

The logo for Silicon Valley Bank, consisting of the lowercase letters 'svb' in white on a blue square background.

svb



Silicon Valley Bank

Q4 2020 Global Fund Banking Outlook

Key insights on the health and productivity
of the investment ecosystem

Introduction

Silicon Valley Bank's Global Fund Banking team is pleased to share the results of our quarterly investor survey. The following data represent the views of **our robust client base** across sectors and strategies within **the investor ecosystem**.

We're grateful to the many clients who contributed to this report, and we hope the content **helps inform your decision-making** going forward.

Jesse Hurley

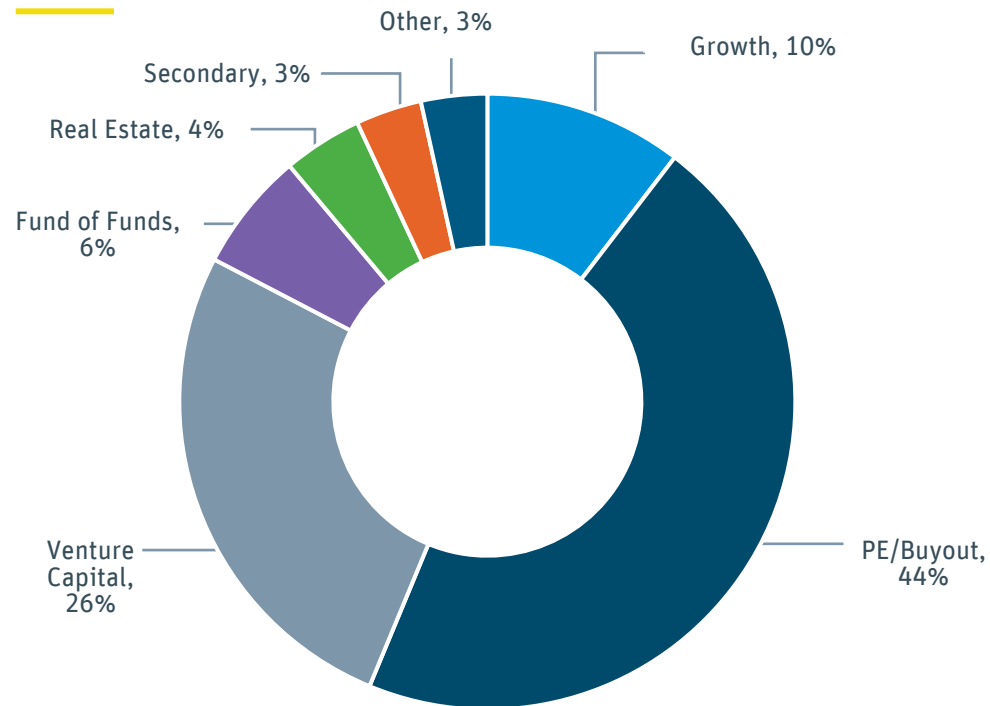
Head of Global Fund Banking
Silicon Valley Bank



