN

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