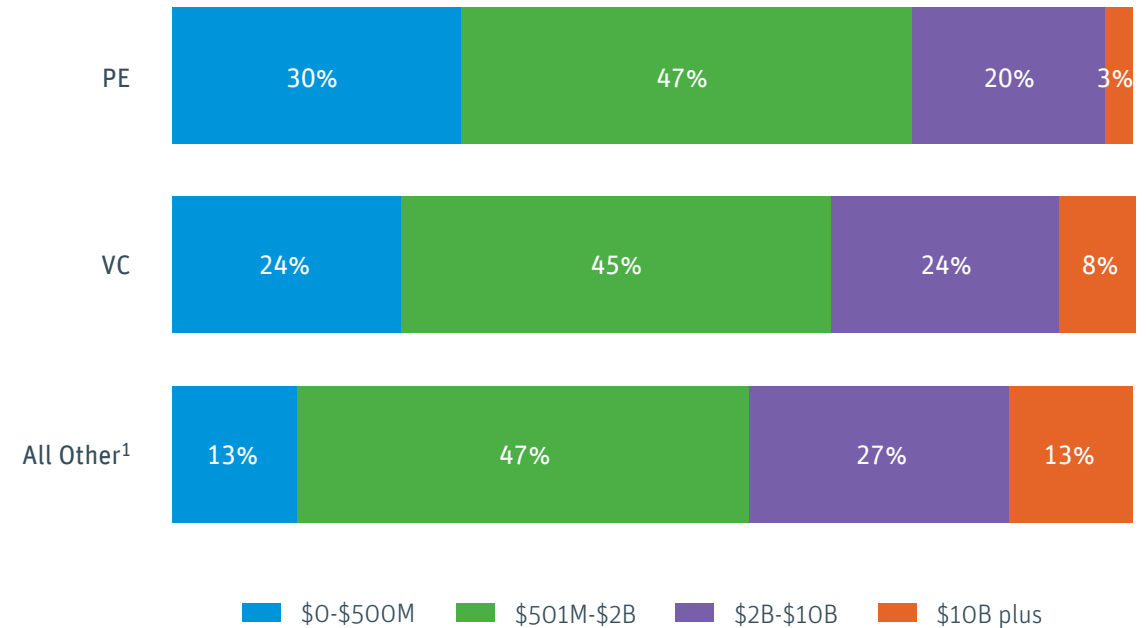
Survey Respondents

As survey responses grow, we will add additional breakouts by firm type and size.

Firm Type



Firm AUM

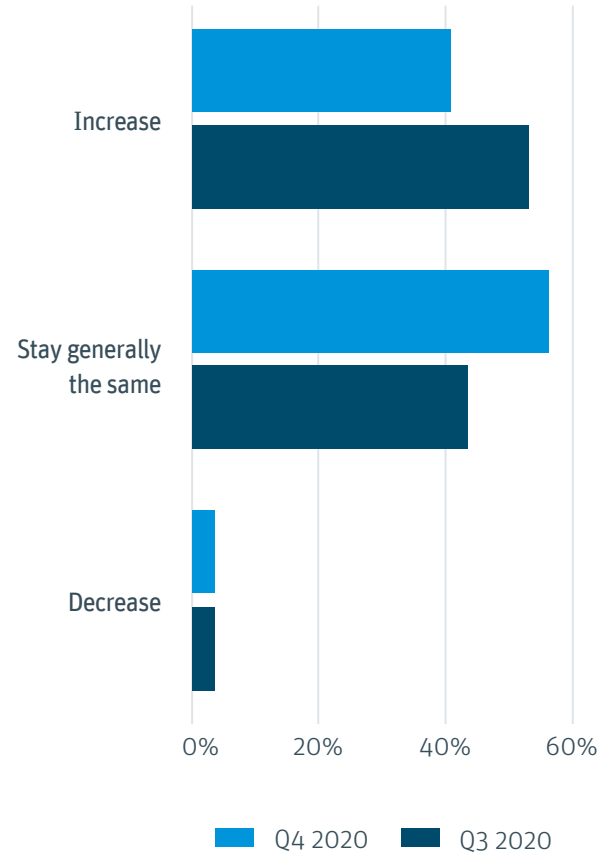


Fundraising Outlook Remains Positive

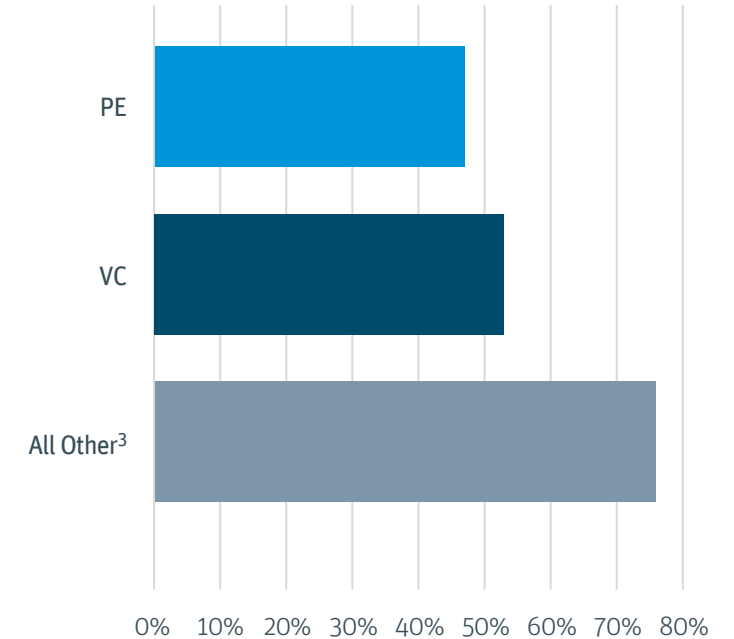
The fourth quarter proved tumultuous in terms of world events, including a second spike in COVID-19 cases and the contentious U.S. presidential election. Despite the uncertainty, **fundraising plans are steady or on the rise** across all investor types.

VCs saw **record capital-raising activity** in Q4.² The VCs we surveyed outpace PE firms in their expectations for the first half of 2021. Interestingly, other types of investors – including growth, fund of funds, real estate and secondary investors – have the brightest outlook.

Fundraising Expectations for the Next Six Months



Firms Raising Capital in the First Half of 2021



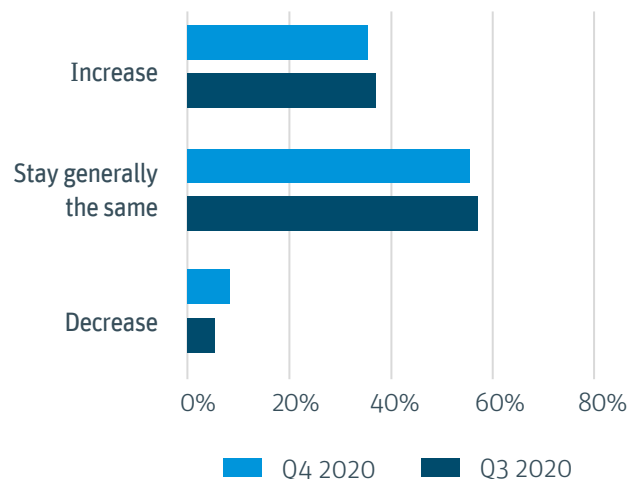
Investors Navigate Uncertainty

As with fundraising, when it comes to generating liquidity, **investors' expectations remain positive.**

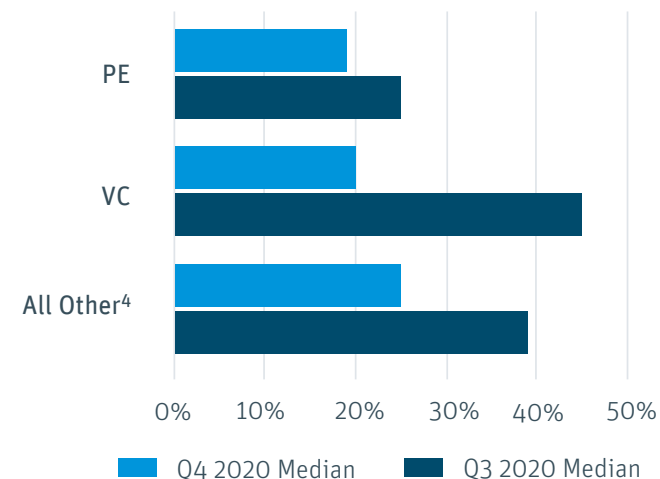
The pace of capital deployment, however, is expected to slow down across all firm types.

Limited partners (LPs) continue to pursue a range of interests, including **a greater focus on environmental, social and governance (ESG) concerns** compared to Q3. Response to a new option for this question shows that **portfolio performance amid geopolitical uncertainty is a notable concern** for LPs.

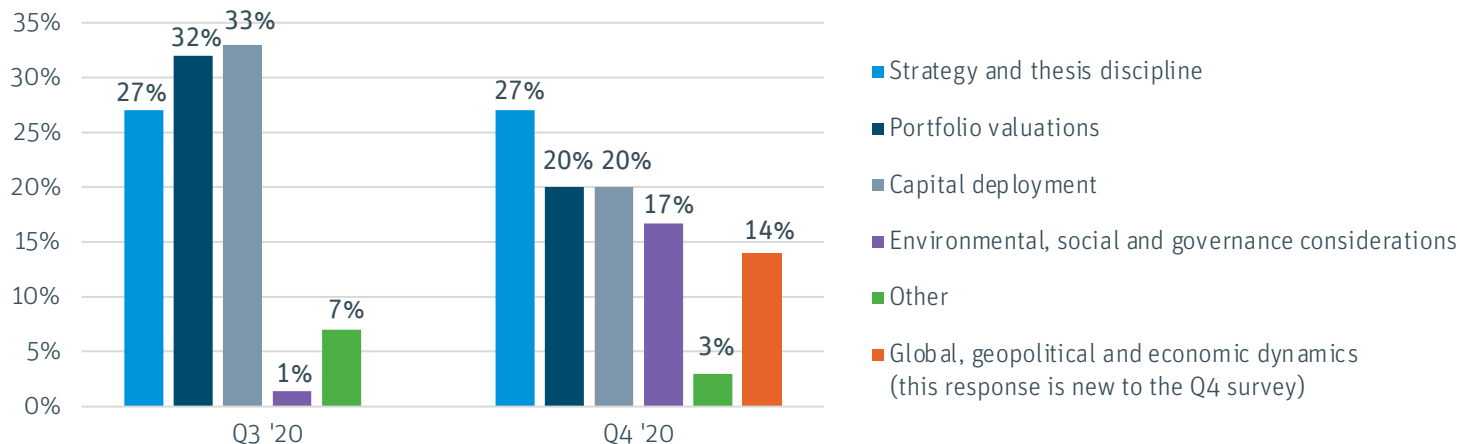
Liquidity Expectations for the Next Six Months



Percentage of Firm's Capital to be Deployed in the Next Six Months



Areas of Focus for LPs

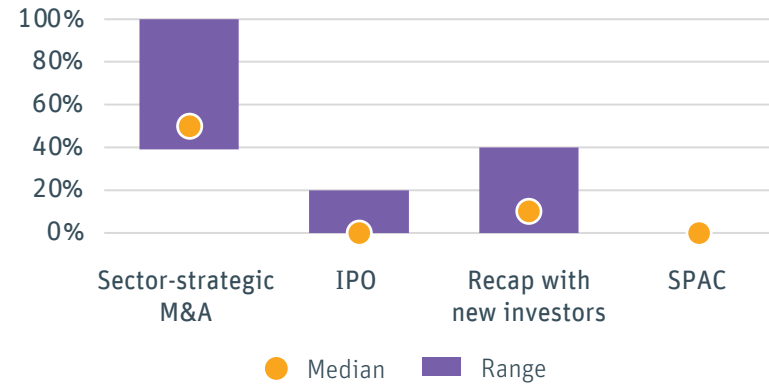


SPACs Gain a Foothold

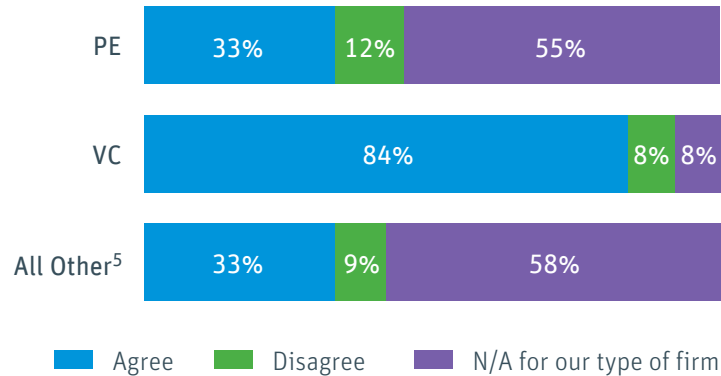
While special-purpose acquisition company (SPACs) proliferated in 2020, **most investors are still realizing exits through more traditional IPO and M&A options.** In fact, 80%-90% of all firm types are not seriously considering SPACs.

The one outlier: **substantially more VCs see SPACs as a viable exit option.**

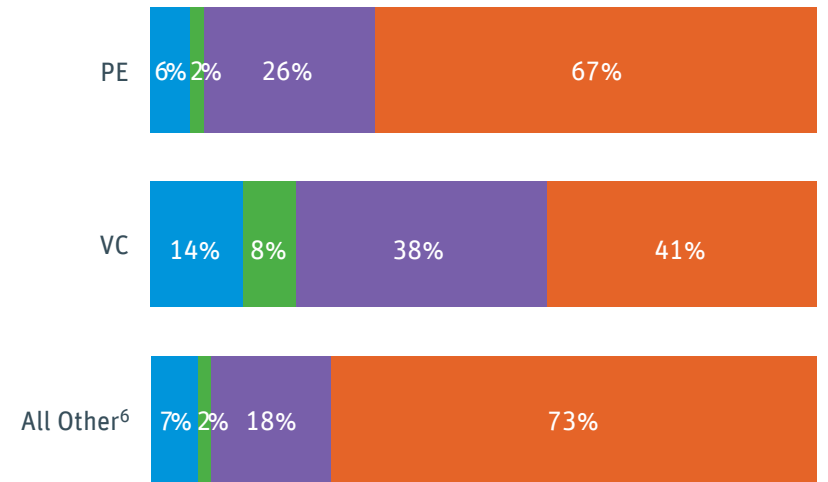
Paths to Liquidity for 2021 Exits



SPACs as a Viable Exit Option



Involvement with SPACs



Momentum Heading into 2021

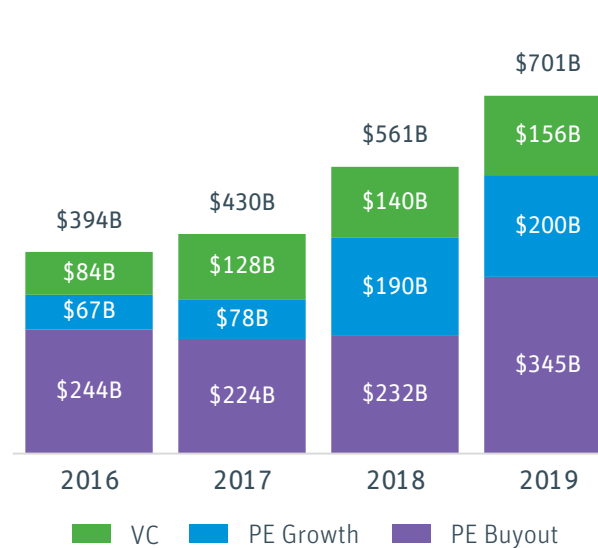
The views of our survey respondents correspond with a broader overview of the investor ecosystem.

As this excerpt from SVB's **Q1 State of the Markets** report demonstrates, **the global fundraising environment performed well in 2020**, despite the disruptions of COVID and political uncertainty. Funds aimed to raise 7% more capital than they did in 2019, and 54% of funds with a vintage year in 2020 had at least a first close.

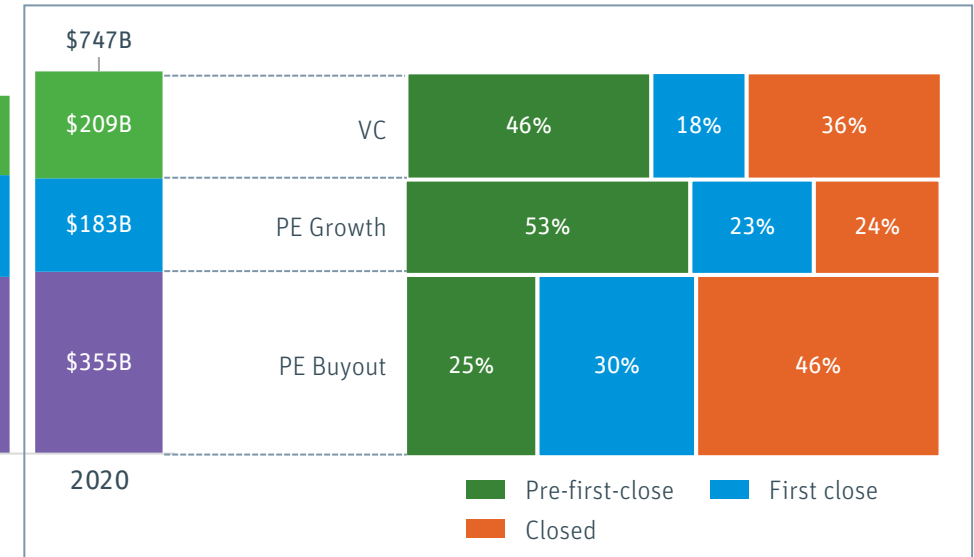
In a strong sign of resilience, **more funds entered the market in 2020**, and the new entrants achieved their targets at levels comparable to 2019, despite having to pivot to almost entirely remote operations.

We see a lot of positive momentum heading into 2021, which, thanks to heroic efforts including the fastest-ever development of new vaccines, is looking like a much better year than 2020.

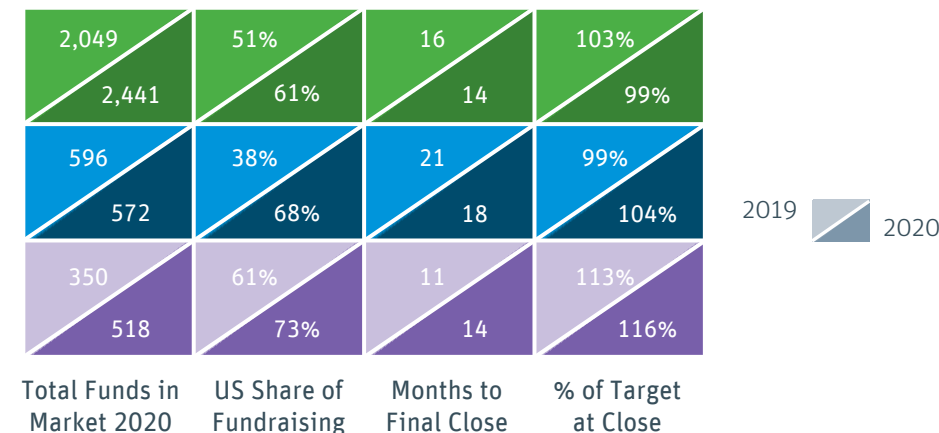
Total Global Target Value of Funds Actively Raising



2020 Vintage Funds by Close Status⁷



The Big Picture: 2019 vs. 2020 Results



What's On Your Mind

Based on your survey responses, here's what we're planning to ask next quarter



Valuations

- What are your biggest valuation challenges (EBITDA norms; M&A and public comps, etc.)?
- Are companies finding a disconnect on “fair value” between buyers and sellers, making it harder to price portfolios and win deals?



Practice Management

- Do you outsource operations (finance & accounting, legal, etc.)? If yes, to whom?
- How are banks responding to current market conditions, and what impacts may their responses have in the future?



Working Remotely

- Are firms closing new deals without an onsite meeting? (A notable number tell us they will not do so.)
- When are firms planning to bring employees back to the office? Will remote work options be offered indefinitely?
- When are firms planning to let employees travel domestically to LP/portfolio company meetings? Internationally?

Additional Suggestions

Reach out to your relationship manager if you have other suggestions for upcoming surveys. Or [visit us online](#) for more information.

This material, including without limitation to the statistical information herein, is provided for informational purposes only. The material is based in part on information from third-party sources that we believe to be reliable but which has not been independently verified by us, and, as such, we do not represent the information is accurate or complete. The information should not be viewed as tax, investment, legal or other advice, nor is it to be relied on in making an investment or other decision. You should obtain relevant and specific professional advice before making any investment decision. Nothing relating to the material should be construed as a solicitation, offer or recommendation to acquire or dispose of any investment, or to engage in any other transaction. ©2021 SVB Financial Group. All Rights Reserved. SVB, SVB FINANCIAL GROUP, SILICON VALLEY BANK, MAKE NEXT HAPPEN NOW, and the chevron device are registered trademarks of SVB Financial Group, used under license. Silicon Valley Bank is a member of the FDIC and of the Federal Reserve System. Silicon Valley Bank is the California bank subsidiary of SVB Financial Group (Nasdaq: SIVB).